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## TEN PAO GROUP HOLDINGS LIMITED

### 天寶集團控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1979)**

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Ten Pao Group Holdings Limited (“**Ten Pao**” or the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2024, together with comparative figures for the year ended 31 December 2023, as follows:

#### **FINANCIAL HIGHLIGHTS:**

- Revenue for the year ended 31 December 2024 increased by 11.7% to HK\$5,385.7 million.
- Gross profit for the year ended 31 December 2024 increased by 15.5% to HK\$1,048.2 million. Gross profit margin increased by 0.7 percentage point to 19.5%.
- Profit before income tax for the year ended 31 December 2024 increased by 10.1% to HK\$427.0 million.
- Profit attributable to owners of the Company for the year ended 31 December 2024 increased by 16.7% to HK\$383.9 million.
- The Board recommended the payment of a final dividend of HK6.0 cents per ordinary share of the Company for the year ended 31 December 2024, which is subject to the approval of the Company’s shareholders at the 2025 AGM (as defined below).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The following table sets forth our consolidated statement of profit or loss for the years indicated:

	<i>Notes</i>	<b>Year ended 31 December</b>	
		<b>2024</b>	<b>2023</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	3	<b>5,385,748</b>	4,823,452
Cost of sales	5	<b>(4,337,594)</b>	(3,916,252)
<b>Gross profit</b>		<b>1,048,154</b>	907,200
Other income	4	<b>21,268</b>	32,522
Other gains — net	4	<b>44,041</b>	49,372
Selling expenses	5	<b>(178,310)</b>	(180,831)
Administrative expenses	5	<b>(506,220)</b>	(416,389)
Net impairment losses on financial assets		<b>(10,310)</b>	(424)
<b>Operating profit</b>		<b>418,623</b>	391,450
Finance income		<b>17,099</b>	7,282
Finance expenses		<b>(8,673)</b>	(10,853)
Finance income/(expenses) — net		<b>8,426</b>	(3,571)
<b>Profit before income tax</b>		<b>427,049</b>	387,879
Income tax expense	6	<b>(43,455)</b>	(59,677)
<b>Profit for the year</b>		<b>383,594</b>	328,202
<b>Profit for the year attributable to:</b>			
Owners of the Company		<b>383,898</b>	328,856
Non-controlling interests		<b>(304)</b>	(654)
		<b>383,594</b>	328,202
<b>Earnings per share</b>			
— basic and diluted per share	7	<b>HK37.3 cents</b>	HK31.9 cents

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The following table sets forth our consolidated statement of comprehensive income for the years indicated:

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
<b>Profit for the year</b>	<u>383,594</u>	<u>328,202</u>
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(45,928)	(23,535)
<i>Items that will not be reclassified to profit or loss</i>		
Changes in the fair value of equity investments at fair value through other comprehensive income	<u>8,647</u>	<u>(1,163)</u>
	(37,281)	(24,698)
<b>Total comprehensive income for the year attributable to:</b>		
Owners of the Company	346,617	304,158
Non-controlling interests	<u>(304)</u>	<u>(654)</u>
	<u>346,313</u>	<u>303,504</u>

## CONSOLIDATED BALANCE SHEET

The following table sets forth our consolidated balance sheet as at the dates indicated:

		<b>As at 31 December</b>	
		<b>2024</b>	2023
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Land use rights		4,436	4,734
Property, plant and equipment		1,253,639	1,110,147
Right-of-use assets	9	180,949	191,690
Investment properties		6,300	7,100
Intangible assets		47,010	45,559
Deferred income tax assets		67,196	52,977
Financial assets at fair value through profit or loss	14	109,527	75,907
Financial assets at fair value through other comprehensive income		—	8,994
Derivative financial assets — non-current		—	455
Prepayments for the purchase of property, plant and equipment		9,567	8,706
		<u>1,678,624</u>	<u>1,506,269</u>
<b>Current assets</b>			
Inventories		1,036,941	727,329
Trade and other receivables	10	1,577,347	1,254,893
Amounts due from related parties		1,708	1,760
Derivative financial assets — current		192	1,269
Restricted bank deposits		786,735	677,556
Cash and cash equivalents		328,104	150,476
		<u>3,731,027</u>	<u>2,813,283</u>
<b>Total assets</b>		<u><b>5,409,651</b></u>	<u><b>4,319,552</b></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	13	10,304	10,304
Share premium	13	162,426	162,426
Other reserves		294,157	64,844
Retained earnings		1,388,833	1,417,501
		<u>1,855,720</u>	<u>1,655,075</u>
<b>Non-controlling interests</b>		<u>(4,125)</u>	<u>(3,821)</u>
<b>Total equity</b>		<u><b>1,851,595</b></u>	<u><b>1,651,254</b></u>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

		As at 31 December	
		2024	2023
	Notes	HK\$'000	HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current bank borrowings	12	—	2,569
Lease liabilities			
— non-current	9	42,821	46,390
Deferred income tax liabilities		104,234	111,938
Deferred government grants		30,180	36,778
		<u>177,235</u>	<u>197,675</u>
<b>Current liabilities</b>			
Trade and other payables	11	2,623,657	1,735,309
Contract liabilities		44,652	33,787
Amounts due to related parties		35,786	33,103
Dividend payable		13	13
Income tax liabilities		14,392	4,079
Lease liabilities — current	9	11,580	12,002
Short-term bank borrowings	12	647,739	553,632
Current portion of non-current bank borrowings	12	3,002	98,698
		<u>3,380,821</u>	<u>2,470,623</u>
<b>Total liabilities</b>		<u>3,558,056</u>	<u>2,668,298</u>
<b>Total equity and liabilities</b>		<u>5,409,651</u>	<u>4,319,552</u>

## NOTES:

### 1. GENERAL INFORMATION

Ten Pao Group Holdings Limited (天寶集團控股有限公司) (the “**Company**”) was incorporated in the Cayman Islands on 27 January 2015 as an exempted company with limited liability under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company, an investment holding company, and its subsidiaries (collectively, the “**Group**”) are principally engaged in the developing, manufacturing and sales of electric charging products in the People’s Republic of China (the “**PRC**” or “**China**”). The controlling shareholder of the Group is Mr. Hung Kwong Yee (洪光椅) (“**Chairman Hung**”).

On 11 December 2015, shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

### 2. BASIS OF PREPARATION

#### (i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”) as issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance (“**HKCO**”) (Cap. 622).

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

#### (ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the derivative financial instruments, the financial assets at fair value through profit or loss, the financial assets at fair value through other comprehensive income and investment properties, which are carried at fair value.

#### (iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants — Amendments to HKAS 1
- Lease Liability in Sale and Leaseback — Amendments to HKFRS 16
- Supplier Finance Arrangements — Amendments to HKAS 7 and HKFRS 7

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and on the disclosures set out in these consolidated financial statements.

**(iv) New standards and interpretations not yet adopted**

		Effective for accounting periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Annual Improvements to HKFRS Accounting Standards		1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HK Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### 3. SEGMENT INFORMATION

The chief operating decision maker has been identified as the executive directors. The executive directors review the Group's internal reporting in order to assess performance and allocate resources and have determined the operating segments based on the internal reports that are used to make strategic decisions. The executive directors considered the nature of the Group's business and determined that the Group's electric charging products can be categorised into six reportable segments as follows: (i) smart chargers and controllers, (ii) telecommunication, (iii) new energy business, (iv) media and entertainment, (v) lighting, and (vi) others.

The segment information for the reportable segments is set out as below:

	Smart chargers and controllers <i>HK\$'000</i>	Telecommunication <i>HK\$'000</i>	New energy business <i>HK\$'000</i>	Media and entertainment <i>HK\$'000</i>	Lighting <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>31 December 2024</b>							
Revenue							
Revenue from external customers							
— At a point in time	<u>2,009,551</u>	<u>1,455,957</u>	<u>1,048,150</u>	<u>298,017</u>	<u>365,266</u>	<u>208,807</u>	<u>5,385,748</u>
Segment results	<u>537,022</u>	<u>200,906</u>	<u>118,434</u>	<u>61,349</u>	<u>87,375</u>	<u>43,068</u>	<u>1,048,154</u>
Other income							21,268
Other gains — net							44,041
Selling expenses							(178,310)
Administrative expenses							(506,220)
Finance income — net							8,426
Net impairment losses on financial assets							<u>(10,310)</u>
Profit before income tax							<u>427,049</u>



	Smart chargers and controllers <i>HK\$'000</i>	Telecommunication <i>HK\$'000</i>	New energy business <i>HK\$'000</i>	Media and entertainment <i>HK\$'000</i>	Lighting <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>31 December 2023</b>							
Revenue							
Revenue from external customers							
— At a point in time	1,667,829	1,545,000	763,525	362,038	316,111	168,949	4,823,452
Segment results	423,214	252,122	71,076	59,126	61,238	40,424	907,200
Other income							32,522
Other gains — net							49,372
Selling expenses							(180,831)
Administrative expenses							(416,389)
Finance expenses — net							(3,571)
Net impairment losses on financial assets							(424)
Profit before income tax							387,879

#### 4. OTHER INCOME AND OTHER GAINS — NET

##### (a) Other income

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sales of scrap materials	7,999	13,085
Sales of raw materials, samples and moulds	1,600	7,304
Inspection and certification fee income	3,441	5,007
Rental income	859	3,114
Others	7,369	4,012
	<b>21,268</b>	<b>32,522</b>

##### (b) Other gains — net

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Fair value changes on derivative financial instruments	(1,531)	(4,830)
Fair value changes on financial assets at fair value through profit or loss	8,758	7,105
Fair value changes on investment properties	(800)	(300)
Net foreign exchange gains	12,394	15,856
Government grants	23,529	25,117
(Losses)/gains on disposal of property, plant and equipment	(3,191)	1,819
Compensation income from customers	6,831	6,788
Others	(1,949)	(2,183)
	<b>44,041</b>	<b>49,372</b>

## 5. EXPENSES BY NATURE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Raw materials and consumables used (excluding research and development expenses)	3,939,543	3,231,511
Employee benefit expenses (excluding research and development expenses)	635,679	557,944
Research and development expenses		
— Employee benefit expenses	159,273	123,993
— Raw materials, consumables used and others	46,202	34,661
— Depreciation and amortisation	19,953	16,508
Depreciation, amortisation and impairment charges (excluding research and development expenses)	165,924	165,290
Changes in inventories of finished goods and work in progress	(220,167)	108,374
Operating lease payments	20,938	32,817
(Reversal of allowance for)/allowance for impairment of inventory	(14,187)	12,897
Auditors' remuneration		
— Audit services	2,856	2,889
— Non-audit services	1,439	2,193
Other expenses	264,671	224,395
<b>Total cost of sales, selling expenses and administrative expenses</b>	<b>5,022,124</b>	<b>4,513,472</b>

## 6. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current income tax		
— PRC corporate income tax (“CIT”)	19,963	23,019
— Hong Kong profits tax	35,382	21,342
— Vietnam corporate income tax	10,449	—
Subtotal	65,794	44,361
Deferred income tax	(22,339)	15,316
	<b>43,455</b>	<b>59,677</b>

### (a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

**(b) Hong Kong profits tax**

Subsidiaries in Hong Kong are subject to 16.5% income tax rate before 2018. Under the current Hong Kong Inland Revenue Ordinance, from the year of assessment 2018/2019 onwards, 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. The payments of dividends by these companies to their shareholders are not subject to any Hong Kong withholding tax.

**(c) PRC CIT**

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 after considering the available tax benefits.

Pursuant to the PRC Corporate Income Tax Law passed by the Tenth National People's Congress on 16 March 2007 (the "CIT Law"), the CIT rate for domestic and foreign enterprises has been unified at 25%, effective from 1 January 2008.

Ten Pao Electronic (Huizhou) Co., Ltd., Dazhou Ten Pao Jin Hu Electronic Co., Ltd., Shanxi Huifeng Electronic Technology Co., Ltd. and Huizhou Ten Pao Chuangneng Technology Co., Ltd. are recognised as "New and High Technology Enterprises" and enjoy a preferential CIT rate of 15%. Their CIT rate for the year ended 31 December 2024 was 15% (2023: 15%).

Ten Pao Precision Technology (Huizhou) Co., Ltd. is recognised as a "New and High Technology Enterprise" in 2024 and enjoys a preferential CIT rate of 15%. Its CIT rate for the year ended 31 December 2024 was 15% (2023: 25%).

**(d) PRC withholding income tax**

According to the CIT Law, starting from 1 January 2008, a withholding income tax of 10% has been levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding income tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

Ten Pao Electronic (Samoa) Co., Ltd. has become a resident of Hong Kong under the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" for the years ended 31 December 2024 and 2023.

**(e) British Virgin Islands ("BVI") and Samoa income tax**

No provision for income tax in BVI and Samoa has been made as the Group has no income assessable to income tax in BVI and Samoa during the year (2023: Nil).

**(f) Vietnam corporate income tax**

The subsidiaries incorporated in Vietnam are subject to income tax at a rate of 20%. Under the laws and regulations of Vietnam, Giga Electronics (Vietnam) Company Limited is entitled to an exemption from income tax for two years ended 31 December 2022 and a 50% reduction for the four years from 1 January 2023. Thus, Giga Electronics (Vietnam) Company Limited enjoys a lower profits tax rate of 10% for the year ended 31 December 2024 (2023:10%).

**(g) Taxation on the Group's profit**

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the main statutory tax rate applicable to profit of the Group as follows:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit before income tax	<b>427,049</b>	387,879
Tax calculated at applicable corporate income tax rate of 25%	<b>106,762</b>	96,970
Effect of differences in tax rates	<b>(12,680)</b>	(12,636)
Preferential tax treatment of CIT	<b>(29,579)</b>	(23,773)
Reversal of recognised deferred income tax assets	<b>2,421</b>	7,417
Tax losses and deductible temporary differences for which no deferred income tax asset was recognised	<b>4,103</b>	10,213
Utilisation of tax losses previously not recognised	<b>(13,537)</b>	(6,834)
Expenses not deductible for taxation purposes	<b>2,673</b>	3,796
Accelerated research and development deductible expenses	<b>(19,622)</b>	(24,486)
Income not subject to tax	<b>(409)</b>	(480)
Recognition of previously unrecognised tax losses	<b>(8,197)</b>	—
Withholding tax and others	<b>11,520</b>	9,490
	<b>43,455</b>	59,677

**7. EARNINGS PER SHARE**

**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue for the year.

	<b>2024</b>	2023
Profit attributable to owners of the Company (HK\$'000)	<b>383,898</b>	328,856
Weighted average number of shares issued (thousands)	<b>1,030,389</b>	1,030,389
Basic earnings per share (HK cents)	<b>37.3</b>	31.9

**(b) Diluted earnings per share**

For the year ended 31 December 2024, the diluted earnings per share approximates basic earnings per share (31 December 2023: same).

## 8. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interim dividend paid per ordinary share: HK5.2 cents (2023: HK2.8 cents)	53,580	28,851
Proposed final dividend per ordinary share: HK6.0 cents (2023: HK9.6 cents)	<u>61,823</u>	<u>98,917</u>
	<u><b>115,403</b></u>	<u>127,768</u>

A final dividend of HK9.6 cents per ordinary share for the year ended 31 December 2023 was approved by the shareholders of the Company at the annual general meeting on 14 June 2024. A total amount of cash dividend of HK\$152,497,000 was paid in 2024 (including the 2023 final dividend of HK\$98,917,000 and the 2024 interim dividend of HK\$53,580,000) (2023: HK\$62,854,000).

A final dividend of HK6.0 cents per ordinary share, amounting to HK\$61,823,000 in respect of the year ended 31 December 2024 is to be proposed at the annual general meeting of the Company to be held on 13 June 2025 (2023: The Board proposed the payment of a final dividend of HK9.6 cents per ordinary share, amounting to HK\$98,917,000, in respect of the year ended 31 December 2023).

## 9. LEASE

### (a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	31 December 2024 <i>HK\$'000</i>	31 December 2023 <i>HK\$'000</i>
<b>Right-of-use assets</b>		
Land use rights	128,417	134,148
Buildings	<u>52,532</u>	<u>57,542</u>
	<u><b>180,949</b></u>	<u>191,690</u>
<b>Lease liabilities</b>		
Current	11,580	12,002
Non-current	<u>42,821</u>	<u>46,390</u>
	<u><b>54,401</b></u>	<u>58,392</u>

The lease periods of land use rights are 50 years and are located in the PRC. As at 31 December 2024, the remaining lease periods of the Group's land use rights ranged from 12 to 47 years (2023: 13 to 48 years). Amortisation was included in administrative expenses.

(b) **Amounts recognised in the consolidated statement of profit or loss**

The consolidated statement of profit or loss shows the following amounts relating to leases:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Depreciation and amortisation charge of right-of-use assets</b>		
Land use rights	2,915	2,949
Buildings	13,351	10,979
	<u>16,266</u>	<u>13,928</u>
Interest expense	1,562	1,158
Expense relating to short-term leases (included in cost of sales, selling expenses and administrative expenses)	20,938	32,817

The total cash outflow for leases in 2024 was HK\$38,485,000 (2023: HK\$9,538,000).

**10. TRADE AND OTHER RECEIVABLES**

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	1,458,997	1,176,536
Less: allowance for impairment of trade receivables	<u>(6,959)</u>	<u>(5,844)</u>
Trade receivables, net	1,452,038	1,170,692
Value added tax allowance	64,509	16,788
Prepayments	20,093	18,257
Export tax refund receivables	16,185	17,611
Cash in transit	8,837	—
Deposits	8,087	17,969
Employee welfare	3,306	2,671
Advances to employees	560	814
Bills receivable	97	4,255
Others	3,635	5,836
	<u>1,577,347</u>	<u>1,254,893</u>

(a) The carrying amounts of the trade receivables are denominated in the following currencies:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
RMB	772,803	708,867
USD	669,461	442,953
HK\$	15,563	24,716
Others	1,170	—
	<u>1,458,997</u>	<u>1,176,536</u>

- (b) The credit period granted to customers is generally between 30 and 90 days based on invoices date. The aging analysis of the trade receivables from the date of sales is as follows:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Less than 3 months	<b>1,088,281</b>	1,069,414
More than 3 months but not exceeding 1 year	<b>367,100</b>	102,701
More than 1 year	<b>3,616</b>	4,421
	<b>1,458,997</b>	1,176,536

## 11. TRADE AND OTHER PAYABLES

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	<b>1,613,613</b>	1,190,917
Notes payable	<b>496,672</b>	174,269
Wages and staff welfare benefits payable	<b>346,398</b>	309,891
Accrual for expenses and other payables	<b>130,414</b>	55,479
Payables in relation to share-based transactions of subsidiaries	<b>29,911</b>	—
Other taxes payable	<b>6,649</b>	4,753
	<b>2,623,657</b>	1,735,309

- (a) The Group's trade payables are denominated in the following currencies:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
RMB	<b>1,319,033</b>	878,697
HK\$	<b>114,821</b>	107,145
USD	<b>163,158</b>	199,733
Others	<b>16,601</b>	5,342
	<b>1,613,613</b>	1,190,917

The carrying amounts of accrued expenses and other payables were primarily denominated in RMB.

- (b) The aging analysis of trade payables based on invoices date is as follows:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Less than 3 months	<b>1,267,909</b>	931,478
More than 3 months but not exceeding 1 year	<b>335,907</b>	251,222
More than 1 year	<b>9,797</b>	8,217
	<b>1,613,613</b>	1,190,917

- (c) The fair values of trade and other payables approximated their carrying amounts as at 31 December 2024 and 2023.

## 12. BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current</b>		
Bank borrowings		
— secured (b)	3,002	50,984
— unsecured	—	50,283
Less: current portion of non-current borrowings	<u>(3,002)</u>	<u>(98,698)</u>
	<u>—</u>	<u>2,569</u>
<b>Current</b>		
Bank borrowings		
— secured (a) & (b)	606,262	538,768
— unsecured	<u>41,477</u>	<u>14,864</u>
Total short-term bank borrowings	<u>647,739</u>	<u>553,632</u>
Current portion of non-current borrowings	<u>3,002</u>	<u>98,698</u>
	<u>650,741</u>	<u>652,330</u>
<b>Total borrowings</b>	<u>650,741</u>	<u>654,899</u>

- (a) As at 31 December 2024, included in the short term bank borrowings are bank's acceptance bills payable of HK\$507,559,000 which are secured by full deposits in the same bank and included in the restricted bank deposits (31 December 2023: HK\$507,614,000).
- (b) As at 31 December 2024, bank borrowings amounting to HK\$609.3 million (2023: HK\$589.8 million) are secured over the following assets and the remaining borrowings are credit loans:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Restricted bank deposits	579,230	677,556
Financial assets at fair value through profit or loss	—	3,395
Investment properties	6,300	7,100
Trade and other receivables	<u>332,282</u>	<u>214,798</u>
	<u>917,812</u>	<u>902,849</u>



### 13. SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares, issued and fully paid:

	Number of shares	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2023, 1 January 2024 and 31 December 2024	1,030,388,965	10,304	162,426	172,730

### 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Insurance contract for a member of key management	—	3,395
Unlisted equity investments	109,527	72,512
Total	109,527	75,907

Changes in fair value of financial assets at fair value through profit or loss are recorded in 'Other gains — net' in the statement of profit or loss (Note 4).

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Overview

Ten Pao has become an industry-leading provider of smart power supply solutions with its strong research and development (“R&D”) capabilities and diverse product portfolio. Fully committed to delivering value-added services to clients over the years, Ten Pao has earned continuous recognition from its partners for both product quality and service excellence. In recent years, the Group has been actively promoting innovation in green power supply, making significant strides in sustainable development. In November 2024, Ten Pao gave a presentation at the 29th session of the Conference of the Parties (COP29) to the United Nations Framework Convention on Climate Change (UNFCCC), explicating in full the Group’s strategic vision of integrating corporate social responsibility (CSR) into its development strategy and continuing with R&D of green low-carbon products, matching the pace of environmental protection and energy conservation trends.

In 2024, global inflation showed signs of easing, and the U.S. Federal Reserve implemented its first interest rate cut in four years. However, amidst the uncertainties of geopolitical risks, fluctuations in raw material prices and extreme weather conditions, the global economy experienced slow recovery. For the year ended 31 December 2024, the Group recorded a year-on-year revenue increase of 11.7% to HK\$5,385.7 million. In response to market instability, the Group adopted a prudent financial management strategy, maintaining ample cash flow to ensure robust financial strength. On the operational front, Ten Pao focused on three core pillars: 1) a global presence that stays aligned with the delivery needs of global clients; 2) market-leading R&D capabilities that enable the rapid launch of innovative products and ensure its positioning as the most trusted partner for clients; and 3) continuous investment in smart manufacturing and automation equipment that enhances overall operational efficiency. Benefiting from the above measures, the gross profit margin for the year increased to 19.5% as compared to 18.8% for the year ended 31 December 2023. Pre-tax profit rose by 10.1% to HK\$427.0 million. Profits attributable to owners of the Company grew by 16.7% year-on-year to HK\$383.9 million.

The Group maintains a stable and long-term dividend policy. The Board has recommended the payment of a final dividend of HK6.0 cents per ordinary share for the year ended 31 December 2024 (2023: HK9.6 cents per ordinary share). Together with the interim dividend of HK5.2 cents per ordinary share for the six months ended 30 June 2024 (2023: HK2.8 cents per ordinary share), the total dividend for the year ended 31 December 2024 will be HK11.2 cents per ordinary share, representing a yearly dividend payout ratio of 30.0%.

## Market and Business Review

Market information indicates that the global industrial power supply market, valued at US\$10.82 billion in 2023, is projected to grow to US\$14.54 billion by 2028<sup>1</sup>. The industrial power supply segment is a key business area for the Group, offering a portfolio of over 300 products used in smart chargers and controllers for power tools, making it a trusted long-term power solution provider for international brands. During the year, the inventory reduction progress of long-term clients in the industrial power supply segment was satisfactory, with client ordering behavior remaining cautiously optimistic. Revenue from this segment increased by 20.5% year-on-year, accounting for 37.3% of the Group's total revenue. The Group remains committed to developing high-power products aimed at enhancing charging currents, speed and efficiency. In the second half of 2024, the Group launched a number of new models of high-power charging module products and computing power supply products that exceed international standards. These computing power supply products are designed to provide stable power support for high-performance computing equipment, meeting the demands of long-duration, high-load operations. In recent years, the rapid development of large-scale AI models has significantly driven demand for computing power, providing strong impetus for the continued growth of new customers.

“Net-zero carbon emissions” has become a global trend in recent years, with many countries setting timelines for “switching from fossil fuels to electricity”, driving a sustained increase in market demand for low-carbon and zero-carbon products. Coupled with the growing concept of green mobility, more intelligent charger products are benefiting by providing efficient charging solutions for electric two-wheelers, outdoor power equipment and utility electric vehicles. In recent years, the Group has been actively developing intelligent chargers and smart controllers. It has launched environmentally friendly products in alignment with the transition from fossil fuels to electricity, while also developing a series of intelligent chargers and fully digital power supply products to meet the significant market demand anticipated in the future.

In response to market demand, the Group has actively pursued its “three core” new energy products strategy, focusing on energy storage, automotive electronics applications, and core charging modules for electric vehicles. The new energy segment achieved significant growth in 2024, with revenue increasing by 37.3% year-on-year, accounting for 19.5% of the Group's total revenue. This growth was primarily driven by two core areas: energy storage products and automotive electronics. In the second half of 2024, the Group expanded its portfolio of green power supply products centering on energy storage. This included the launch of a series of balcony photovoltaic micro-storage systems that convert solar energy into electricity, reducing household electricity consumption, as well as intelligent charger products designed to charge outdoor power equipment and other devices. Benefiting from supportive industry policies and the expansion of the Group's new product lines, the Group anticipates that its new energy business will continue to grow steadily in the coming year.

<sup>1</sup> Source : *Berges Consulting*

The consumer power supply segment has consistently provided stable revenue for the Group. Its extensive product line includes over 1,400 power supply products used in telecommunications, media and entertainment, lighting, and new energy businesses. During the year, the retail consumer market experienced slow recovery, with customer ordering behavior leaning toward cautious optimism. However, sales from smartphone customers declined, impacting revenue from the telecommunications business, resulting in a slight year-on-year decrease of 5.8% in the segment's revenue, which accounted for 27.0% of the Group's total revenue. As macroeconomic conditions improve and consumer confidence continues to recover, the Group will continue to adapt to market changes by adjusting its product portfolio to meet market demands and customer needs, increasing R&D efforts to launch new products in line with market requirements and striving to enhance the segment's performance in the future.

Years of dedicated efforts have enabled the Group to sustain its competitive edge in the industry. The Group has sustained over 15 years of strong partnerships with multiple internationally renowned brands, thanks to its globally integrated flexible production capabilities and efficient supply chain management. The Group has established branches and production facilities in various countries and regions worldwide, including Huizhou (in Guangdong province, the PRC), Dazhou (in Sichuan province, the PRC), Hungary, Vietnam, and Mexico. This global presence allows the Group to mitigate risks associated with reliance on a single production base while leveraging regional advantages in production costs and procurement, effectively optimizing and strengthening global supply chain management. Among these, the Huizhou production base spans over 180,000 square meters; and the new Chuangneng Industrial Park, also in Huizhou with a building area of 200,000 square meters, will serve as the Group's new headquarters. Chuangneng Industrial Park is expected to be fully operational by 2025. Additionally, the second factory in Vietnam officially opened during the year. Covering an area of 5,500 square meters, this facility primarily focuses on the production of smart controller products to meet the future development needs of the Group's smart controller business. The Group anticipates strong market demand for smart controllers, with new additions to the customer base and growth in orders from Fortune Global 500 companies with whom it has partnered for many years. The factory's automated equipment, which incorporates artificial intelligence elements, supports a highly efficient production model that can serve as a replicable case study for further expansion into other overseas production bases. This approach ensures the Group meets corresponding customer requirements while enhancing overall performance.

In November 2024, Ten Pao was invited to participate in the COP29 initiative and gave a presentation titled "Go Green, for a Carbon-Neutral Future" at the conference. Ten Pao shared its insights and actions in the field of green power supply, explicating in full its commitment to advancing green power supply solutions and its determination to lay out a green future. The Group pledged to build a fully green supply chain through production planning and product development, with system optimization and energy efficiency maximization, as it strives toward becoming a nationally recognised green factory. These efforts aim to enhance production capacity and efficiency while maintaining low-carbon operations as a means of giving back to the community.

Additionally, the Group has continued to earn the trust and support of its customers. During the year, it was honored with the “Outstanding Supplier of the Year Award” by a renowned smart lighting brand and globally leading power tool brand, further affirming its exceptional product quality and outstanding R&D capabilities.

## **Prospect**

In 2025, the macroeconomic environment will continue to face numerous uncertainties, including the divergent pace of global economic recovery, slow growth in major economies, the impact of monetary and tariff policies across countries, energy transitions, and fluctuations in commodity prices. However, challenges and opportunities always co-exist. With the global demand for sustainable development increasingly growing and green low-carbon development reshaping the global economic landscape, enterprises must urgently explore new avenues for green low-carbon development to keep up with the progress of the times.

The European Union’s (EU’s) implementation of tax policies on high-carbon emission products will lead to an increase in direct and indirect costs for enterprises, prompting a new round of adjustments in market competition dynamics. Ten Pao has been accelerating its green transformation, enhancing technological innovation, expanding markets and seeking policy support to become a pioneer in green net-zero development. The Group has already initiated a green factory project at its Chuangneng Industrial Park, which will help reduce carbon emissions and enhance the environmental performance of its products, enabling better adaptation to the EU’s Carbon Border Adjustment Mechanism (CBAM). Additionally, the Group plans to build a visualized dual-control software platform for energy and carbon management, establish an intelligent digital traceability display center, and develop a QR code system for the carbon footprint of all product lines in Chuangneng Industrial Park, ensuring transparency and public access to carbon emission data. This initiative aims to achieve a comprehensive carbon footprint management system across the entire product lifecycle.

Beyond advancing the green transformation of its production processes, Ten Pao is also committed to investing more in technology and R&D to produce high efficiency energy-saving products. These efforts aim to significantly reduce energy consumption and carbon emissions, extend product lifespans, and promote sustainable development. In 2025, the Group will continue to work along the global trend of emission reduction by focusing on the development of “fuel-to-electric” products and versatile “fuel-to-electric energy storage systems”, such as smart chargers for electric two-wheeler battery swapping cabinets and fully digital power supply products. Ten Pao will persist in its R&D efforts to effectively enhance the power and efficiency of equipment, extending battery life and operational range. It will also work to miniaturize power supply products to achieve energy savings and improve portability while reducing the use of plastic casings, thereby contributing to environmental protection and carbon reduction.

Beyond the European and American markets, Ten Pao is actively responding to China’s “Belt and Road” initiative by focusing on emerging markets and allocating more resources to developing partnerships in various African countries. This strategy aims to mitigate geopolitical risks and alleviate the impact of the EU’s carbon border tax on export costs. In the lighting sector, Africa demonstrates strong market demand and growth potential, particularly for solar-powered products. Ten Pao plans to deepen its strategic collaboration in

2025 with an African brand client it has partnered with for over a decade. The Group anticipates making progress in additional African markets through this partnership. The client is committed to enabling more households in Africa to access smart products, with key offerings including solar lamps and solar home systems. Through this collaboration, Ten Pao aims to further expand its global footprint, accelerate market development and improve performance while helping more African families adopt smart products to enhance their quality of life.

The Group remains optimistic about the Southeast Asian market. According to market information, the Southeast Asian electric two-wheeler market, valued at US\$955 million in 2023, is projected to grow at a compound annual growth rate (CAGR) of 13.09% from 2025 to 2029<sup>2</sup>. Ten Pao is actively exploring the green power market for the “fuel-to-electric” transitions in Southeast Asia. With sustained economic growth, countries such as Indonesia, Thailand, and Vietnam have gradually implemented “fuel-to-electric” policies, encouraging citizens to purchase electric two-wheelers through subsidies and phasing out traditional fuel-powered motorcycles. Seizing these opportunities, the Group aims to leverage its strengths to deliver tailored products for the Southeast Asian market, contributing to the region’s accelerating shift towards “green mobility”.

The era of AI-driven intelligent manufacturing has set higher standards for data transmission quality. High-quality smart controllers, as the foundation of technological innovation, will provide strong support for applications such as artificial intelligence (“AI”) and machine learning. In response to the growing demand for smart controllers, the newly established factory in Vietnam and production facilities in Mexico will focus on producing smart controllers as strategic foundation. In the industrial power supply sector, leveraging its solid customer base and substantial market demand, the Group will continue to innovate and develop new products, including computing power supplies within industrial power solutions. These products, with their high efficiency, large power capacity and exceptional stability, offer significant growth potential. Market data indicates that from 2022 to 2026, the compound annual growth rate (CAGR) of AI server shipments is expected to reach 29%<sup>3</sup>. Large-scale AI training servers have even greater requirements for computing power supplies, with significantly increased power ratings and configurations for server power systems. In January 2025, the National Data Bureau emphasized the importance of fully tapping into the demand for computing power supplies in key industries such as finance, manufacturing and transportation, driving the application of computing power supplies across more production and daily life scenarios. Additionally, global tech giants are intensifying efforts to invest in computing power supply infrastructure. Future demand is expected to grow and contribute significantly to the Group’s performance.

<sup>2</sup> Source : Techsci Research

<sup>3</sup> Source : TrendForce Consulting

Looking ahead to 2025, the new energy business is expected to experience significant growth. A new international standard for electric vehicle charging station equipment has been released, which is anticipated to drive the development of a wave of new product models. The Group has already begun developing charging equipment that complies with the new standards and plans to launch more high-power charging products. Part of the production lines at the Huizhou headquarters are gradually being relocated to the Huizhou Chuangneng Industrial Park, with the relocation scheduled to be completed in an orderly manner within 2025 as planned. The new industrial park is equipped with intelligent production facilities, which will effectively enhance production capacity. It is expected that these upgrades, combined with a recovering market, will drive business growth during the year.

In the future, Ten Pao will focus on green low-carbon development and technological innovation, aligning with the global trend of emission reduction. It will prioritize the development of smart products, energy storage systems and smart controllers, while actively expanding into emerging markets in African and Southeast Asian countries. The commencement of production at the new factory and production line upgrades will enhance capacity, and the Huizhou Green Factory in Chuangneng Industrial Park project will further enable the Group to better respond to international carbon emission policies. Simultaneously, the Group will continue to develop charging equipment and industrial power supply products that meet new international standards, aiming for breakthroughs in new energy and AI-powered intelligent manufacturing to achieve sustainable growth and generate returns for shareholders.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue is mainly derived from the sales of switching power supply units for consumer products and sales of smart chargers and controllers for industrial use.

The total revenue increased by 11.7% from HK\$4,823.5 million for the year ended 31 December 2023 to HK\$5,385.7 million for the year ended 31 December 2024. The increase was mainly attributable to the increase in volume of products sold as a result of the increase in demand from the Group's customers, particularly demand from new energy business segment which achieved a growth of 37.3% and the demand from smart chargers and controllers segment which achieved a growth of 20.5% during the year ended 31 December 2024.

## Revenue by Product Segment

The following table sets forth the breakdown of our revenue by product segments for the year ended 31 December 2024 and the comparative figures for the year ended 31 December 2023.

	Year ended 31 December			
	2024		2023	
	HK\$'000	%	HK\$'000	%
Switching power supply units for consumer products				
Telecommunication	1,455,957	27.0	1,545,000	32.0
New energy business	1,048,150	19.5	763,525	15.8
Media and entertainment	298,017	5.5	362,038	7.5
Lighting	365,266	6.8	316,111	6.6
Others	208,807	3.9	168,949	3.5
Subtotal	3,376,197	62.7	3,155,623	65.4
Smart chargers and controllers for industrial use	2,009,551	37.3	1,667,829	34.6
Total revenue	5,385,748	100	4,823,452	100

During the year ended 31 December 2024, the sales of switching power supply units for telecommunication equipment decreased by 5.8% from HK\$1,545.0 million for the year ended 31 December 2023 to HK\$1,456.0 million for the year ended 31 December 2024, due to the slowdown in the business of the smartphone manufacturing clients in the PRC. Revenue from new energy business increased by 37.3% during the year ended 31 December 2024 as compared with the year ended 31 December 2023. Sales of smart chargers and controllers increased by 20.5% to HK\$2,009.6 million for the year ended 31 December 2024 as compared with the year ended 31 December 2023, mainly due to increase in demand and additional orders from customers.



## Revenue by Geographic Location

The following table sets out an analysis of the total revenue by geographic location, and is based on the destination to which we delivered our products to our customers, whereas the ultimate products produced by our customers were sold globally. As such, the delivery destination of our products might not be the same as the countries in which the relevant final products were sold.

	Year ended 31 December			
	2024		2023	
	HK\$'000	%	HK\$'000	%
PRC, excluding Hong Kong	2,867,422	53.2	2,910,626	60.3
Europe	628,525	11.7	575,777	11.9
Asia, excluding PRC	941,774	17.5	695,637	14.4
US	384,269	7.1	309,805	6.4
Africa	221,748	4.1	149,505	3.2
Others	342,010	6.4	182,102	3.8
Total revenue	<u>5,385,748</u>	<u>100</u>	<u>4,823,452</u>	<u>100</u>

## Cost of Sales

Cost of sales primarily consists of cost of raw materials, direct labour costs and production overheads. Cost of raw materials mainly includes expenses relating to our purchases of raw materials such as plastic parts, integrated circuits, cables, metal parts, transformers and inductors, capacitors, diodes, printed circuit board components, triodes, copper and aluminium materials, and resistors. Direct labour costs mainly comprise wages, pension costs and social security costs for those who are directly involved in the manufacturing of our products. Production overheads mainly comprise depreciation of plant and machinery, administrative staff costs relating to production, subcontracting expenses, utility expenses and other miscellaneous production costs.

Cost of sales increased by 10.8% for the year ended 31 December 2024 as compared with the year ended 31 December 2023, which was consistent with the increase in revenue by 11.7% for the year.

## Gross Profit and Gross Profit Margin

During the year ended 31 December 2024, the Group recorded a gross profit of HK\$1,048.2 million, representing an increase of 15.5% from the year ended 31 December 2023.

The gross profit margin of the Group is 19.5% for the year ended 31 December 2024, which was approximate to the gross profit margin for the year ended 31 December 2023.

## **Other Income**

Other income mainly consists of sales of scrap materials from our manufacturing process, sales of raw materials, samples and moulds, inspection and certification fee income for obtaining standard certifications as requested by customers and others. The decrease in other income in the year was mainly attributable to the decrease in the sales of scrap materials and sales of raw materials, samples and moulds to customers.

## **Other Gains — Net**

Net other gains mainly consists of fair value changes on derivative financial instruments, net foreign exchange difference for transactions denominated in foreign currencies, government grants for approved technology projects, and losses on disposal of property, plant and equipment. The decrease of net other gains during the year ended 31 December 2024 was primarily due to the losses on disposal of property, plant and equipment and the changes in fair value on financial assets during the year.

## **Selling Expenses**

Selling and marketing expenses primarily consist of employee benefit expenses, transportation and travelling expenses, commission expenses to salespersons and agents, certificate and detection fees mainly for obtaining safety certifications, consultancy fee, entertainment expenses, operating lease payments, advertising costs, commercial insurance for our trade receivables and others.

Selling and marketing expenses amounted to HK\$178.3 million for the year ended 31 December 2024 which was approximated to HK\$180.8 million for the year ended 31 December 2023.

## **Administrative Expenses**

Administrative expenses primarily consist of employee benefit expenses for administrative staff, depreciation, amortisation and impairment charges, consultancy fee, transportation and travelling expenses, entertainment expenses, bank charges, research and development costs and others.

Administrative expenses increased by 21.6% from HK\$416.4 million for the year ended 31 December 2023 to HK\$506.2 million for the year ended 31 December 2024, which was mainly due to the increase in employee benefit expenses and research and development expenses incurred for the year as the Company employed additional engineers and other professionals to support new business and new projects with customers.

## **Finance Income/Expenses — Net**

Net finance income/expenses represent interest charges on our interest-bearing bank borrowings and interest income on our bank deposits. The Group had net finance income of HK\$8.4 million for the year ended 31 December 2024 whereas net finance expenses of HK\$3.6 million was recorded for the year ended 31 December 2023. The increase in interest income was mainly due to additional free cashflow generated from operation.

## **Income Tax Expense**

Income tax expense represents income tax payable by the Group under relevant income tax rules and regulations where the Group operates.

Income tax expense consists of current income tax and deferred income tax. Current income tax consists of the PRC corporate income tax at a rate of 15% for five PRC subsidiaries of the Company which were recognised as “New and High Technology Enterprises” and enjoy a preferential corporate income tax rate and at a rate of 25% for the other PRC subsidiaries of the Company, respectively. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the Company’s subsidiaries in Hong Kong. Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Income tax expense decreased from HK\$59.7 million for the year ended 31 December 2023 to HK\$43.5 million for the year ended 31 December 2024. Profits contribution from the Hong Kong subsidiaries of the Company increased during the year under review and were taxed at the rate of 16.5%. As of 31 December 2024, the Group had fulfilled all its tax obligations and did not have any unresolved tax disputes.

The effective corporate income tax rate of the Group is 10.2% for the year ended 31 December 2024, which is attributed to the utilization and recognition of previously unrecognised tax losses, as well as the fact that the company in Vietnam made a profit and is subject to a 10% tax rate.

## **TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY**

Total comprehensive income for the year attributable to owners of the Company increased by 14.0% to HK\$346.6 million for the year ended 31 December 2024 from HK\$304.2 million for the year ended 31 December 2023, including currency translation loss of HK\$45.9 million.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group maintains a strong and healthy position. As at 31 December 2024, net current assets was HK\$350.2 million as compared with HK\$342.7 million at 31 December 2023. As of 31 December 2024, current ratio was 1.10 times (2023: 1.14 times) (current ratio is calculated by using the following formula: current assets/current liabilities). Gearing ratio was 35.1% (2023: 39.6%) (gearing ratio is calculated by using the following formula: total borrowings/total equity). The gearing ratio excluding the bank’s acceptance bills payable which were secured by full deposits in the same bank was 7.7% for the year ended 31 December 2024.

Cash generated from operations for the year ended 31 December 2024 was HK\$813.7 million (2023: HK\$484.7 million) and the increase was mainly in line with the increase in revenue during the year under review.

Cash used in investing activities for the year ended 31 December 2024 was HK\$358.8 million (2023: HK\$295.0 million). The increase was primarily due to the substantial addition of plant and machineries and the construction of new factory premises.

During the year ended 31 December 2024, net cash used in financing activities was HK\$276.4 million (2023: HK\$377.3 million) as the Group has decreased its bank borrowings since 2023, which has led to a corresponding decrease in cash outflows for bank borrowings repayments during the year ended 31 December 2024.

## DEBT MATURITY PROFILE

The maturity profile of the Group's borrowings is set out below:

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Within 1 year	650,741	652,330
Between 1 and 2 years	—	2,569
	<u>650,741</u>	<u>654,899</u>

## FINANCIAL RISK MANAGEMENT

### Foreign Exchange Risk

The Group operates mainly in the PRC, with notable portion of our revenue derived from our export sales to overseas countries. The Group is exposed to foreign currency risks, in particular fluctuation in currency exchange rates of HK\$ and USD against RMB.

The Group generates a notable portion of revenue and receivables in USD and HK\$, while our cost of sales is primarily denominated in RMB. For the year ended 31 December 2024, our revenue denominated in USD and HK\$ amounted to approximately 50% of our total revenue.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and may enter into certain forward foreign exchange contracts, when necessary, to manage its exposure against foreign currencies and to mitigate the impact on exchange rate fluctuations. During the year ended 31 December 2024, no new forward foreign exchange contracts had been entered into by the Group.

### Cash Flow and Fair Value Interest Rate Risk

As the Group has no significant interest-bearing assets (other than bank balances and cash), the Group's income and operating cash flows are substantially independent of changes in market interest rates. As of 31 December 2024, the Group had bank borrowings of HK\$650.7 million (2023: HK\$654.9 million) which were primarily denominated in HK\$ and RMB. Included in the bank borrowings were bank's acceptance bills payable of HK\$507,559,000 which were secured by full deposits in the same bank in the same currency.

## **Credit Risk**

The Group has no significant concentrations of credit risk. The carrying amounts of trade receivables, deposits and other receivables, amounts due from related parties, bank balances and cash included in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has policies in place to ensure credit terms are only granted to customers with an appropriate credit history, and credit evaluations on them were performed periodically, taking into account their financial position, past experience and other factors. For customers to whom no credit terms were offered, the Group generally requires them to pay deposits and/or advances prior to delivery of products. The Group typically does not require collaterals from customers. Provisions are made for the balances when they are past due and the management considers the default risk is high.

As at 31 December 2024, all of the bank balances and restricted bank deposits were deposited with highly reputable and sizable banks and financial institutions without significant credit risk in the PRC and Hong Kong. The management does not expect to incur any loss from non-performance by these banks and financial institutions. As at 31 December 2024 and 2023, the Group held bank balances and restricted bank deposits totalling HK\$1,114.8 million, and HK\$828.0 million, respectively, with four major banks in the PRC and Hong Kong.

## **Liquidity Risk**

The liquidity position is monitored closely by the management. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows.

## **CONTINGENT LIABILITIES**

As at 31 December 2024, the Group did not have any significant contingent liabilities.

## **HUMAN RESOURCES**

The Group employed a total of approximately 7,600 full-time employees as of 31 December 2024 (2023: approximately 7,200). The Group believes its human resources are its valuable assets and maintains its firm commitment to attracting, developing and retaining talented employees, in addition to providing dynamic career opportunities and cultivating a favourable working environment. The Group constantly invests in training across diverse operational functions and offer competitive remuneration packages and incentives to all employees. The Group regularly reviews its human resources policies for addressing corporate development needs.

## **CORPORATE GOVERNANCE PRACTICES**

The Board and the management of the Company are committed to abiding by the principles of good corporate governance with emphasis on transparency and accountability. The Board has established an audit committee (the "**Audit Committee**"), a nomination committee and a remuneration committee with defined terms of reference in accordance with the requirements set out in 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 Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with the code provisions set out in the CG Code throughout the year ended 31 December 2024, with the exception of code provision C.2.1.

According to code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same person. The Company deviates from this code provision because Chairman Hung performs both the roles of the chairman of the Board and the chief executive officer of the Company. Chairman Hung, the founder of the Group with the established market reputation in the switching power supply industry in the PRC, has extensive experience in its business operation and management in general. The Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies which is in the best interests of the Company. Under the leadership of Chairman Hung, the Board works effectively and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions are made in consultation with members of the Board and relevant Board committees, and there are four independent non-executive Directors (representing more than one-half of the Board members) offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Listing Rules as the code of conduct governing Directors' dealings in the Company's securities. Employees of the Group (the "**Relevant Employees**") who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities are also subject to compliance with the Model Code. Following specific enquiry, each of the Directors has confirmed compliance with the Model Code throughout the year ended 31 December 2024 and up to the date of this announcement. No incident of non-compliance of the Model Code by the Relevant Employees was noted by the Company during the year ended 31 December 2024 and up to the date of this announcement.

## **FINAL DIVIDEND**

The Board has recommended the payment of a final dividend of HK6.0 cents per ordinary share of the Company for the year ended 31 December 2024 (2023: HK9.6 cents per ordinary share) to the shareholders whose names are to be appeared on the register of members of the Company on Friday, 27 June 2025. The proposed final dividend is subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 13 June 2025 (the "**2025 AGM**").

It is expected that the cheques for the proposed final dividend will be sent by ordinary mail to the shareholders of the Company at their own risk on Monday, 14 July 2025.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 10 June 2025 to Friday, 13 June 2025 (both days inclusive) for the purpose of determining the right to attend and vote at the 2025 AGM. In order to be qualified for attending and voting at the 2025 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, 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. (Hong Kong time) on Monday, 9 June 2025.

Conditional on the passing of the resolution approving the declaration of the proposed final dividend at the 2025 AGM, the register of members of the Company will also be closed from Wednesday, 25 June 2025 to Friday, 27 June 2025 (both days inclusive) for the purpose of determining the entitlement to the proposed final dividend for the year ended 31 December 2024. In order to be qualified for the proposed final dividend (subject to the approval of the shareholders at the 2025 AGM), unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at the address stated above for registration not later than 4:30 p.m. (Hong Kong time) on Tuesday, 24 June 2025.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

The Board has established the Audit Committee which comprises four independent non-executive Directors, namely Mr. Chu Yat Pang Terry (chairman), Mr. Lam Cheung Chuen, Mr. Lee Kwan Hung Eddie and Dr. Lui Sun Wing.

The Audit Committee has reviewed the audited consolidated financial results of the Group for the year ended 31 December 2024 in conjunction with the Company's management. The Audit Committee has also reviewed the effectiveness of the risk management and internal control systems of the Company and considered the risk management and internal control systems to be effective and adequate.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

## **REVIEW OF ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITORS**

The figures in respect of the Group's consolidated balance sheet, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the annual results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the annual results announcement.

## **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.tenpao.com](http://www.tenpao.com)). The annual report for the year ended 31 December 2024 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Ten Pao Group Holdings Limited**  
**Hung Kwong Yee**  
*Chairman & Chief Executive Officer*

Hong Kong, 21 March 2025

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Hung Kwong Yee, Mr. Tse Chung Shing and Ms. Hung Sui Lam; and four independent non-executive Directors, namely Mr. Lam Cheung Chuen, Mr. Chu Yat Pang Terry, Mr. Lee Kwan Hung Eddie and Dr. Lui Sun Wing.*