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TK Group (Holdings) Limited

東江集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2283)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

RESULTS

The board of directors (the “**Board**”) of TK Group (Holdings) Limited (the “**Company**”) is pleased to present the consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024.

FINANCIAL HIGHLIGHTS

Six months ended 30 June
2025 2024

Results and financial performances

Results

Revenue (HK\$'000)	1,050,255	1,007,209
Profit for the period (HK\$'000)	86,774	79,742
Basic earnings per share (HK cents)	10.5	9.6
Proposed interim dividend per share (HK cents)	4.3	4.0
Gross profit margin	25.3%	24.8%
Net profit margin	8.3%	7.9%
Return on equity (<i>Note 1</i>)	5.2%	5.1%
Return on assets (<i>Note 2</i>)	3.4%	3.2%
Inventory turnover days (<i>Note 3</i>)	106	104
Trade receivable turnover days (<i>Note 4</i>)	72	66
Trade payable turnover days (<i>Note 5</i>)	72	71
	30 June 2025	31 December 2024

Financial position

Net current assets (HK\$'000)	1,249,384	1,264,692
Current ratio (<i>Note 6</i>)	262.6%	263.4%
Quick ratio (<i>Note 7</i>)	201.6%	209.2%
Gearing ratio (<i>Note 8</i>)	N/A	N/A

Notes:

- (1) Return on equity ratio is calculated by dividing profit after tax by total equity as at period end and multiplying the resulting value by 100%.
- (2) Return on assets ratio is calculated by dividing profit after tax by total assets as at period end and multiplying the resulting value by 100%.
- (3) Inventory turnover days are calculated based on the average balance of inventories divided by the cost of sales for the relevant period and multiplied by 180 days.
- (4) Trade receivable turnover days are calculated based on the average trade receivables divided by the revenue for the relevant period and multiplied by 180 days.
- (5) Trade payable turnover days are calculated based on the average trade payables divided by the cost of sales for the relevant period and multiplied by 180 days.
- (6) Current ratio is calculated by dividing current assets by current liabilities and multiplying the resulting value by 100%.
- (7) Quick ratio is calculated by dividing current assets less inventories by current liabilities and multiplying the resulting value by 100%.
- (8) Gearing ratio is calculated by dividing total borrowings by total equity and multiplying the resulting value by 100%. As at 30 June 2025, the Group had no bank borrowings (31 December 2024: Nil).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
	<i>Note</i>	2025	2024
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Revenue	5	1,050,255	1,007,209
Cost of sales		<u>(784,872)</u>	<u>(757,191)</u>
Gross profit		265,383	250,018
Other income		12,803	19,518
Other (losses)/gains – net		(242)	5,865
Selling expenses		(24,613)	(34,310)
Administrative expenses		(160,954)	(135,528)
Net impairment losses on financial assets		<u>(1,408)</u>	<u>(3,518)</u>
Operating profit		<u>90,969</u>	<u>102,045</u>
Interest income		11,590	10,795
Interest expenses		<u>(2,109)</u>	<u>(2,401)</u>
Finance income - net		<u>9,481</u>	<u>8,394</u>
Share of results of associates		<u>910</u>	<u>1,000</u>
Profit before income tax		101,360	111,439
Income tax expense	6	<u>(14,586)</u>	<u>(31,697)</u>
Profit for the period		<u>86,774</u>	<u>79,742</u>
Other comprehensive income/(loss)			
<i>Item that may be reclassified to profit and loss:</i>			
Currency translation differences		<u>40,015</u>	<u>(47,048)</u>
Total comprehensive income for the period		<u>126,789</u>	<u>32,694</u>
Earnings per share attributable to owners of the Company			
(expressed in HK cents per share)			
– Basic and diluted	7	<u>10.5</u>	<u>9.6</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		30 June	31 December
	Note	2025	2024
		(Unaudited)	(Audited)
		HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		351,395	355,743
Right-of-use assets		67,062	96,204
Intangible assets		9,729	9,763
Financial assets at fair value through profit or loss		43,500	43,500
Investments in associates		18,722	17,812
Loans to associates	8(b)	2,300	2,424
Deferred tax assets		3,802	3,394
Prepayments for property, plant and equipment		22,763	9,234
		<u>519,273</u>	<u>538,074</u>
Current assets			
Inventories		468,814	419,562
Trade and other receivables	8	481,677	454,266
Restricted cash		–	1,036
Term deposits		157,000	155,200
Cash and cash equivalents		910,241	1,008,605
		<u>2,017,732</u>	<u>2,038,669</u>
Total assets		<u>2,537,005</u>	<u>2,576,743</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		30 June	31 December
	Note	2025	2024
		(Unaudited)	(Audited)
		HK\$'000	HK\$'000
EQUITY			
Share capital	10	83,326	83,326
Share premium	10	251,293	251,293
Shares held for employee share scheme		(7,755)	(13,103)
Other reserves		34,167	(1,662)
Retained earnings		<u>1,321,554</u>	<u>1,391,433</u>
Total equity		<u>1,682,585</u>	<u>1,711,287</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		29,181	31,431
Deferred income		27,273	31,582
Deferred tax liabilities		<u>29,618</u>	<u>28,466</u>
		<u>86,072</u>	<u>91,479</u>
Current liabilities			
Trade and other payables	9	450,423	435,904
Contract liabilities		266,441	249,274
Income tax liabilities		8,129	19,037
Lease liabilities		<u>43,355</u>	<u>69,762</u>
		<u>768,348</u>	<u>773,977</u>
Total liabilities		<u>854,420</u>	<u>865,456</u>
Total equity and liabilities		<u>2,537,005</u>	<u>2,576,743</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 28 March 2013 as an exempted company with limited liability. The Company, an investment holding company, and its subsidiaries (collectively the “**Group**”) are principally engaged in the manufacturing, sales, subcontracting, fabrication and modification of molds and plastic components in the People’s Republic of China (the “**PRC**”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

As at 30 June 2025, the ultimate shareholders of the Company are Mr. Li Pui Leung, Mr. Yung Kin Cheung Michael and Mr. Lee Leung Yiu (collectively the “**Ultimate Shareholders**”), each holding an effective equity interest of 30.61%, 19.04% and 18.36% in the Company, respectively.

On 20 December 2013, shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

This interim financial information (“**Interim Financial Information**”) is presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

Interim Financial Information has been approved for issue by the Board of Directors of the Company on 18 August 2025.

Interim Financial Information has not been audited, but reviewed by the audit committee of the Company (the “**Audit Committee**”).

2. BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2025 (the “**Period**”) has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants. This Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2024 (“**2024 Financial Statements**”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of new and amended standards as set out below.

3.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards. The Directors consider that application of these new standards, amendments and interpretation to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in this Interim Financial Information.

3.2 Impact of standards issued but not yet applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the Period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4. JUDGMENTS AND ESTIMATES

The preparation of the Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2024 Financial Statements.

5. SEGMENT INFORMATION

Information of the reportable segments for the Period is set out as below:

	Six months ended 30 June					
	Mold fabrication		Plastic components manufacturing		Total	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Revenue						
Segment revenue	385,087	322,132	699,707	738,297	1,084,794	1,060,429
Inter-segment revenue elimination	(34,539)	(53,220)	—	—	(34,539)	(53,220)
Revenue from external customers	350,548	268,912	699,707	738,297	1,050,255	1,007,209
Segment results	115,385	90,055	149,998	159,963	265,383	250,018

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	3,927	3,743
– PRC corporate income tax	7,242	12,655
	<u>11,169</u>	<u>16,398</u>
Deferred income tax		
– Hong Kong profits tax	248	840
– PRC corporate income tax	(94)	(3,024)
– Withholding income tax	3,263	17,483
	<u>3,417</u>	<u>15,299</u>
Income tax expense	<u>14,586</u>	<u>31,697</u>

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and is exempted from Cayman Islands income tax.

No provision for income tax in the British Virgin Islands (the “BVI”) has been made as the Group has no income assessable for income tax in BVI for the Period.

Under the current Hong Kong Inland Revenue Ordinance, the subsidiaries in Hong Kong are subject to profits tax at the rate of 8.25% on assessable profits up to HK\$2,000,000, and 16.5% on any part of assessable profits over HK\$2,000,000.

PRC corporate income tax (“CIT”) is provided on the assessable income of entities within the Group incorporated in the PRC, calculated in accordance with the relevant regulations of the PRC. The applicable CIT rate is 25%. Certain subsidiaries of the Group were recognised as “New and High Technology Enterprise” and enjoy a preferential CIT rate of 15%.

According to the CIT Law, a withholding income tax of 10% is levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. The immediate holding companies of certain PRC subsidiaries have obtained Hong Kong tax resident status, and a lower preferential 5% withholding income tax rate is applied.

7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the Period by the weighted average number of ordinary shares in issue for the Period, excluding shares held for employee share scheme.

	Six months ended 30 June	
	2025	2024
Profit for the period (HK\$'000)	86,774	79,742
Weighted average number of ordinary shares in issue for the Period (thousands)	829,149	827,529
Basic earnings per share (HK cents)	10.5	9.6

(b) Diluted

Diluted earnings per share approximates basic earnings per share for the period ended 30 June 2025 and 2024 as the impact of dilutive potential shares is immaterial.

8. TRADE AND OTHER RECEIVABLES

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Trade receivables (a)	432,745	409,412
Less: allowance for impairment	(11,504)	(9,726)
Trade receivables, net	421,241	399,686
Prepayments and deposits	23,383	26,740
Value-added tax recoverable	13,887	14,226
Advances to employees	4,562	4,364
Loans to associates (b)	1,193	808
Refund receivables for export tax	3,115	1,281
Others	14,296	7,161
	481,677	454,266

(a) Trade receivables

The credit period granted to customers is generally between 30 and 90 days. The ageing analysis of the trade receivables from the date of sales is as follows:

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Less than 3 months	376,509	358,739
More than 3 months but not exceeding 1 year	54,005	48,030
More than 1 year	2,231	2,643
	432,745	409,412

(b) Loans to associates

	Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Beginning of the period	3,232	–
Additions	–	4,325
Repayment	(406)	(255)
Interest charged	81	94
Reversal of allowance for impairment	156	–
Currency translation differences	430	(158)
Balance at end of period	3,493	4,006

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Loans to associates		
– Non-current	2,300	2,424
– Current	1,193	808
	3,493	3,232

During the Period, the Group has not provided any new loans to associates.

9. TRADE AND OTHER PAYABLES

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Trade payables (a)	333,371	292,330
Wages and staff welfare benefits payable	85,844	117,135
Accrual for expenses and other payables	16,818	14,071
Other taxes payable	14,390	12,368
	<u>450,423</u>	<u>435,904</u>

(a) The ageing analysis of the trade payables based on the goods/services receipt date is as follows:

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Within 90 days	260,207	214,374
91 – 120 days	52,306	47,414
121 – 365 days	12,894	22,236
Over 365 days	7,964	8,306
	<u>333,371</u>	<u>292,330</u>

10. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares thousands	Nominal value HK\$'000	Share premium HK\$'000	Total HK\$'000
Authorised				
As at 1 January 2025, 30 June 2025, 1 January 2024 and 30 June 2024	<u>2,000,000</u>	<u>200,000</u>		
Issued and fully paid				
As at 1 January 2025, 30 June 2025, 1 January 2024 and 30 June 2024	<u>833,260</u>	<u>83,326</u>	<u>251,293</u>	<u>334,619</u>

11. DIVIDENDS

On 18 August 2025, the board of directors resolved to declare an interim dividend of HK4.3 cents per share (2024 interim: HK4.0 cents per share). This interim dividend, amounting to approximately HK\$35,830,000 (2024 interim: HK\$33,330,000), has not been recognised as a liability in this Interim Financial Information.

A final dividend and a special dividend in respect of the year ended 31 December 2024 of HK8.8 cents and HK10.0 cents per ordinary share, respectively, amounting to a total of approximately HK\$73,327,000 and HK\$83,326,000, respectively were paid on 12 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2025, the global economic environment faced numerous challenges and uncertainties, including the implementation of the reciprocal tariff policy by the U.S. and the escalation of geopolitical conflicts in the Middle East, which caused significant market volatility. Due to reduced government spending and fluctuating policies, U.S. economic growth slowed down, with personal consumption expenditure significantly weakening. In contrast, the Eurozone economy showed a trend of moderate recovery. Being supported by the temporary easing of Sino-U.S. trade frictions and the policy stimulus measures, China's economy demonstrated strong resilience, with GDP growth reaching 5.3% in the first half of 2025. The U.S. government attempted to reshape the global trade order through tariffs. However, due to trade policy uncertainties as well as concerns about tariff-induced inflation, rising unemployment and economic recession, U.S. consumers became more cautious in their spending and had a lower willingness to spend. Some consumer electronics brands adopted more conservative procurement strategies and slowed the pace of new product development. In the first half of 2025, the Group's revenue amounted to HK\$1,050.3 million (the first half of 2024: HK\$1,007.2 million), representing a 4.3% increase as compared to the same period last year. Of the growth, the plastic components manufacturing business fell by 5.2% as compared to the same period last year due to the cautious procurement strategies of some downstream industry customers, while the mold fabrication business recorded strong growth, up by 30.4% as compared to the same period last year.

Revenue Analyzed by Downstream Industries

Industry	Six months ended 30 June				Change	
	2025		2024			
	HK\$ million	%	HK\$ million	%	HK\$ million	%
Mobile phones and wearable devices	313.7	29.9	326.2	32.4	-12.5	-3.8
Automobiles	187.3	17.8	143.7	14.3	43.6	30.3
Medical and personal health care	163.6	15.6	142.5	14.1	21.1	14.8
Smart home	99.2	9.4	99.9	9.9	-0.7	-0.7
Electronic atomizers	77.5	7.4	95.5	9.5	-18.0	-18.8
Commercial telecommunications equipment	49.1	4.7	90.0	8.9	-40.9	-45.4
Others	159.9	15.2	109.4	10.9	50.5	46.2
	<u>1,050.3</u>	<u>100.0</u>	<u>1,007.2</u>	<u>100.0</u>	<u>43.1</u>	<u>4.3</u>

During the Period, being driven by strong growth in the higher-gross-margin mold fabrication business, the Group's gross profit increased by 6.1% to HK\$265.4 million (the first half of 2024: HK\$250.0 million); gross profit margin increased by 0.5 percentage point to 25.3% (the first half of 2024: 24.8%); and profit attributable to owners of the Company increased by 8.8% year-on-year to HK\$86.8 million (the first half of 2024: HK\$79.7 million). Net profit margin increased by 0.4 percentage point to 8.3% (the first half of 2024: 7.9%); and basic earnings per share were HK10.5 cents (the first half of 2024: HK9.6 cents), representing a year-on-year increase of 9.4%.

In the first half of 2025, inventory turnover days increased slightly by 2 days to 106 days (the first half of 2024: 104 days), and trade receivable turnover days increased by 6 days to 72 days (the first half of 2024: 66 days). In terms of working capital management, the Group has adopted a prudent management strategy amidst the current macroeconomic and geopolitical uncertainties. Net cash remained high at HK\$1,067.2 million (30 June 2024: HK\$1,060.5 million), representing a year-on-year increase of 0.6%. Leveraging its robust cash flow, the Group was able to flexibly respond to various market challenges. As of 30 June 2025, the Group's sales orders on hand amounted to HK\$999.3 million, representing a 12.4% increase as compared to HK\$889.1 million as of 31 December 2024. With the gradual clarification of tariff agreements between various countries, customer orders and shipment schedules are becoming gradually certain, leading to a stable sales trend for the Group in the second half of the year.

Business Segment Analysis

Mold Fabrication Business

In the first half of 2025, the revenue from external customers of the mold fabrication business amounted to approximately HK\$350.6 million, representing an increase of approximately 30.4% as compared to approximately HK\$268.9 million in the same period last year, and accounting for approximately 33.4% of the Group's total revenue.

The Group has production lines for ultra-large standard molds and high-precision molds. The major products of the Group's ultra-large standard molds are automobiles components. The customers mainly include first-tier component suppliers who manufacture automobiles components for automobile brands in Europe, such as Mercedes-Benz, BMW and Volkswagen. High-precision molds production lines mainly produce high-precision molds with multi-cavity and efficiency, with the markets covering high-end consumer electronics (such as mobile phones and wearable devices and smart home), medical and personal health care industries. The Group continues to focus on expert-level molding technology research and is committed to providing customers with high-quality and cost-effective design solutions. In addition to developing external customers, the Group also cooperates with its downstream plastic components manufacturing business partners to provide premium one-stop services for its customers.

According to the forecast of S&P Global Mobility, the number of new internal combustion engine and hybrid vehicle models launched globally in 2025 will increase by 9% as compared to 2024. The Group's mold demand has continued to grow steadily since its recovery at the end of 2023. To meet such strong market demand, the Group has gradually increased its investment since the beginning of the year to improve the manufacturing capabilities and precision of high-precision molds, so as to stay at the technological forefront of the mold industry. The Group is also actively expanding into high-potential market sectors such as medical, consumer electronics and smart home, so as to diversify its customer base. The Group's enlarged investment in manufacturing capabilities of high-precision molds resulted in a slight decrease in segment gross profit margin of 0.6 percentage point to 32.9% during the Period (the first half of 2024: 33.5%).

Plastic Components Manufacturing Business

In the first half of 2025, the revenue from the plastic components manufacturing business segment amounted to approximately HK\$699.7 million (the first half of 2024: HK\$738.3 million), representing a 5.2% decrease as compared to the same period last year, and accounting for approximately 66.6% of the Group's total revenue.

The Group's plastic injection molding business has long served many leading international consumer electronics brands. Being impacted by low consumer confidence in Europe and the U.S. at the beginning of the year, there was a contraction in product demand in the second quarter of the Period, prompting some brand customers to adjust their order volumes or postpone their shipment plans. Nonetheless, benefiting from a diversified customer base, the revenue from the mobile phones and wearable devices segment and the smart home segment saw only slight year-on-year declines of 3.8% and 0.7%, respectively. The commercial telecommunications equipment segment, however, saw a 45.4% year-on-year decline in revenue, due to a pullback from last year's peak in line with customer procurement cycles.

During the Period, the revenue from the medical and personal health care segment increased by 14.8% as compared to the same period last year. Of the increase, orders from several medical consumables brand customers successively rebounded, resulting in a significant 24.0% increase in revenue as compared to the same period last year; and the revenue from personal health care brand customer maintained steady growth, increasing by 4.5% as compared to the same period last year. The Group will continue to strengthen its efforts in developing domestic and international medical brand customers, and actively seize long-term development opportunities in the medical and health care industries, so as to further expand its market share. Meanwhile, the revenue from the electronic atomizers segment decreased by 18.8% as compared to the same period last year, primarily due to the impact of tightened market regulations in China on downstream industries.

In the first half of 2025, order volume of the Group's plastic injection molding business was affected by the slowdown in the consumer market, and the gross profit margin of the plastic injection molding business fell by 0.3 percentage point to 21.4% (the first half of 2024: 21.7%).

FINANCIAL REVIEW

Revenue

Revenue for the first half of 2025 was approximately HK\$1,050.3 million, representing an increase of approximately HK\$43.1 million or 4.3% as compared to that of approximately HK\$1,007.2 million in the same period of 2024. Of the growth, the plastic components manufacturing business fell by 5.2% as compared to the same period last year due to the cautious procurement strategies of some downstream industry customers, while the mold fabrication business recorded strong growth, up by 30.4% as compared to the same period last year.

Gross Profit

Gross profit for the first half of 2025 was approximately HK\$265.4 million, representing an increase of approximately HK\$15.4 million or 6.1% as compared to that of approximately HK\$250.0 million in the same period of 2024. Gross profit margin was 25.3%, representing an increase of 0.5 percentage point from 24.8% in the same period last year, which was mainly driven by strong growth in the higher-gross-margin mold fabrication business.

The gross profit margin for the mold fabrication segment in the first half of 2025 was 32.9%, representing a decrease of 0.6 percentage point from 33.5% in the same period of 2024, which was mainly due to the increased investment in manufacturing capabilities of high-precision molds, resulting in a slight decline in the gross profit margin for the mold fabrication segment.

The gross profit margin for the plastic components manufacturing segment in the first half of 2025 was 21.4%, representing a slight decrease of 0.3 percentage point from 21.7% in the same period of 2024, which was mainly due to the fact that the order volume of the plastic injection molding segment business was affected by the slowdown in the consumer market, resulting in a slight decrease in gross profit margin.

Other Income

Other income for the first half of 2025 was approximately HK\$12.8 million, representing a decrease of approximately HK\$6.7 million or 34.4% as compared to that of approximately HK\$19.5 million in the same period of 2024, which was mainly due to the decrease in government grants income of the Group during the Period.

Other (Losses)/Gains – Net

Other losses (net) for the first half of 2025 were approximately HK\$0.2 million, representing a decrease in other gains (net) of approximately HK\$6.1 million as compared to other gains (net) of approximately HK\$5.9 million in the same period of 2024, which was mainly due to the decrease in foreign exchange gains as compared to the same period last year.

Selling Expenses

Selling expenses for the first half of 2025 were approximately HK\$24.6 million (the first half of 2024: HK\$34.3 million), representing 2.3% of the total revenue (the first half of 2024: 3.4%). Selling expenses decreased by approximately HK\$9.7 million or 28.3% as compared to the same period of 2024, which was mainly due to the decrease in cost of transportation.

Administrative Expenses

Administrative expenses for the first half of 2025 were approximately HK\$160.9 million (the first half of 2024: HK\$135.5 million), representing 15.3% of the total revenue (the first half of 2024: 13.5%). Administrative expenses increased by approximately HK\$25.4 million or 18.8% as compared to the same period of 2024, which was mainly due to: 1) the increase in employee expenses as a result of the deployment of more R&D personnel to meet customers' new project development needs; and 2) the increase in expenses for organizational diagnosis and strategic improvement consulting services.

Finance Income – Net

Net finance income for the first half of 2025 was approximately HK\$9.5 million, representing an increase of approximately HK\$1.1 million or 12.9% as compared to that of approximately HK\$8.4 million in the same period of 2024, which was mainly due to the increase in interest income.

Share of Results of Associates

Share of profit of associates for the first half of 2025 was approximately HK\$0.9 million, representing a decrease of approximately HK\$0.1 million or 9.0% as compared to that of approximately HK\$1.0 million in the same period of 2024.

Operating Profit

Operating profit for the first half of 2025 was approximately HK\$91.0 million, representing a decrease of approximately HK\$11.0 million or 10.9% as compared to that of approximately HK\$102.0 million in the same period of 2024, primarily due to non-recurring items. Excluding a loss from non-recurring items of approximately HK\$4.6 million (the first half of 2024: a gain from non-recurring items of approximately HK\$14.2 million), the Group's core operating profit amounted to approximately HK\$95.6 million, representing an increase of approximately HK\$7.8 million or 8.8% as compared to that of approximately HK\$87.8 million in the same period of 2024.

Income Tax Expense

Income tax expense for the first half of 2025 was approximately HK\$14.6 million (the first half of 2024: HK\$31.7 million), and the effective tax rate was 14.4% (the first half of 2024: 28.4%). Income tax expense decreased by approximately HK\$17.1 million or 54.0% as compared to the same period of 2024, which was mainly due to the decrease in withholding income tax.

Profit for the Period

Profit for the period for the first half of 2025 was approximately HK\$86.8 million, representing an increase of approximately HK\$7.1 million or 8.8% as compared to that of approximately HK\$79.7 million in the same period of 2024.

SEASONALITY

The Group's sales volume has historically been affected by seasonality. As the Group's products are used by the Group's customers in their respective manufacturing processes, the demand for the Group's products fluctuates as the demand for their products varies. A significant portion of the Group's products under its downstream business segments has generally been in higher demand in the second half of each calendar year, which is primarily due to the seasonal purchase patterns of consumers during festivals such as Thanksgiving Day and Christmas holidays, and is also in line with the timing of new product launches by some downstream customers. As a result, it is expected that the revenue of the Group will be higher in the second half of the year than in the first half of the year. During the year ended 31 December 2024, 43% of revenue was accumulated in the first half of the year, with 57% of revenue accumulated in the second half of the year.

LIQUIDITY, FINANCIAL RESOURCES AND RATIOS

As at 30 June 2025, the Group had net current assets of approximately HK\$1,249.4 million (31 December 2024: HK\$1,264.7 million). The Group had cash and bank balances of approximately HK\$1,067.2 million (31 December 2024: HK\$1,164.8 million), including cash and cash equivalents of approximately HK\$910.2 million (31 December 2024: HK\$1,008.6 million), and restricted cash and term deposits of approximately HK\$157.0 million (31 December 2024: HK\$156.2 million). The current ratio of the Group was approximately 262.6% (31 December 2024: 263.4%).

Total equity of the Group as at 30 June 2025 was approximately HK\$1,682.6 million (31 December 2024: HK\$1,711.3 million). The gearing ratio as at 30 June 2025 was not applicable (31 December 2024: not applicable), due to the fact that the Group had no bank borrowings as at 30 June 2025 (31 December 2024: Nil).

DEBT MATURITY PROFILE

The Group had no bank borrowings as at 30 June 2025 (31 December 2024: Nil).

LIQUIDITY RATIOS

An analysis of the Group's key liquidity ratios as at 30 June 2025 is as follows:

	Six months ended 30 June	
	2025	2024
Inventory turnover days	106	104
Trade receivable turnover days	72	66
Trade payable turnover days	72	71
	30 June	31 December
	2025	2024
Current ratio	262.6%	263.4%

Inventory Turnover Days

During the six months ended 30 June 2025, the Group's inventory turnover days were 106 days, representing an increase of 2 days as compared to the same period last year.

Trade Receivable Turnover Days

During the six months ended 30 June 2025, the Group's trade receivable turnover days were 72 days, representing an increase of 6 days as compared to the same period last year, which was mainly due to the Group's further expansion of its domestic business leading to an increase in the proportion of domestic customers, who are generally offered longer credit terms, resulting in an increase in the Group's overall turnover days.

Trade Payable Turnover Days

During the six months ended 30 June 2025, the Group's trade payable turnover days were 72 days, representing an increase of 1 day as compared to the same period last year.

Current Ratio

As at 30 June 2025, the Group's current ratio was 262.6%, representing a decrease of 0.8 percentage point as compared to that of 263.4% as at 31 December 2024.

ASSETS PLEDGED

As at 30 June 2025, there were no assets pledged by the Group (31 December 2024: Nil).

FOREIGN EXCHANGE RISK MANAGEMENT

The Group's principal operations are in the PRC, with Renminbi ("RMB") and HK\$ as the functional currencies of its principal subsidiaries. The Group is exposed to foreign exchange risks arising from various currencies, primarily United States dollars ("USD"), Euros ("EUR"), and RMB. The Group has always paid close attention to exchange rate fluctuations and market trends. The Group's foreign exchange risk management policies are approved by the Chief Executive Officer of the Company, while the Group Financial Controller is responsible for day-to-day management in accordance with such policies, mainly adopting prudent measures such as natural hedging. The Group Financial Controller regularly assesses the Group's foreign exchange positions and exposure, and strictly adheres to the approved foreign exchange risk management policies as well as the foreign exchange control regulations promulgated by the PRC government to determine an appropriate hedging ratio, thereby effectively managing foreign exchange risks.

The Group's cash and bank balances were primarily denominated in RMB, USD, EUR and HK\$. Its operating cash inflows and outflows were primarily denominated in RMB, USD, EUR and HK\$. The Group is closely monitoring the exchange rate movements and regularly reviewing its foreign exchange risk management policies, so as to mitigate the expected exchange rate risk.

RMB EXCHANGE RATE RISK

The Group's major revenue is principally denominated in USD, EUR, RMB and HK\$, and the Group's major expenses are principally denominated in RMB. The Group has not entered into any agreement for RMB hedging purpose.

CAPITAL STRUCTURE

There was no change in the capital structure of the Company during the Period, and the Company's capital included ordinary shares and other reserves.

PLANS FOR MATERIAL CAPITAL INVESTMENTS

The Group will invest in capacity expansion and investment projects to capitalize on the potential growth of the Group's business in the coming years in the manner set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company. Future funding source is mainly from internal resources.

STAFF POLICY

As at 30 June 2025, the Group had 3,861 full-time employees (31 December 2024: 3,687) and 292 workers dispatched to us from third-party staffing companies (31 December 2024: 114).

The Group's remuneration policy aims to offer competitive remuneration packages to recruit, retain and motivate competent directors and employees. The Group believes that the remuneration packages are reasonable and competitive and in line with market trends. The Group has put in place a share award scheme for its directors and employees in a bid to provide competitive remuneration packages for the Group's long-term growth and development. The Group also provides appropriate training and development programmes to its employees to enhance the staff's work ability and individual performance.

The Group has implemented training programmes for the employees to meet different job requirements. The Group believes that these initiatives have contributed to increasing employee productivity.

As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefits of its PRC employees which provide pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing funds.

MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2025, the Group made no material acquisitions or disposals of subsidiaries (the first half of 2024: Nil).

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any significant contingent liabilities (31 December 2024: Nil).

PROSPECTS

Looking ahead to the second half of 2025, the general economic situation remains fraught with uncertainties. The volatile U.S. trade policies have cast a high degree of uncertainties over the global trade environment, impacting global supply chains and exacerbating disruptions to the global economic outlook. The World Bank's June Global Economic Prospects report lowered its 2025 global GDP growth forecast to 2.3%, down from its January estimate of 2.7%, reflecting the continued economic impact of trade tensions and policy uncertainties. Alongside the forecasted downturn, the World Bank lowered its U.S. growth forecast by 0.9 percentage point to 1.4% and its Eurozone growth forecast by 0.3 percentage point to 0.7%, while maintaining its China growth forecast at 4.5%. As one of the world's leading manufacturing powerhouses and consumer markets, China is expected to maintain a stable and positive trend in the second half of 2025. To continue the "trade-in" policy implemented in the first half of the year and further boost domestic demand, China is expected to release approximately RMB138 billion of additional state subsidies to bolster economic performance in the second half of the year and drive continuous improvement in demand for consumer products. A number of emerging, high-quality Chinese consumer electronics brands are actively preparing for new product launches. Our management remains cautiously optimistic about our future business development.

Faced with rising market demand for high-end, intelligent products, consumer electronics brand customers are expediting product innovations and technological upgrades. The Group has continuously fostered technological breakthroughs and innovations, and constantly improving its mold fabrication, plastic injection molding and related technological capabilities. This has allowed the Group to create a diverse range of high-end plastic enclosure products for domestic and international brand customers, enable the rapid iteration of end products and lead market trends. In July of this year, the Group entered into a strategic partnership with Finland's TactoTek, officially obtaining the patent license for TactoTek's In-Mold Structural Electronics (IMSE®) technology, becoming the first domestic supplier of automotive-grade IMSE® electrically functional films in China. TactoTek is a pioneer and global leader in the development of in-mold structural electronics technology. The Group has completed the deployment of dedicated IATF 16949-compliant IMSE® production lines at its Shenzhen, Huizhou and Suzhou production bases, achieving vertical integration from mold development, material engineering to mass production. This has successfully shortened relevant product development cycles by over 50% and significantly reduced cross-border supply chain complexity and transportation costs. In the application of IMSE® technology, the Group will provide core IMSE® electrically functional film components to Tier 1 suppliers of global automobile brands. Meanwhile, the Group will directly deliver complete IMSE® components integrating intelligent lighting interaction and human-machine interaction (HMI) functions for the consumer electronics, medical equipment and industrial sectors. This strategic partnership will also strengthen the Group's service capabilities across multiple areas, including developing lightweight integrated structural components (reducing weight by 40% to 70% as compared to traditional solutions), creating seamless touch interfaces that integrate complex curved surfaces, and providing dynamic and customizable intelligent lighting interaction systems.

According to the Consumer Tech Industry Trends 2025 report released by NielsenIQ (NIQ), a global consumer insights and market research consulting firm, global sales of the technology and consumer electronics industry are expected to reach US\$1.29 trillion in 2025, primarily driven by emerging markets, product iteration cycles and high-end innovations. With the rapid development of large artificial intelligence (AI) model technology, the smart terminal industry is also experiencing new innovations. Consumer electronic devices such as mobile phones, augmented reality (AR) glasses, artificial intelligence personal computers (AIPCs) and smart homes will become keys to the implementation of AI technology, propelling the consumer electronics industry into a new cycle of innovations. AI technology is expediting hardware upgrades and continuously driving the growth of the consumer electronics industry. The Group has seized this opportunity by deepening its strategic collaborations with consumer electronics brands and actively investing in new product R&D to expand its market presence. The Group has also successfully entered the supply chain of leading companies in the metaverse industry, providing comprehensive support for the R&D of AR glasses from mold fabrication to product design, and expediting the launch of more cutting-edge technologies.

Faced with the challenges of geopolitical risks, global companies are placing greater emphasis on cross-regional supply chain development. The Group has already completed such initiative by successfully establishing an overseas production base in Vietnam, and further expanding its production capacity with approximately 5,000 square meters of new factory space during the Period, thereby forming a “China + Vietnam” dual-location production network. The Vietnam factory focuses on serving consumer electronics brand customers, offering a supply option beyond China. It is able to flexibly adjust production based on customer orders, thereby enhancing flexibility and efficiency, and giving the Group a competitive edge in expanding into Southeast Asia, Europe and U.S. markets. Meanwhile, the Group is actively upgrading its domestic production bases to comprehensively enhance manufacturing capabilities and operational efficiency. For the Suzhou factory, the Group will further expand its production capacity and comprehensively enhance its production efficiency to seize emerging new business opportunities in East China. For the Shenzhen Guangming District headquarters, the Group will also continue to increase capital investment, in order to expand its fully automated cleanroom for medical consumables and improve the manufacturing technology and precision of molds. With its solid technological advantages, the Group maintains its leading position in the industry by meeting the increasingly stringent structural design and precision requirements of medical equipment and high-end consumer electronics, and providing customers with higher-quality, innovative and comprehensive plastic product solutions.

In 2025, the Group engaged Boston Consulting Group (BCG) as its corporate advisor, with an aim to achieve a significant breakthrough in TK’s business through a systematic organizational diagnosis and strategic upgrade project. Primarily through internal diagnostics as well as external mold fabrication and plastic injection molding market analysis and benchmarking, the project has specifically identified the Group’s room for improvement in key areas such as strategic planning, organizational structure, performance management and talent development. Based on this, the project has developed scientific and feasible improvement solutions, and determined short-, medium- and long-term action plans, thereby injecting new momentum into the Group’s sustainable, high-quality development.

Amidst the complex international economic environment, the Group will continue to drive development through innovations, and further enhance its core competitiveness to respond to market changes. Actively responding to the national new quality productivity strategy, the Group is integrating data middleware, artificial intelligence and Industry 4.0 technologies to comprehensively optimize production management and improve process precision and automation, thereby effectively boosting production efficiency and achieving cost reduction and efficiency enhancement. The Group will continue to adhere to rigorous financial management strategies, maintain a sound financial position, and ensure ample cash flow and efficient capital allocation. Going forward, the Group will continue to build further upon its areas of strength, incessantly explore opportunities in emerging markets, diversify its customer base and markets, consolidate and strengthen its leading position in innovative technologies and high-end manufacturing, and strive to become a more resilient and leading key player in the global plastic injection molding supply chain. Even in the face of global trade fluctuations and tariff challenges, the Group believes that with its profound technical expertise and long-standing customer trust, TK is well-positioned to maintain its market leadership and continue to create value for its customers and shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2025.

EVENTS AFTER THE PERIOD

No major subsequent events affecting the Group have occurred since 30 June 2025 and up to the date of this announcement.

CORPORATE GOVERNANCE CODE

The Company believes that good corporate governance is very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Board sets and implements appropriate corporate governance policies for the business operation and growth of the Group. The Board is committed to strengthening the Group's corporate governance measures to ensure transparency and accountability of the Company's operations.

The Company has applied the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

In the opinion of the directors, the Company had complied with all the code provisions as set out in the CG Code during the six months ended 30 June 2025.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company, namely, Mr. Tsang Wah Kwong (Chairman), Dr. Chung Chi Ping Roy and Ms. Christine Wan Chong Leung.

The Audit Committee has reviewed with management the accounting policies and practices adopted by the Group and discussed, among other things, risk management, internal controls and financial reporting matters including a review of the unaudited interim financial information for the six months ended 30 June 2025.

DIVIDEND

On Monday, 18 August 2025, the Board resolved to declare an interim dividend of HK4.3 cents per share for the six months ended 30 June 2025, amounting to a total of HK\$35,830,180. The interim dividend is expected to be paid on Wednesday, 17 September 2025 to all shareholders whose names appear on the register of members of the Company at the close of business on Friday, 29 August 2025.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the aforesaid interim dividend, the register of members of the Company will be closed from Thursday, 28 August 2025 to Friday, 29 August 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to be qualified for the interim dividend, unregistered holders of shares of the Company should ensure that all share transfer documents, accompanied by the relevant share certificates, are lodged with the branch share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 27 August 2025.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.tkmold.com.

The interim report will be dispatched to the shareholders of the Company and published on the above websites in due course.

On behalf of the Board
TK Group (Holdings) Limited
Li Pui Leung
Chairman

Hong Kong, 18 August 2025

As at the date of this announcement, the executive directors of the Company are Mr. Li Pui Leung, Mr. Yung Kin Cheung Michael, Mr. Lee Leung Yiu and Mr. Cheung Fong Wa; and the independent non-executive directors of the Company are Dr. Chung Chi Ping Roy, Ms. Christine Wan Chong Leung and Mr. Tsang Wah Kwong.