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TIAN CHANG GROUP HOLDINGS LTD.

天長集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2182)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Tian Chang Group Holdings Ltd. (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

At 30 June 2025

		Six months ended 30 June	
		2025	2024
	Notes	(unaudited) HK\$'000	(unaudited) HK\$'000
Revenue	3	254,213	227,680
Cost of goods sold		(206,053)	(186,998)
Gross profit		48,160	40,682
Other income	4	2,731	4,159
Other gains, net	5	946	69
(Provision for) Reversal of loss allowance on trade receivables		(3,421)	151
Selling and distribution costs		(3,106)	(2,416)
Administrative and other operating expenses		(53,542)	(51,753)
Finance costs	6	(762)	(1,467)
Loss before tax	6	(8,994)	(10,575)
Income tax (expenses) credit	7	(2,593)	2,631
Loss for the period attributable to equity holders of the Company		(11,587)	(7,944)
Loss per share attributable to equity holders of the Company (expressed in Hong Kong cents)			
Basic	9	(1.87)	(1.28)
Diluted	9	(1.87)	(1.28)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Loss for the period	(11,587)	(7,944)
Other comprehensive income (loss):		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>8,323</u>	<u>(3,979)</u>
Total comprehensive loss for the period, attributable to equity holders of the Company	<u><u>(3,264)</u></u>	<u><u>(11,923)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		At 30 June 2025 (unaudited) HK\$'000	At 31 December 2024 (audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment		545,495	561,735
Financial assets at fair value through profit or loss ("FVPL")	10	26,330	25,981
Rental deposits		560	551
Deferred tax assets		2,695	2,707
		<u>575,080</u>	<u>590,974</u>
Current assets			
Inventories		68,065	71,421
Trade and other receivables	11	121,196	132,435
Income tax recoverable		29	29
Cash and cash equivalents		118,446	129,454
		<u>307,736</u>	<u>333,339</u>
Current liabilities			
Trade and other payables	12	92,856	118,571
Payables for construction in progress	13	75	101
Interest-bearing borrowings	14	20,714	31,221
Deferred income		1,471	1,449
Lease liabilities		2,121	2,153
Income tax payables		1,852	2,686
		<u>119,089</u>	<u>156,181</u>
Net current assets		<u>188,647</u>	<u>177,158</u>
Total assets less current liabilities		<u>763,727</u>	<u>768,132</u>
Non-current liabilities			
Payables for construction in progress	13	2,336	2,248
Deferred income		6,335	6,966
Lease liabilities		5,196	6,146
Deferred tax liabilities		8,181	7,829
		<u>22,048</u>	<u>23,189</u>
NET ASSETS		<u>741,679</u>	<u>744,943</u>
Capital and reserves			
Share capital		62,000	62,000
Reserves		679,679	682,943
TOTAL EQUITY		<u>741,679</u>	<u>744,943</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2025

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 26 April 2017 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 March 2018. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business is situated at Unit 6, 13/F, Block B, Hoi Luen Industrial Centre, 55 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.

The principal activity of the Company is investment holding. The Company together with its subsidiaries (hereinafter collectively referred to as the “**Group**”) is principally engaged in manufacturing and sales of electronic cigarettes products (“**e-cigarettes products**”) and medical consumable products, and providing integrated plastic solutions in Hong Kong and the People’s Republic of China (the “**PRC**”).

The unaudited condensed consolidated financial statements for the six months ended 30 June 2025 (the “**Interim Financial Statements**”) have been prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2024, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with HKFRS Accounting Standards which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standard (“**HKASs**”) and Interpretations issued by the HKICPA. They shall be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2024 (the “**2024 Financial Statements**”).

The Interim Financial Statements have been prepared on the historical costs basis except for financial assets at fair value through profit or loss (“**FVPL**”) which are measured at fair value, and presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company, and rounded to the nearest thousands unless otherwise indicated.

The accounting policies and methods of computation applied in the preparation of these Interim Financial Statements are consistent with those applied in preparing the 2024 Financial Statements, except for the adoption of the new/revised HKFRS Accounting Standards that are effective from the current period as set out below:

Amendments to HKAS 21

Lack of Exchangeability

The adoption of these new/revised HKFRS Accounting Standards did not result in material changes to the Group’s accounting policies and/or amounts reported for the current and prior periods.

The Group has not early adopted any new/revised HKFRS Accounting Standards that have been issued but are not yet effective. The management does not anticipate that the adoption of these new/revised HKFRS Accounting Standards in future periods will result in substantial changes to the Group’s accounting policies and material impact on the financial position, financial performance and cash flow of the Group.

2. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments are as follows:

- 1) E-cigarettes products segment: manufacture and sales of e-cigarettes products.
- 2) Integrated plastic solutions segment: manufacture and sales of moulds and plastic products.
- 3) Medical consumable products segment: manufacture and sales of medical consumable products.

Segment revenue and results

Segment revenue represents revenue derived from manufacturing and sales of e-cigarettes products, moulds and plastic products and medical consumable products.

Segment results represent the gross profit less selling and distribution costs, reversal of (provision for) loss allowance on trade receivables, write-off of property, plant and equipment and loss on disposal of property, plant and equipment incurred by each segment without allocation of other income, other gains and losses, net, administrative and other operating expenses, finance costs and income tax expenses. This is the information reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

The followings are analysis of the Group’s revenue and results by reportable and operating segments:

	E-cigarettes products (unaudited) HK\$’000	Integrated plastic solutions (unaudited) HK\$’000	Medical consumable products (unaudited) HK\$’000	Total (unaudited) HK\$’000
Six months ended 30 June 2025 (unaudited)				
Segment revenue	<u>22,389</u>	<u>230,711</u>	<u>1,113</u>	<u>254,213</u>
Gross profit (loss)	2,556	46,132	(528)	48,160
Provision for loss allowance on trade receivables	(2,469)	(952)	–	(3,421)
Write-off of property, plant and equipment	–	(1)	–	(1)
Selling and distribution costs	<u>(539)</u>	<u>(2,567)</u>	<u>–</u>	<u>(3,106)</u>
Segment results	<u>(452)</u>	<u>42,612</u>	<u>(528)</u>	<u>41,632</u>
<i>Unallocated income and expenses</i>				
Other income				2,731
Other gains, net				947
Administrative and other operating expenses				(53,542)
Finance costs				<u>(762)</u>
Loss before tax				(8,994)
Income tax expenses				<u>(2,593)</u>
Loss for the period				<u><u>(11,587)</u></u>

	E-cigarettes products (unaudited) HK\$'000	Integrated plastic solutions (unaudited) HK\$'000	Medical consumable products (unaudited) HK\$'000	Total (unaudited) HK\$'000
Six months ended 30 June 2024 (unaudited)				
Segment revenue	47,142	179,307	1,231	227,680
Gross profit	5,737	34,880	65	40,682
(Provision for) Reversal of loss allowance on trade receivables	(3)	154	–	151
Write-off of property, plant and equipment	–	(16)	–	(16)
Loss on disposal of property, plant and equipment	(62)	(61)	–	(123)
Selling and distribution costs	(7)	(2,409)	–	(2,416)
Segment results	5,665	32,548	65	38,278
<i>Unallocated income and expenses</i>				
Other income				4,159
Other gains, net				208
Administrative and other operating expenses				(51,753)
Finance costs				(1,467)
Loss before tax				(10,575)
Income tax credit				2,631
Loss for the period				(7,944)

Segment assets and liabilities

	E-cigarettes products HK\$'000	Integrated plastic solutions HK\$'000	Medical consumable products HK\$'000	Unallocated HK\$'000	Total HK\$'000
At 30 June 2025/Six months ended 30 June 2025 (unaudited)					
Assets					
Reportable segment assets	20,607	353,777	3,697	504,735	882,816
Liabilities					
Reportable segment liabilities	5,372	64,160	–	71,605	141,137
Other information					
Capital expenditure	–	186	–	231	417
Depreciation	1,160	19,621	769	3,331	24,881
Write-down of inventories	–	587	1,682	–	2,269
Research and development expenses	703	6,708	–	–	7,411

	E-cigarettes products HK\$'000	Integrated plastic solutions HK\$'000	Medical consumable products HK\$'000	Unallocated HK\$'000	Total HK\$'000
At 31 December 2024/Year ended 31 December 2024 (audited)					
Assets					
Reportable segment assets	<u>29,822</u>	<u>371,927</u>	<u>6,047</u>	<u>516,517</u>	<u>924,313</u>
Liabilities					
Reportable segment liabilities	<u>8,898</u>	<u>76,972</u>	<u>–</u>	<u>93,500</u>	<u>179,370</u>
Other information					
Capital expenditure	<u>142</u>	<u>1,079</u>	<u>–</u>	<u>12,735</u>	<u>13,956</u>
Depreciation	<u>2,876</u>	<u>39,150</u>	<u>1,673</u>	<u>7,200</u>	<u>50,899</u>
Write-down of inventories	<u>–</u>	<u>3,589</u>	<u>–</u>	<u>–</u>	<u>3,589</u>
Research and development expenses	<u>3,332</u>	<u>14,466</u>	<u>–</u>	<u>–</u>	<u>17,798</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- segment assets include certain property, plant and equipment, inventories and trade receivables. Other assets are not allocated to operating segments as these assets are managed on a group basis; and
- segment liabilities include trade payables and contract liabilities. Other liabilities are not allocated to operating segments as these liabilities are managed on a group basis.

Geographical information

The following table sets out information about the geographical location of the Group's property, plant and equipment ("Specified non-current assets"). The geographical location of the Specified non-current assets is based on the physical location of the assets.

Specified non-current assets

	At 30 June 2025 (unaudited) HK\$'000	At 31 December 2024 (audited) HK\$'000
Hong Kong	<u>2,817</u>	<u>4,149</u>
The PRC	<u>542,678</u>	<u>557,586</u>
	<u>545,495</u>	<u>561,735</u>

Information about the Group's revenue from external customers is presented based on the location of customers.

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Revenue from external customers		
The United States of America	43,801	44,111
The PRC	132,823	131,227
The United Kingdom	11,967	9,330
Hong Kong	7,809	312
Netherlands	15,856	33,542
India	36,697	7,507
Brazil	968	–
Malaysia	3,348	–
Others	944	1,651
	254,213	227,680

Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total revenue of the Group are as follows:

	E-cigarettes products (unaudited) HK\$'000	Integrated plastic solutions (unaudited) HK\$'000	Medical consumable products (unaudited) HK\$'000	Total (unaudited) HK\$'000
Six months ended 30 June 2025				
Customer B and its affiliated companies	–	51,999	–	51,999
Customer C and its affiliated companies	–	43,023	–	43,023
	–	95,022	–	95,022
Six months ended 30 June 2024				
Customer A and its affiliated companies	45,359	46	–	45,405
Customer B and its affiliated companies	–	57,421	–	57,421
Customer C and its affiliated companies	–	Note	–	Note
	45,359	57,467	–	102,826

Note: Revenue from the respective customer is less than 10% of the total revenue of the Group for six months ended 30 June 2024.

3. REVENUE

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of e-cigarettes products	22,389	47,142
Sales of moulds and plastic products	230,711	179,307
Sales of medical consumable products	1,113	1,231
	<u>254,213</u>	<u>227,680</u>

The revenue from contracts with customers within the scope of HKFRS 15 is recognised at a point in time.

4. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Bank interest income	1,039	1,352
Government grants (<i>Note</i>)	891	737
Management service income	2	–
Rental income	15	–
Sales of scrap materials	–	322
Sundry income	784	1,748
	<u>2,731</u>	<u>4,159</u>

Note: Included in the amount is the amortisation of deferred government grant of approximately HK\$728,000 (*six months ended 30 June 2024: HK\$737,000*) in relation to the acquisition of property, plant and equipment. In the opinion of the management of the Group, the remaining government grants recognised directly in profit or loss in the current reporting period had no unfulfilled condition or contingency relating to the government grants.

5. OTHER GAINS, NET

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Exchange gain (loss), net	732	(348)
Changes in fair value of financial assets at FVPL	215	508
Realised gain from the disposal of financial assets at FVPL	–	48
Write-off of property, plant and equipment	(1)	(16)
Loss on disposal of property, plant and equipment	–	(123)
	<u>946</u>	<u>69</u>

6. LOSS BEFORE TAX

This is stated after charging:

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Finance costs		
Interest on interest-bearing borrowings	573	1,329
Interest on payables for construction in progress	51	50
Interest on lease liabilities	138	88
	<u>762</u>	<u>1,467</u>
Staff costs, including directors' emoluments		
Salaries, allowances and other benefits in kinds	65,814	61,234
Contributions to defined contribution plans	3,964	4,517
	<u>69,778</u>	<u>65,751</u>
Other items		
Cost of inventories	206,053	186,998
Depreciation (charged to "cost of goods sold" and "administrative and other operating expenses", as appropriate)	24,881	25,193
Write-down of inventories (charged to "cost of goods sold")	2,269	546
Research and development expenses	7,411	9,462
	<u>240,614</u>	<u>222,199</u>

7. TAXATION

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current tax		
Hong Kong Profits Tax		
Current period	–	6
PRC Enterprise Income Tax		
Current period	1,563	5
Under (Over) provision in prior year	931	(1,880)
	<u>2,494</u>	<u>(1,869)</u>
Deferred tax		
Changes in temporary differences	47	(902)
Utilisation of tax losses recognised	52	140
	<u>99</u>	<u>(762)</u>
Total income tax expenses (credit)	<u>2,593</u>	<u>(2,631)</u>

The Group's entities established in the British Virgin Islands are exempted from income tax.

For the six months ended 30 June 2025, the estimated assessable profits for one of the Group's subsidiaries which was established in Hong Kong are wholly absorbed by unrelieved tax losses brought forward from previous years. The Hong Kong Profits Tax of other Group's entities established in Hong Kong and the Cayman Islands have not been provided as they incurred losses for taxation purposes.

For the six months ended 30 June 2024, the assessable profits of a Hong Kong incorporated subsidiary of the Group (as elected by the management of the Group) was subject to the two-tiered profits tax rates regime that the first HK\$2 million of assessable profits was taxed at 8.25%, and assessable profits above HK\$2 million was taxed at 16.5%. The Hong Kong Profits Tax of other Group's entities established in Hong Kong and the Cayman Islands have not been provided as they incurred losses for taxation purposes.

The Group's entities established in the PRC are subject to PRC Enterprise Income Tax ("EIT") at a statutory rate of 25%, except for Huizhou Tian Chang Industrial Company Limited (English translation of 惠州市天長實業有限公司 for identification purpose only), which was approved to be a "New and High Technology Enterprise" since December 2022 with a valid period of 3 years. The "New and High Technology Enterprise" is subject to a preferential rate of 15% during the valid period.

8. DIVIDENDS

The Board of the Company has resolved not to declare an interim dividend for the six months ended 30 June 2025 (*six months ended 30 June 2024: Nil*).

9. LOSS PER SHARE

The calculation of the basic loss per share is based on loss attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the period:

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
<i>Loss for the purpose of calculating basic and diluted loss per share:</i>		
Loss for the period attributable to equity holders of the Company	<u>(11,587)</u>	<u>(7,944)</u>
	'000	'000
<i>Number of shares:</i>		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	620,000	620,000
Effect of dilutive potential ordinary shares:		
– Share options of the Company	<u>Note</u>	<u>Note</u>
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	<u>Note</u>	<u>Note</u>
Basic loss per share (HK cents)	<u>(1.87)</u>	<u>(1.28)</u>
Diluted loss per share (HK cents)	<u>(1.87)</u>	<u>(1.28)</u>

Note: For the six months ended 30 June 2025 and 2024, diluted loss per share is the same as basic loss per share as the effect of potential ordinary shares is anti-dilutive.

10. FINANCIAL ASSETS AT FVPL

	At 30 June 2025 (unaudited) HK\$'000	At 31 December 2024 (audited) HK\$'000
Unlisted investments - key management insurance contracts	<u>26,330</u>	<u>25,981</u>

The fair value of the key management insurance contracts is determined by reference to the respective surrender cash value of each insurance contract at the end of the reporting period, which is primarily based on the performance of the underlying investment portfolio together with the guaranteed minimum returns, ranging from 2% to 3.9% per annum (31 December 2024: ranging from 2% to 3.9% per annum) and are denominated in United States Dollar.

The movement of the key management insurance contracts is analysed as follows:

	At 30 June 2025 (unaudited) HK\$'000	At 31 December 2024 (audited) HK\$'000
At the beginning of the reporting period	25,981	32,626
Changes in fair value	215	809
Disposal	–	(7,108)
Exchange differences	<u>134</u>	<u>(346)</u>
At the end of the reporting period	<u>26,330</u>	<u>25,981</u>

As at 30 June 2025, certain key management insurance contracts with amount of approximate HK\$4,098,000 (31 December 2024: HK\$13,937,000) are pledged as collateral for the unutilized loan facilities.

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2025 (unaudited) HK\$'000	At 31 December 2024 (audited) HK\$'000
Trade receivables		
From third parties	124,284	133,222
Loss allowance	<u>(10,293)</u>	<u>(6,790)</u>
	<u>113,991</u>	<u>126,432</u>
Other receivables		
Deposits	240	535
Prepayment for suppliers	806	549
Prepayment for insurance	1,766	1,783
Other receivables	11	82
Value-added tax receivables	3,768	1,514
Prepaid expenses	<u>614</u>	<u>1,540</u>
	<u>7,205</u>	<u>6,003</u>
	<u>121,196</u>	<u>132,435</u>

The Group applies the simplified approach to provide the expected credit loss prescribed by HKFRS 9, which permits the use of lifetime expected loss provision for trade receivables. The loss allowance is approximately HK\$10,293,000 as at 30 June 2025 (31 December 2024: HK\$6,790,000).

The Group grants credit period up to 90 days to its customers upon the issuance of invoices.

The aging analysis of trade receivables, net of loss allowance, by invoice date at the end of the reporting period is as follows:

	At 30 June 2025 (unaudited) HK\$'000	At 31 December 2024 (audited) HK\$'000
Within 30 days	65,719	84,288
31 to 60 days	26,241	28,977
61 to 90 days	16,400	11,370
Over 90 days	5,631	1,797
	<u>113,991</u>	<u>126,432</u>

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

12. TRADE AND OTHER PAYABLES

	At 30 June 2025 (unaudited) HK\$'000	At 31 December 2024 (audited) HK\$'000
Trade payables		
To third parties (Note)	<u>61,908</u>	<u>73,066</u>
Other payables		
Contract liabilities	7,624	12,804
Salaries and bonus payable	8,321	16,238
Accruals and other creditors	<u>15,003</u>	<u>16,463</u>
	<u>30,948</u>	<u>45,505</u>
	<u>92,856</u>	<u>118,571</u>

Note: At the end of the reporting period, the aging analysis of the trade payables based on invoice date is as follows:

	At 30 June 2025 (unaudited) <i>HK\$'000</i>	At 31 December 2024 (audited) <i>HK\$'000</i>
Within 30 days	23,931	33,849
31 to 60 days	17,963	23,255
61 to 90 days	11,970	12,321
Over 90 days	8,044	3,641
	<u>61,908</u>	<u>73,066</u>

The credit period on trade payables is up to 90 days.

13. PAYABLES FOR CONSTRUCTION IN PROGRESS

Payables for construction in progress represent the amounts payable to the constructors in respect of the construction of the production plants located in the PRC which the amounts due are unsecured, interest-free and repayable from one to five years since its inception. The carrying amount is determined based on the present value of the total payables consideration discounted using the effective interest rate of 4.75% (31 December 2024: 4.75%) per annum.

14. INTEREST-BEARING BORROWINGS

At 30 June 2025, the secured bank borrowings from banks are repayable within two years since inception (31 December 2024: repayable within two years since inception) and the secured bank borrowings carried weighted average effective interest rate of approximately 4.27% (31 December 2024: 3.76%) per annum.

At 30 June 2025, the interest-bearing borrowings are secured by:

- (i) certain buildings and equipment and right-of-use assets in respect of the prepaid land lease payments with aggregate net carrying amount of approximately HK\$168,391,000 (31 December 2024: HK\$168,063,000);
- (ii) certain key management insurance contracts with fair value of approximately HK\$4,098,000 (31 December 2024: HK\$13,937,000), as set out in Note 10 to the Interim Financial Statements; and
- (iii) corporate guarantees provided by the Company (31 December 2024: corporate guarantees provided by the Company).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group operates its business through three segments, namely integrated plastic solutions segment, electronic cigarette (the “**e-cigarettes**”) products segment and medical consumable products segment. The integrated plastic solutions segment engages in mould design and fabrication services as well as plastic component design and manufacturing services. The e-cigarettes products segment engages in the manufacturing and sales of e-cigarettes products. The Group’s medical consumable products segment engages in the manufacturing and sales of medical devices products and disposable face masks products. The Group distributes our products within the domestic market and to overseas markets, including Europe, Asia and the United States (the “**U.S.**”). The Group has also obtained the Authorised Economic Operator (“**AEO**”) Certificate issued by the China Customs, which could improve the operational efficiency of the Group.

During the first half of 2025, the business environment continued to face challenges from ongoing global economic uncertainties, persistent inflationary pressures, cautious consumer spending behavior, and the impact of tariffs imposed by the U.S.. Consequently, consumer demand and order volumes remained affected. Despite these challenges, the Group recorded a moderate increase in overall sales during the six months ended 30 June 2025. However, loss after tax increased during the period as taxation expenses incurred for the six months ended 30 June 2025. In response to these external factors and the volatile market conditions, the Group maintained its focus on long-term growth by investing in research and development. A dedicated research and development centre was established in our Shenzhen office to develop new products for the integrated plastic solutions segment and advance core e-cigarette technologies, including atomization and coil innovations, reinforcing our commitment to technological leadership.

During the six months ended 30 June 2025, the Group’s total revenue amounted to approximately HK\$254.2 million, representing an increase of approximately 11.6% compared to the same period last year (30 June 2024: HK\$227.7 million). The Group recorded a gross profit of approximately HK\$48.2 million (30 June 2024: HK\$40.7 million) with a gross profit margin of approximately 19.0% (30 June 2024: 17.9%).

The Group recorded a loss for the six months ended 30 June 2025 attributable to equity holders of the Company of approximately HK\$11.6 million (30 June 2024: profit HK\$7.9 million). Basic loss per share attributable to equity holders of the Company were approximately 1.87 HK cents (30 June 2024: loss per share 1.28 HK cents).

Integrated Plastic Solutions

Revenue from the integrated plastic solutions business division was mainly derived from (i) the design and fabrication of plastic injection moulds; and (ii) design and manufacturing of plastic components employing the plastic injection moulds fabricated internally or by our subcontractors.

The Group has the expertise to engineer and fabricate plastic injection molds with cavities, enabling the precise design and production of plastic components tailored to the desired and customised design, features and specifications. The Group has the technical capabilities to fabricate moulds that meet the MT1 precision level as defined by the “National Standard of the People’s Republic of China GB/T14486-2008-Dimensional Tolerances for Moulded Plastic Parts” (中華人民共和國國家標準GB/T14486-2008-塑料模塑件尺寸公差) which is the highest precision level under the national guidelines. By utilising

the plastic injection process and applying the plastic injection moulds fabricated by the Group or external subcontractors in limited cases, the Group manufactures plastic components for office furniture, office electronic products, home appliances, communication products, automobiles and solar system.

Manufacturing of e-cigarette products

The Group manufactures e-cigarettes products as an original equipment manufacturer (“**OEM**”) and sells to overseas and the People’s Republic of China (the “**PRC**”). Such e-cigarette products include disposable e-cigarettes, refillable e-cigarettes, battery rods, clearomisers, liquidpods and heated tobacco device. The Group obtained the Tobacco Monopoly Production Enterprise License issued by the State Tobacco Monopoly Administration of the People’s Republic of China in respect of OEM with validity period up to 2026.

We established a research and development centre at our Shenzhen office to drive advancements in core e-cigarette technologies. The centre focuses on enhancing atomization technology, innovating coil designs, and pursuing other key technological breakthroughs in the e-cigarette sector. This investment is expected to accelerate the development of new products, strengthen the Group’s market competitiveness, capture emerging business opportunities, and foster deeper collaborations with other e-cigarette brands. These efforts are closely aligned with the Group’s strategic objective of long-term growth in the e-cigarette segment.

Manufacturing of medical consumable products

The Group manufactures disposable face masks by utilising the cleanroom facilities in the Group’s production plant in Huizhou and acquiring disposable face mask production machines since 2020, as disclosed in the announcement of the Company dated 7 July 2020. Apart from this, the Group also engages in the manufacturing and sales of medical devices products.

The cleanroom facility in Huizhou has obtained the pharmaceutical industry standards of “YY/T 0033-2000 Good manufacture practice for sterile medical devices” issued by the National Medical Products Administration in the PRC. The manufacturing quality system has also fulfilled the standard of EN ISO13485:2016 Medical Devices-Quality Management Systems as certified by the Société Générale de Surveillance S.A. (“**SGS**”). In addition, the Group has been granted Medical Device Manufacturing Enterprise License (醫療器械生產許可證) on medical device production issued by the National Medical Products Administration in the PRC.

The procedure face masks have been tested and proved to have attained the standard of ASTM F2100 Level 3 in the U.S. and the standard of EN14683 Type IIR in Europe. Apart from the procedure face masks, the Group also developed face masks with higher level of protection, such as particulate face masks – KN95 and FFP2. The particulate face mask – KN95 has passed the requirements of GB2626-2019 standard in the PRC and NIOSH N95 – Pre-Certification Test issued by the ICS Laboratories in the U.S. In addition, the particulate face mask – FFP2 has also passed the requirements of EN 149:2001+A1:2009 standard, credited as FFP2 NR protective respirator, and certified with CE Mark (through SGS Fimko Oy, Notified Body #0598) granted by the SGS. Furthermore, the Group has obtained the Section 510(k) premarket notification (“**PMN**”) clearance from the United States Food and Drug Administration (“**FDA**”) in August 2022 on our surgical particulate face masks – N95 and FFP2, indicating that our particulate face mask products are both safe and effective for medical and surgical use, meeting all legal requirements for sale and marketing in the U.S..

FINANCIAL REVIEW

Revenue

Revenue for the six months ended 30 June 2025 was approximately HK\$254.2 million, representing an increase of approximately HK\$26.5 million, or approximately 11.6%, from approximately HK\$227.7 million for the same period in 2024.

The integrated plastic solutions segment revenue for the six months ended 30 June 2025 was approximately HK\$230.7 million, accounting for approximately 90.8% of our total revenue and representing an increase of approximately HK\$51.4 million, or approximately 28.7%, from segment revenue of approximately HK\$179.3 million for the same period in 2024. This was primarily the result of growing order volumes from certain customers during the period.

The e-cigarettes products segment revenue for the six months ended 30 June 2025 was approximately HK\$22.4 million, accounting for approximately 8.8% of our total revenue and representing a decrease of approximately HK\$24.8 million, or approximately 52.5%, from segment revenue of approximately HK\$47.2 million for the same period in 2024. This decrease was mainly attributable to continued global economic uncertainty, which prompted more cautious consumer spending and led to a decline in sales orders for e-cigarettes products during the period.

The medical consumable products segment revenue for the six months ended 30 June 2025 was approximately HK\$1.1 million, accounting for approximately 0.4% of our total revenue and representing a decrease of approximately HK\$0.1 million, or approximately 8.3%, from segment revenue of approximately HK\$1.2 million for the same period in 2024.

Gross Profit

Gross profit for the six months ended 30 June 2025 was approximately HK\$48.2 million (*30 June 2024: HK\$40.7 million*), representing a gross profit margin of approximately 19.0% (*30 June 2024: 17.9%*).

Gross profit for integrated plastic solutions for the six months ended 30 June 2025 was approximately HK\$46.1 million (*30 June 2024: HK\$34.9 million*), representing a gross profit margin of approximately 20.0% (*30 June 2024: 19.5%*). The increase in gross profit margin was mainly attributable to a shift in the product mix toward higher-margin products.

Gross profit for e-cigarettes products for the six months ended 30 June 2025 was approximately HK\$2.6 million (*30 June 2024: HK\$5.7 million*), representing a gross profit margin of approximately 11.6% (*30 June 2024: 12.1%*). The decline in sales volume during the period led to an increase in fixed overhead per unit sold, thereby lowering the gross profit margin.

Gross loss for medical consumable products for the six months ended 30 June 2025 was approximately HK\$0.5 million (*30 June 2024: gross profit HK\$65,000*), representing a gross loss margin of approximately 45.5% (*30 June 2024: gross profit margin 5.4%*). The Group provided an allowance for inventories on slow moving medical consumable products for the six months ended 30 June 2025, and it resulted in a gross loss for medical consumable products. However, there was no such provision made for the six months ended 30 June 2024.

Other Income

Other income for the six months ended 30 June 2025 was approximately HK\$2.7 million, representing a decrease of approximately HK\$1.5 million, or approximately 35.7%, from approximately HK\$4.2 million for the same period in 2024. The decrease mainly resulted from a decrease in sundry income received during the period.

Selling and Distribution Costs

Selling and distribution costs for the six months ended 30 June 2025 were approximately HK\$3.1 million, representing an increase of approximately HK\$0.7 million, or approximately 29.2%, from approximately HK\$2.4 million for the same period in 2024. The increase was primarily driven by higher sales volume from certain customers who required our delivery services during the year.

Administrative and Other Operating Expenses

Administrative and other operating expenses for the six months ended 30 June 2025 were approximately HK\$53.5 million, representing an increase of approximately HK\$1.7 million, or approximately 3.3%, from approximately HK\$51.8 million for the same period in 2024. The increase mainly resulted from the increase in marketing fee expenses.

Finance Costs

Finance costs for the six months ended 30 June 2025 were approximately HK\$0.8 million, representing a decrease of approximately HK\$0.7 million, or approximately 46.7%, from approximately HK\$1.5 million for the same period in 2024. The decrease was primarily attributable to the repayment of secured bank borrowings during the period.

Income Tax Expenses/Credit

Income tax expenses for the six months ended 30 June 2025 were approximately HK\$2.6 million, representing an increase of approximately HK\$5.2 million, or approximately 200.0% from that for the same period in 2024 of income tax credit of HK\$2.6 million. Such increase was due to the over provision of taxation recorded for the six months ended 30 Jun 2024.

Loss Attributable to Equity Holders of the Company

As a result of the foregoing, loss for the six months ended 30 June 2025 was approximately HK\$11.6 million, representing an increase of approximately HK\$3.7 million, or approximately 46.8%, from the loss of approximately HK\$7.9 million for the same period in 2024.

FUTURE PLAN AND PROSPECTS

The risk of a global economic downturn is expected to continue affecting the business environment and consumer confidence in the second half of 2025 and the near future. In view of these conditions, the Group will continue to broaden its customer base by targeting markets that value high-quality e-cigarettes and plastic products. Leveraging the capabilities of our research and development centre, the Group will work to strengthen core technologies and competitive advantages, supporting the gradual expansion of our product portfolio, including e-cigarette products, plastic products, and medical consumables. Meanwhile, the Group will maintain efforts to improve cost efficiency to enhance competitiveness. While uncertainties remain, these initiatives are expected to provide a foundation for the Group's steady, long-term development.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers. As at 30 June 2025, the Group had cash and cash equivalents of approximately HK\$118.4 million (*31 December 2024: HK\$129.5 million*). Interest-bearing borrowings as at 30 June 2025 amounted to HK\$20.7 million (*31 December 2024: HK\$31.2 million*) with weighted average effective interest rate of approximately 4.27% per annum (*31 December 2024: 3.76% per annum*). The Group's gearing ratio as at 30 June 2025, calculated based on the total borrowings to the equity attributable to owners of the Company, was 4.1% (*31 December 2024: 5.6%*).

FOREIGN EXCHANGE RISK

The monetary assets and liabilities and business transaction of the Group are mainly carried out and conducted in Hong Kong dollars, U.S. dollars and Renminbi. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by entering into foreign currency forward contracts, if necessary. During the six months ended 30 June 2025, the Group did not have any outstanding foreign currency forward contracts. The Group will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2025, the Group has made no material acquisitions or disposals of subsidiaries and associated companies.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any significant contingent liabilities.

CHARGE ON GROUP ASSETS

As at 30 June 2025, certain buildings and right-of-use assets in respect of the prepaid land lease payments with aggregate net carrying amount of approximately HK\$168.4 million (*31 December 2024: HK\$168.1 million*) and key management insurance contracts with fair value of approximately HK\$4.1 million (*31 December 2024: HK\$13.9 million*) were pledged as security for bank facilities.

SUBSEQUENT EVENT

No material events occurred subsequent to 30 June 2025 which may have a significant effect on the assets and liabilities or future operations of the Group.

EMPLOYEE AND REMUNERATION POLICY

The Group has 806 employees as at 30 June 2025. The Group's remuneration policy is to compensate its employees based on their performance, qualifications and the Group's operational results. The total remuneration of employees includes basic salaries, performance bonus and share options. Directors and senior management of the Group receive compensation in the form of fees, salaries, allowances, discretionary bonus, share options, defined contribution plans and other benefits in kind with reference to those paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses its Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages (including incentive plans) of its Directors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of its Directors and senior management and the performance of the Group.

SHARE OPTION SCHEME

On 28 May 2019, the Company adopted a share option scheme (the “**Option Scheme**”) for the purpose of providing reward to selected participants for their contribution to the Group. Eligible participants of the Option Scheme include, without limitation, employees, executive directors, non-executive directors, shareholders, advisers and consultants.

For the six months ended 30 June 2025, the Company has the following share options granted to the eligible participants under the Option Scheme:

Grantees	Date of grant	Exercise price (HK\$)	Outstanding as at 1 January 2025	Options lapsed during the period	Options outstanding at 30 June 2025	Exercisable at 30 June 2025
Directors, chief executives and substantial shareholders						
Chan Tsan Lam	13 May 2020	0.355	620,000	–	620,000	620,000
Chan Yin Yan	13 May 2020	0.355	6,200,000	–	6,200,000	6,200,000
Poon Po Han Lisa	13 May 2020	0.355	6,200,000	–	6,200,000	6,200,000
Hung Chun Leung	13 May 2020	0.355	500,000	–	500,000	500,000
Chan Bing Kai	13 May 2020	0.355	500,000	–	500,000	500,000
Employees	13 May 2020	0.355	16,000,000	–	16,000,000	16,000,000
Service providers	13 May 2020	0.355	2,000,000	–	2,000,000	2,000,000
			<u>32,020,000</u>	<u>–</u>	<u>32,020,000</u>	<u>32,020,000</u>

SIGNIFICANT INVESTMENTS HELD

During the six months ended 30 June 2025, the Group did not hold any significant investment in equity interest in any other company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group has no plan to make material investments or increase its capital assets.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company and any of its subsidiaries have not purchased, redeemed or sold any of its listed securities during the six months ended 30 June 2025.

CORPORATE GOVERNANCE MEASURES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) to ensure that the Company’s business activities and decision making processes are regulated in a proper and prudent manner. Mr. Chan Tsan Lam (“**Mr. Chan**”) is the chairman of the Board and chief executive officer of the Company. Although this deviates from the practice under code provision C.2.1 of the CG Code, where it provides that the two positions should be held by two different individuals, as Mr. Chan has considerable experience in the enterprise operation and management of the Company, the Board believes that it is in the best interests of the Company and its shareholders as a whole to continue to have Mr. Chan as chairman of the Board and as chief executive officer so that it can benefit from his experience and capability in leading the Board in the long-term development of the Company. From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the chairman should not be able to monopolise the decision-making of the Board. The Board considers that the balance of power between the Board and management can still be maintained under the current structure. The Board shall review its management structure from time to time to ensure appropriate action be taken should the need arise.

Save as disclosed above, during the six months ended 30 June 2025, the Company has complied with the CG Code.

AUDIT COMMITTEE

The Group has established an audit committee (the “**Audit Committee**”) on 8 February 2018 with its written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board. Our audit committee consists of three members, being Mr. Ng Chi Wai, Mr. Hung Chun Leung and Mr. Chan Bing Kai. Mr. Ng Chi Wai currently serves as the chairman of our Audit Committee, who holds the appropriate professional qualification as required under rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has reviewed with the management the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2025, the accounting principles and practices adopted and discussed auditing, internal control and financial reporting matters.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding dealings in the securities of the Company by the Directors and the Company’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company’s securities.

Upon specific enquiry, all Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2025. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the six months ended 30 June 2025.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (*30 June 2024: Nil*).

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement of the Group for the six months ended 30 June 2025 is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.hktcgroup.com.

An interim report for the six months ended 30 June 2025, containing all the information required by the Listing Rules, will be dispatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board
TIAN CHANG GROUP HOLDINGS LTD.
Chan Tsan Lam
Chairman

Hong Kong, 27 August 2025

As at the date of this announcement, the executive directors of the Company are Mr. Chan Tsan Lam, Ms. Poon Po Han Lisa and Ms. Chan Yin Yan, and the independent non-executive directors of the Company are Mr. Ng Chi Wai, Mr. Hung Chun Leung and Mr. Chan Bing Kai.