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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 2025

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 2025, together with comparative figures for the year ended 31 December 2024, as follows:

FINANCIAL HIGHLIGHTS:

- Revenue for the year ended 31 December 2025 increased by 3.2% to HK\$5,558.6 million.
- Gross profit for the year ended 31 December 2025 decreased by 3.5% to HK\$1,011.6 million. Gross profit margin decreased by 1.3 percentage points to 18.2%.
- Operating profit for the year ended 31 December 2025 increased by 1.3% to HK\$424.0 million.
- Profit before income tax for the year ended 31 December 2025 decreased by 0.2% to HK\$426.2 million.
- Profit attributable to owners of the Company for the year ended 31 December 2025 decreased by 0.9% to HK\$380.6 million.
- The Board recommended the payment of a final dividend of HK6.6 cents per ordinary share of the Company for the year ended 31 December 2025, with an option provided to the Company’s shareholders to receive new and fully paid shares in lieu of cash, in whole or in part, under a scrip dividend scheme, which is subject to the approval of the Company’s shareholders at the 2026 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>Note</i>	Year ended 31 December	
		2025	2024
		HK\$'000	HK\$'000
Revenue	3	5,558,643	5,385,748
Cost of sales	5	(4,547,061)	(4,337,594)
Gross profit		1,011,582	1,048,154
Other income	4	22,889	21,268
Other gains — net	4	35,266	44,041
Selling expenses	5	(166,337)	(178,310)
Administrative expenses	5	(480,135)	(506,220)
Net impairment reversal/(losses) on financial assets		731	(10,310)
Operating profit		423,996	418,623
Finance income		15,043	17,099
Finance expenses		(12,845)	(8,673)
Finance income — net		2,198	8,426
Profit before income tax		426,194	427,049
Income tax expense	6	(45,823)	(43,455)
Profit for the year		380,371	383,594
Profit for the year attributable to:			
Owners of the Company		380,627	383,898
Non-controlling interests		(256)	(304)
		380,371	383,594
Earnings per share			
— basic and diluted per share	7	HK36.9 cents	HK37.3 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	<i>Note</i>	Year ended 31 December	
		2025	2024
		HK\$'000	HK\$'000
Profit for the year		380,371	383,594
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		49,855	(45,928)
<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>—</u>	<u>8,647</u>
		49,855	(37,281)
Total comprehensive income for the year attributable to:			
Owners of the Company		430,482	346,617
Non-controlling interests		(256)	(304)
		430,226	346,313

CONSOLIDATED BALANCE SHEET

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

		As at 31 December	
	<i>Note</i>	2025	2024
		<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Land use rights		4,977	4,436
Property, plant and equipment		1,450,898	1,253,639
Right-of-use assets	9	133,038	180,949
Investment properties		5,700	6,300
Intangible assets		51,744	47,010
Deferred income tax assets		83,215	67,196
Financial assets at fair value through profit or loss	14	111,403	109,527
Long-term receivables		77,819	—
Prepayments for the purchase of property, plant and equipment and others		13,586	9,567
		<u>1,932,380</u>	<u>1,678,624</u>
Current assets			
Inventories		954,846	1,036,941
Trade and other receivables	10	1,650,537	1,577,347
Amounts due from related parties		1,351	1,708
Derivative financial assets		—	192
Restricted bank deposits		702,104	786,735
Cash and cash equivalents		282,369	328,104
		<u>3,591,207</u>	<u>3,731,027</u>
Total assets		<u>5,523,587</u>	<u>5,409,651</u>
EQUITY			
Share capital	13	10,304	10,304
Share premium	13	162,426	162,426
Other reserves		403,547	294,157
Retained earnings		1,604,831	1,388,833
		<u>2,181,108</u>	<u>1,855,720</u>
Non-controlling interests		<u>(3,396)</u>	<u>(4,125)</u>
Total equity		<u>2,177,712</u>	<u>1,851,595</u>

CONSOLIDATED BALANCE SHEET (CONTINUED)

		As at 31 December	
	Note	2025	2024
		HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities			
— non-current	9	33,017	42,821
Deferred income tax liabilities		97,162	104,234
Deferred government grants		41,815	30,180
		<u>171,994</u>	<u>177,235</u>
Current liabilities			
Trade and other payables	11	2,268,484	2,623,657
Contract liabilities		40,325	44,652
Amounts due to related parties		38,684	35,786
Dividend payable		12	13
Income tax liabilities		19,587	14,392
Lease liabilities — current	9	10,582	11,580
Short-term bank borrowings	12	796,207	647,739
Current portion of non-current bank borrowings	12	—	3,002
		<u>3,173,881</u>	<u>3,380,821</u>
Total liabilities		<u>3,345,875</u>	<u>3,558,056</u>
Total equity and liabilities		<u>5,523,587</u>	<u>5,409,651</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**”). 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 Hong Kong Financial Reporting Standards (“**HKFRSs**”) as issued by the Hong Kong Institute of Certified Public Accountants and disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”) (Cap. 622).

HKFRSs 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 and investment properties, which are carried at fair value according to HKFRS accounting standards.

(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 2025:

- Amendments to HKAS 21 — Lack of Exchangeability;

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

		Effective for annual periods beginning on or after
Annual Improvements to HKFRS Accounting Standards — Volume 11	Clarifications, simplifications, corrections, and changes intended to improve consistency	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Amendments to the classification and measurements of financial instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts referencing nature-dependent electricity	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendment to HKAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint venture	To be determined
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosures about Uncertainties in the Financial Statements	Not applicable

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2025 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, except for certain presentation adjustment might be raised due to the adoption of HKFRS18.

HKFRS 18 will replace HKAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Although the adoption of HKFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following item might potentially impact operating profit:

- Foreign exchange differences currently aggregated in the line item 'other income and other gains/(losses) — net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
- Income and expenses on other assets that generate a return individually and largely independently of other resources held by the Group in the line item 'other gains/(losses), net' in operating profit might need to be presented below operating profit, such as "fair value changes on financial assets at fair value through profit or loss", "fair value changes on investment properties".

In addition, there will be significant new disclosures required for:

- Management-defined performance measures;
- a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss — this break-down is only required for certain nature expenses; and
- for the first annual period of application of HKFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying HKFRS 18 and the amounts previously presented applying HKAS 1.

From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

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>
31 December 2025							
Revenue							
Revenue from external customers							
— At a point in time	<u>2,158,831</u>	<u>1,319,419</u>	<u>942,702</u>	<u>465,879</u>	<u>418,576</u>	<u>253,236</u>	<u>5,558,643</u>
Segment gross profit results	<u>520,504</u>	<u>174,932</u>	<u>72,497</u>	<u>92,230</u>	<u>105,176</u>	<u>46,243</u>	<u>1,011,582</u>
Other income							22,889
Other gains — net							35,266
Selling expenses							(166,337)
Administrative expenses							(480,135)
Finance income — net							2,198
Net impairment reversal on financial assets							<u>731</u>
Profit before income tax							<u>426,194</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>
31 December 2024							
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 gross profit 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>

4 OTHER INCOME AND OTHER GAINS — NET

(a) Other income

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Sales of scrap materials	10,583	7,999
Sales of raw materials, samples and molds	2,302	1,600
Inspection and certification fee income	1,438	3,441
Interest income	6,044	—
Others	2,522	8,228
	<u>22,889</u>	<u>21,268</u>

(b) Other gains — net

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Fair value changes on derivative financial instruments	(192)	(1,531)
Fair value changes on financial assets at fair value through profit or loss	(789)	8,758
Fair value changes on investment properties	(600)	(800)
Net foreign exchange gains	7,315	12,394
Government grants	11,737	23,529
Gain/(loss) on disposal of property, plant and equipment and land use rights	12,018	(3,191)
Others	5,777	4,882
	<u>35,266</u>	<u>44,041</u>

5 EXPENSES BY NATURE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Raw materials and consumables used (excluding research and development expenses)	3,712,215	3,939,543
Employee benefit expenses (excluding research and development expenses)	730,983	635,679
Research and development expenses		
— Employee benefit expenses	142,458	159,273
— Raw materials, consumables used and others	45,840	46,202
— Depreciation and amortisation	16,541	19,953
Depreciation, amortisation and impairment charges (excluding research and development expenses)	146,186	165,924
Changes in inventories of finished goods and work in progress	84,392	(220,167)
Reversal of allowance for impairment of inventory	(7,970)	(14,187)
Auditors' remuneration		
— Audit services	2,622	2,641
— Non-audit services	1,755	1,654
Other expenses	318,511	285,609
Total cost of sales, selling expenses and administrative expenses	<u>5,193,533</u>	<u>5,022,124</u>

6 INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current income tax		
— PRC corporate income tax (“CIT”)	33,047	19,963
— Hong Kong profits tax	20,898	35,382
— Vietnam corporate income tax	12,289	10,449
	<hr/>	<hr/>
Subtotal	66,234	65,794
	<hr/>	<hr/>
Deferred income tax	(20,411)	(22,339)
	<hr/>	<hr/>
	45,823	43,455
	<hr/>	<hr/>

(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., Huizhou Ten Pao Chuangneng Technology Co., Ltd. and Ten Pao Precision Technology (Huizhou) 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 2025 was 15% (2024: 15%).

(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.

(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 (2024: 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 enjoyed a lower profits tax rate of 10% for the year ended 31 December 2025 (2024: 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:

	2025 <i>HK\$’000</i>	2024 <i>HK\$’000</i>
Profit before income tax	<u>426,194</u>	<u>427,049</u>
Tax calculated at applicable corporate income tax rate of 25%	106,549	106,762
Effect of differences in tax rates	(18,198)	(12,680)
Preferential tax treatment of CIT	(30,364)	(29,579)
Reversal of recognised deferred income tax assets	—	2,421
Tax losses for which no deferred income tax asset was recognised	5,477	4,103
Utilisation of tax losses previously not recognised	(314)	(13,537)
Expenses not deductible for taxation purposes	2,572	2,673
Accelerated research and development deductible expenses	(19,031)	(19,622)
Others	<u>(868)</u>	<u>2,914</u>
	<u>45,823</u>	<u>43,455</u>

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.

	2025	2024
Profit attributable to owners of the Company (HK\$’000)	380,627	383,898
Weighted average number of shares issued (thousands)	1,030,389	1,030,389
Basic earnings per share (HK cents)	36.9	37.3

(b) **Diluted earnings per share**

For the year ended 31 December 2025, the diluted earnings per share approximated to the basic earnings per share (31 December 2024: same).

8 DIVIDENDS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interim dividend paid per ordinary share: HK6.2 cents (2024: HK5.2 cents)	63,884	53,580
Proposed final dividend per ordinary share: HK6.6 cents (2024: HK6.0 cents)	<u>68,006</u>	<u>61,823</u>
	<u>131,890</u>	<u>115,403</u>

A final dividend of HK6.0 cents per ordinary share for the year ended 31 December 2024 was approved by the shareholders of the Company at the annual general meeting on 13 June 2025. A total amount of cash dividend of HK\$125,707,000 was paid in 2025 (including the 2024 final dividend of HK\$61,823,000 and the 2025 interim dividend of HK\$63,884,000) (2024: HK\$152,497,000).

A final dividend of HK6.6 cents per ordinary share, amounting to HK\$68,006,000 in respect of the year ended 31 December 2025 by way of cash with an option to elect to receive wholly or partly an allotment and issue of scrip shares in lieu of cash payment is to be proposed at the annual general meeting of the Company to be held on Friday, 12 June 2026 (2024: 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).

9 LEASE

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the balance sheet

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

	31 December 2025 <i>HK\$'000</i>	31 December 2024 <i>HK\$'000</i>
Right-of-use assets		
Land use rights	90,804	128,417
Buildings	<u>42,234</u>	<u>52,532</u>
	<u>133,038</u>	<u>180,949</u>
Lease liabilities		
Current	10,582	11,580
Non-current	<u>33,017</u>	<u>42,821</u>
	<u>43,599</u>	<u>54,401</u>

The lease periods of land use rights are 50 years and are located in the PRC. As at 31 December 2025, the remaining lease periods of the Group's land use rights ranged from 11 to 46 years (2024 : 12 to 47 years). Amortisation was included in selling expenses, administrative expenses and cost of sales.

(b) Amounts recognised in statement of profit or loss

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Depreciation and amortisation charge of right-of-use assets		
Land use rights	2,828	2,915
Buildings	<u>18,447</u>	<u>13,351</u>
	<u>21,275</u>	<u>16,266</u>
Interest expenses	1,253	1,562
Expenses relating to short-term leases (included in cost of sales, selling expenses and administrative expenses)	11,536	20,938

The total cash outflow for leases in 2025 was HK\$33,501,000 (2024: HK\$38,485,000).

10 TRADE AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	1,397,439	1,458,997
Less: allowance for impairment of trade receivables	<u>(6,421)</u>	<u>(6,959)</u>
Trade receivables, net	1,391,018	1,452,038
Value added tax allowance	160,663	64,509
Receivables from government	40,084	—
Export tax refund receivables	27,490	16,185
Prepayments	12,195	20,093
Loan to third party	4,429	—
Deposits	3,893	8,087
Employee welfare	3,491	3,306
Advances to employees	564	560
Bills receivable	263	97
Cash in transit	—	8,837
Others	<u>6,447</u>	<u>3,635</u>
	<u>1,650,537</u>	<u>1,577,347</u>

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
RMB	445,004	772,803
USD	926,462	669,461
HK\$	20,500	15,563
Others	5,473	1,170
	<u>1,397,439</u>	<u>1,458,997</u>

(b) The credit period granted to customers is generally between 30 and 150 days based on invoices date. The aging analysis of the trade receivables from the date of sales is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Less than 3 months	1,139,653	1,088,281
More than 3 months but not exceeding 1 year	256,118	367,100
More than 1 year	1,668	3,616
	<u>1,397,439</u>	<u>1,458,997</u>

11 TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	1,375,238	1,613,613
Notes payable	409,116	496,672
Wages and staff welfare benefits payable	317,488	346,398
Accrual for expenses and other payables	133,129	130,414
Payables in relation to share-based transactions of subsidiaries	24,676	29,911
Other taxes payable	8,574	6,649
Endorsed note receivables without being derecognised and not yet due	263	—
	<u>2,268,484</u>	<u>2,623,657</u>

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
RMB	1,105,853	1,319,033
HK\$	60,514	114,821
USD	135,671	163,158
VND	69,739	14,273
Others	3,461	2,328
	<u>1,375,238</u>	<u>1,613,613</u>

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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Less than 3 months	1,259,712	1,267,909
More than 3 months but not exceeding 1 year	108,502	335,907
More than 1 year	7,024	9,797
	<u>1,375,238</u>	<u>1,613,613</u>

(c) The fair values of trade and other payables approximated to their carrying amounts as at 31 December 2025 and 2024.

12 BORROWINGS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current		
Bank borrowings		
— secured (b)	—	3,002
— unsecured	—	—
Less: current portion of non-current borrowings	—	(3,002)
	<u>—</u>	<u>—</u>
Current		
Bank borrowings		
— secured (a)(b)	565,753	606,262
— unsecured	230,454	41,477
Total short-term bank borrowings	<u>796,207</u>	<u>647,739</u>
Current portion of non-current borrowings	—	3,002
	<u>796,207</u>	<u>650,741</u>
Total borrowings	<u>796,207</u>	<u>650,741</u>

(a) As at 31 December 2025, included in the short term bank borrowings are banks' acceptance bills payable of HK\$565,753,000 which are secured by deposits in the same banks and included in the restricted bank deposits (31 December 2024: HK\$507,559,000).

- (b) As at 31 December 2025, bank borrowings amounting to HK\$565,753,000 (2024: HK\$609,264,000) are secured over the following assets and the remaining borrowings are credit loans:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Restricted bank deposits	584,099	584,942
Investment properties	—	6,300
Trade and other receivables	—	332,282
	584,099	923,524

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 2024, 1 January 2025 and 31 December 2025	1,030,388,965	10,304	162,426	172,730

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Unlisted equity investments	111,403	109,527

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OVERVIEW

Ten Pao is an industry-leading intelligent power supply solutions provider, specialising in the design, research and development (“**R&D**”) and manufacturing of a diverse range of power supply products and related electronic solutions. Its products are widely used in industrial power supplies, consumer electronics, smart controllers (PCBA, a core component of electronic devices that can connect and control various sensors, communication modules and processing units to deliver intelligent and interconnected functionalities), new energy equipment and other end-user applications. Through years of active expansion in the market for industrial power supply, new energy products and consumer power supply, the Group has established these as its three major business segments, covering different application scenarios and customer groups, effectively providing stable support for the Group’s sustainable development. The Group will continue to extend its coverage along the power supply industry chain, tapping into smart controller and AI-related businesses that it has actively developed in recent years. These businesses generally have a higher technological threshold, which not only helps to enhance product added value and profit performance, but also enables the Group to capture market opportunities brought by the AI era, strengthen long-term cooperative relationships with core customers by offering higher quality innovative products, and further consolidate the Group’s market share and competitive position in the high-end power supply market.

While capturing the demand for high-performance power products and intelligent manufacturing in the AI era, the Group is also actively advancing in the direction of green and low-carbon development, integrating sustainability concepts into its product design and production operations. In February 2026, Ten Pao was officially recognised as a “National Green Factory”, marking the Group’s phased achievement in energy conservation, emission reduction, resource recycling and the construction of a green manufacturing system. This certification is not only a significant achievement for the Group’s green and low-carbon initiatives, but also a milestone in its journey towards long-term sustainable development, further boosting its competitiveness in the international market and among high-end customers.

Looking back at 2025, intensifying macroeconomic uncertainties have posed significant challenges to the global economy. Uneven recoveries among major economies, rising geopolitical risks, fluctuating and uncertain trade policies, and persistently volatile raw material prices have all exerted notable pressure on business operations. Despite the cautious market sentiment, Ten Pao, as an industry-leading intelligent power supply solutions provider, was able to maintain stable volume of orders throughout the year, thanks to its established customer base, comprehensive product portfolio, and flexible global footprint. Its high-technology and high-value-added products continued to be well received by the market, and its development strategy and overall performance remained stable.

Specifically, demand for industrial power supply products saw a rebound, while the smart controller business also achieved satisfactory growth as customers placed greater emphasis on supply chain stability and one-stop services. The Group also proactively expanded into green energy products, high-end smart controllers and intelligent equipment, laying a solid foundation for sustainable business development.

Leveraging its strong operational foundation and forward-looking strategies, the Group maintained stable business performance during the year. Overall revenue increased by approximately 3.2% year-on-year to HK\$5,558.6 million (2024: HK\$5,385.7 million). Gross profit amounted to HK\$1,011.6 million, representing a decrease of approximately 3.5% year-on-year. Due to intensified competition in the electronics industry and rising raw material costs, the gross profit margin, even after taking into account the Group's supply chain advantages, still slightly declined by 1.3 percentage points to 18.2% (2024: 19.5%), though overall it remained at a healthy level. Profit attributable to owners of the Company decreased slightly by 0.9% to HK\$380.6 million (2024: HK\$383.9 million). Basic earnings per share decreased from HK37.3 cents in 2024 to HK36.9 cents for the year.

The Group has consistently maintained a stable dividend policy. In view of its resilient performance during the year, the Board recommended (subject to the approval of the shareholders on the relevant resolution at the Company's 2026 annual general meeting) a final dividend of HK6.6 cents per ordinary share for the year ended 31 December 2025 (2024: HK6.0 cents per ordinary share), with an option provided to the Company's shareholders to receive new and fully paid shares in lieu of cash, in whole or in part, under a scrip dividend scheme. Together with the interim dividend of HK6.2 cents per ordinary share paid for the six months ended 30 June 2025 (2024: HK5.2 cents per ordinary share), total dividends for the year ended 31 December 2025 will amount to HK12.8 cents per ordinary share, representing a payout ratio of 34.7%.

MARKET AND BUSINESS REVIEW

According to analysis conducted by research institutions, the global industrial power supply products market was valued at USD11.92 billion in 2025, and is projected to reach USD18.68 billion by 2035, representing a compound annual growth rate ("CAGR") of 4.6% during the period¹. The Asia-Pacific region continues to lead the industrial power supply market, with China holding approximately 32% of the market share in 2024, which is expected to grow at a CAGR of 6.2% from 2025 to 2034². As market demand for digital power supplies and computing power supplies becomes increasingly clear, customers are also placing greater emphasis on suppliers' technical capabilities, quality management and delivery reliability. This allows the Group to effectively translate its long-term accumulated know-how into competitive advantages in obtaining new customers.

During the year, the industrial power supply segment (smart chargers and controllers) continued to be the Group's main business segment, with revenue increasing by 7.4% year-on-year to HK\$2,158.8 million (2024: HK\$2,009.6 million), accounting for 38.8% of the Group's total revenue (2024: 37.3%). In terms of product portfolio, the Group continued to

¹ Source: *Global Growth Insights*

² Source: *Global Market Insights*

increase R&D investment in high-value-added and high-tech threshold products, successfully launching a new series of high-power supply products with output ranging from 3,500W to 10,000W. These products can effectively meet the stringent stability and performance requirements of next generation AI hardware, and can be widely used in high-performance computing (“HPC”) scenarios, such as cloud computing data centers, supercomputing/HPC systems and enterprise-level servers. At the customer end, due to the growing impact of tariffs and the shortening of order forecasting cycles, customers also placed more stringent demands on product suppliers’ production capacity and supply chain flexibility. By leveraging its expansive global supply chain network, the Group was able to respond to market challenges, and actively strengthen cooperative relationships with its existing Fortune Global 500 customers over the year, effectively fulfilling their demand for high-end industrial power supplies, and in turn, driving segment growth.

The consumer power supply segment (telecommunication, media and entertainment, lighting and others) boasts a comprehensive portfolio of over 1,400 products, covering telecommunication, media and entertainment, lighting and other applications. During the year, market demand remained generally stable, with segment revenue increasing slightly by 5.5% year-on-year to HK\$2,457.1 million (2024: HK\$2,328.0 million), accounting for 44.2% of total revenue (2024: 43.2%). From an application perspective, the media and entertainment and lighting sub-segments delivered solid performance, with revenue increasing by 56.3% year-on-year to HK\$465.9 million and 14.6% year-on-year to HK\$418.6 million, respectively, effectively offsetting the negative impact of weaker demand in the telecommunication business. As a result of the diverging sub-segment performance, the change in revenue mix as compared to the year ended 31 December 2024 also led to an improvement in segment gross profit margin.

As the market progressively transitions towards WiFi 6 and WiFi 7 technologies, the branch of a customer of an internationally renowned telecommunications brand, introduced during the year, launched a new generation of router product equipped with battery backup units (“BBU”), driving upgrading demand for the Group’s products under media and entertainment applications. Supported by its stable product quality and reliable mass production capabilities, the Group continued to gain customer recognition, successfully acquiring new customers and securing new orders, and as a result, delivering satisfactory revenue performance. Looking ahead, as high-speed broadband penetration and smart home device adoption continue to rise, demand for WiFi router-related products is expected to maintain its growing trend. Coupled with the anticipated volume ramp-up of the Group’s new generation router products in 2026, this sub-segment is expected to continue to make positive contributions to the Group.

As for the lighting sub-segment, the Group focused on maintaining strategic partnerships with key customers throughout the year, with notable breakthroughs achieved in the African market. Addressing the unstable power grid supply in certain African regions, the Group incorporated solar and energy storage applications into its product design, providing its customer with the required technical and manufacturing support to launch lighting products that better match local needs, and have higher cost-effectiveness and stability. Riding on the decade-long cooperation with the African-branded customer, along with the strong brand profile built through collaborations with international brands, the Group has become a key part of the customer’s supply chain, facilitating its penetration into the African market. As a result, lighting product orders recorded notable growth during the year.

Regarding telecommunication applications, the demand for traditional smartphones and communication devices remained weak, imposing pressure on segment revenue performance. However, the Group has actively introduced new fast-charging technologies to meet the upgrading needs of mobile phone charging, launching higher-power and higher-efficiency fast-charging products and successfully attracting adoption from new reputable domestic customers. These new products have also gradually entered the mass production stage. The Group will actively respond to market changes by continuously improving product functionalities and technical performance, driving business growth with superior products.

The new energy business segment is another important sector of the Group. During the year, to enhance segment gross profit performance, the Group made strategic adjustments to its existing customer and product mix. By optimising customers and products with lower gross profit margins and introducing new customers, the Group successfully achieved a good balance between revenue performance and profitability. Segment revenue for the year under review declined slightly year-on-year to HK\$942.7 million (2024: HK\$1,048.2 million), accounting for 17.0% of total revenue (2024: 19.5%).

Benefiting from global energy transition and the advancement of low-carbon policies, demand along the new energy industry chain has continued to grow. In recent years, countries have continued to promote the “oil-to-electricity” transition and “green travel” policies, providing important guidance for the Group’s future growth strategy. In this context, the Group has actively pursued green power innovation, developing a portfolio of green power products primarily focused on energy storage, including home micro-energy storage systems, outdoor electric power tools powered by electricity instead of gasoline, battery packs and battery swapping systems for two-wheeled vehicles used in green travel, and “oil-to-electricity” power products such as fast-charging pile projects. The Group has also strengthened its market presence in the green power sector in Southeast Asia. Although competition in the new energy market remains intense and some projects are still in the ramp-up stage with potentially limited short-term profit contribution, the management believes these investments are closely aligned with the prevailing market trend, supported by strong market demand and well-thought strategy. The developments are expected to help the Group consolidate its position in the green power market in Southeast Asia and even globally, serving as a key new growth driver in the future.

While expanding its industrial power supply, new energy and consumer power supply businesses in an orderly manner, the Group also continued to optimise its global production capacity layout, leveraging diversified and multi-location manufacturing capabilities to better meet customer needs and address macro uncertainties. In Chinese Mainland, the Group’s new Intelligent Manufacturing Industrial Park in Huizhou completed the relocation of its major production lines during the year and commenced full operation in October 2025, becoming the Group’s latest generation of intelligent manufacturing base. The Industrial Park is equipped with automated production lines, intelligent logistics systems and an energy management platform. The highly automatic design could effectively reduce manpower requirements, improve production efficiency and enhance product consistency. Green manufacturing concepts were also incorporated from the planning stage, enabling meaningful reductions in terms of carbon emissions and unit production costs. In view of the above planning and execution, the Group was not only awarded the title of “Green Factory in Guangdong Province” in 2024, but was also officially recognised as a “National Green Factory” in February 2026, paving the

way for increasing collaboration with international customers that prioritise supply chain sustainability. Management expects that, as the Huizhou Intelligent Manufacturing Industrial Park continues to grow in scale, it will provide long-term support for the Group's venture into new quality productive forces, facilitating expansion into high-value-added products and customers, and thereby driving sustainable growth in revenue and profit.

In terms of global layout, the Group has already established production bases in Mexico, Vietnam and Hungary, essentially forming a complementary network with domestic production facilities. The Mexican base, located in the Americas, is already operational, while the Hungarian base in Europe continues to serve customers in the region. Together with the Vietnamese base in Asia, this multi-location footprint complements the Group's R&D and manufacturing hub in Chinese Mainland, creating an effective and synergistic division of labour. Each plant can configure appropriate production lines and product mixes based on its market positioning, allowing the Group to quickly respond to the increasingly complex and volatile customer or market demands amid ongoing shifts in global trade and political environments. The diversified footprint also allows the Group to flexibly adjust its production allocation, thereby capable of providing clients with cost-effective and reliable product solutions.

In response to the widespread adoption and increasing popularity of AI, the Group will also accelerate the development of its smart controller business by establishing dedicated production lines across multiple manufacturing bases. This will enable production to tailor to specific product requirements of different customers. The Group will continue to increase investment in relevant equipment, logistics systems and process flows to further improve capacity utilisation and technical capabilities of its smart controller business, thereby strengthening the Group's overall competitive advantage along the power supply industry chain.

PROSPECT

Looking ahead to 2026, the global economic and industry environment will continue to face uncertainties from inflation, geopolitical changes and trade disputes. Nevertheless, structural opportunities brought by energy transition, intelligent development and high-efficiency products remain obvious and promising. Hence, the Group's three major segments — industrial power supply, new energy business, and consumer power supply — are expected to enjoy long-term and substantial growth potential, driven by policy support, technological upgrades and expanding end-user application scenarios. However, the situation of Middle East has shown a serious situation of “short-term contract and long-term opportunity coexistence” against the Chinese manufacturing industry. The industry chain is concerned about direct impact such as raw material supply and escalation of logistics costs, and at the same time, it also obtains new organizational opportunities from supply chain redevelopment and market switching. The market is accelerating its shift towards the leading enterprise and ground political winds may prompt countries to seek a safer supply chain. The high oil price situation highlights the economic efficiency of new energy source and China's leading industry leaders expected to progress against the backdrop of the global energy conversion acceleration.

At the global level, the market size of AI-powered energy storage solutions is expected to grow from US\$8.82 billion in 2025 to US\$10.03 billion in 2026, and to further surge to US\$16.63 billion by 2030. This reflects the continued expansion of application scenarios of AI combined with intelligent power sources. Meanwhile, the global AI server power supply market is projected to increase from approximately US\$1.37 billion in 2024 to more than US\$6.56 billion by 2031, indicating that the demand for high-performance computing power products will continue to increase³. As a core component of power supply products, smart controllers are also expected to see resilient growth, in line with the development of AI, the Internet of Things (“IoT”) and sustainability. In particular, with increasing demand for AI servers and high-performance computing, high-end smart controllers will see further room for market penetration.

In view of the trends, the Group will focus on enhancing the energy efficiency, system adaptability and integration capabilities of its smart controllers. Building on its existing strengths in power control and modular design, the Group will further expand its high-end smart controller business, thereby reinforcing its leading position in the industrial power supply market. The Group will also actively refine its product design, moving towards solutions that are smaller size, deliver higher power output and offer greater cost advantages. It aims to launch power solutions that are better-suited to AI computing, intelligent robotics, garden tools, forklifts and new energy vehicle battery swapping systems, meeting the diversified industry demand for high-efficiency power products.

With the global energy transition and the introduction of green low-carbon policies, the “oil-to-electricity” and electric mobility markets are entering a phase of rapid growth. In 2025, the electric vehicle battery swapping market was valued at US\$1.62 billion. It is expected to grow from US\$2.08 billion in 2026 and reach US\$7.33 billion by 2031, achieving a CAGR of 28.61% during the period⁴. At the same time, the global battery pack market is estimated to have reached US\$161.1 billion in 2025. It is expected that the market will grow from US\$186 billion in 2026 to US\$521.6 billion in 2035, with a CAGR of 12.1%⁵. Against this backdrop, the Group will focus on the R&D and market deployment of “oil-to-electricity” products, battery packs and related green travel power products, proactively expanding its green power product portfolio with home micro-energy storage systems, outdoor electric power tools driven by electricity instead of gasoline, two-wheeled vehicle battery packs and swapping systems used in green travel, as well as fast-charging pile projects and other “oil-to-electricity” power products. These initiatives will further consolidate the Group’s position in the green power market in Southeast Asia and even globally. In the face of diverse green travel scenarios, the Group will also further enhance its production efficiency and processes, reduce energy consumption and carbon intensity, and take concrete actions to contribute to environmental protection and sustainable development in building a low-carbon society.

³ Source: Global Information

⁴ Source: Mordor Intelligence

⁵ Source: Global Market Insights

In the long term, leveraging its accumulated technological expertise and industry experience, the Group will strive to promote the modular development of its technological inventories. This approach will enable more efficient product upgrades with lower investments, allowing the Group to further enhance its intelligence capabilities and market competitiveness while tapping into new application scenarios. Beyond product portfolio development, the Group will also actively explore opportunities in emerging markets such as the Belt and Road Initiative regions and Southeast Asia, diversifying its business coverage to mitigate the potential impact of the EU Carbon Border Adjustment Mechanism (carbon tax).

In terms of intelligent manufacturing, the Group will strive to integrate further AI application technologies and production equipment, while advancing the full operation of Huizhou Intelligent Manufacturing Industrial Park, in order to deliver high-quality and reliable solutions to its downstream customers. The introduction of automated manufacturing equipment, intelligent logistics systems and energy management systems in the new plant is expected to help improve production stability and quality control capabilities, and reduce reliance on manual labour, laying the foundation for long-term operational efficiency and cost control. As automation and digitalisation levels continue to rise, the Industrial Park is also progressing towards a “Lights-out manufacturing” model, further enhancing its low-carbon emission capabilities and resource utilization efficiency. In line with the Group’s current multi-location production footprint, the Group believes it will be able to flexibly meet the needs of customers across different regions, providing reliable products and services according to customer needs with more competitive cost advantages. In the face of future geopolitical uncertainties and potential cost increases, the Group will flexibly adjust product mixes across its various production bases to enhance production and management efficiency. The Group will also maintain close communication with its major suppliers, leveraging its global supply chain advantages to secure favourable prices and effectively mitigate cost pressures.

Furthermore, the Group will actively respond to the national policy direction of developing “new quality productive forces” by continuously increasing R&D and investment in high-efficiency power supplies, smart controllers and automated manufacturing. “New quality productive forces” are characterized by high technology, high efficiency and high quality, emphasizing innovation-driven transformation of production methods and industrial value chain upgrades. The Group will take intelligent manufacturing, green low-carbon practices and digital management as key entry points to promote the transformation of production processes towards higher-end, smarter and greener operations, thereby building a more sustainable business model. Going forward, the Group will continue to expand the application of its high-end power products, seizing opportunities arising from the next round of industrial upgrades, and cultivating new quality productive forces with long-term competitiveness.

As the Group gradually strengthens its global footprint, future capital expenditure is also expected to decline progressively, supporting strong cash flow performance and sufficient cash reserves to cope with external environmental changes. Enhanced financial resources will also enable the Group to identify potential opportunities in products and manufacturing footprint, allowing the Group to invest in projects and new plants in response to changing market conditions and customer needs.

The Group will continue to place great importance on shareholder returns. While ensuring the sustainable development of its business and meeting necessary capital expenditure requirements, it will prudently consider dividend payments and other shareholder return initiatives, with the aim of creating sustainable value 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 3.2% from HK\$5,385.7 million for the year ended 31 December 2024 to HK\$5,558.6 million for the year ended 31 December 2025. 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 the demand from smart chargers and controllers segment, media and entertainment segment and lighting segment.

Revenue by Product Segment

The following table sets forth the breakdown of the Group's revenue by product segments for the year ended 31 December 2025 and the comparative figures for the year ended 31 December 2024.

	Year ended 31 December			
	2025		2024	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Switching power supply units for consumer products				
Telecommunication	1,319,419	23.7	1,455,957	27.0
New energy business	942,702	17.0	1,048,150	19.5
Media and entertainment	465,879	8.4	298,017	5.5
Lighting	418,576	7.5	365,266	6.8
Others	253,236	4.6	208,807	3.9
Subtotal	3,399,812	61.2	3,376,197	62.7
Smart chargers and controllers for industrial use	2,158,831	38.8	2,009,551	37.3
Total revenue	5,558,643	100	5,385,748	100

During the year ended 31 December 2025, the sales of switching power supply units for telecommunication equipment decreased by 9.4% from HK\$1,456.0 million for the year ended 31 December 2024 to HK\$1,319.4 million for the year ended 31 December 2025, due to the slowdown in the business of the smartphone manufacturing clients in the PRC. Revenue from new energy business decreased by 10.1% during the year ended 31 December 2025 as compared with the year ended 31 December 2024 as the Group inclined to achieve a good balance between revenue and profitability. Sales of smart chargers and controllers increased by 7.4% to HK\$2,158.8 million for the year ended 31 December 2025 as compared with the year ended 31 December 2024, 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 the Group delivered its products to its customers, whereas the ultimate products produced by the Group's customers were sold globally. As such, the delivery destination of the Group's products might not be the same as the countries in which the relevant final products were sold.

	Year ended 31 December			
	2025		2024	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Chinese Mainland (excluding Hong Kong)	2,702,870	48.6	2,956,598	54.9
Asia (excluding Chinese Mainland)	1,575,569	28.3	1,245,239	23.1
Europe	610,212	11.0	628,525	11.7
US	353,302	6.4	298,916	5.6
Africa	278,642	5.0	233,419	4.3
Others	38,048	0.7	23,051	0.4
Total revenue	<u>5,558,643</u>	<u>100</u>	<u>5,385,748</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 the Group's 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 the Group's 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 4.8% for the year ended 31 December 2025 as compared with the year ended 31 December 2024 under fierce competition and increase in the price of electronic commodity.

Gross Profit and Gross Profit Margin

During the year ended 31 December 2025, the Group recorded a gross profit of HK\$1,011.6 million, representing a decrease of 3.5% from the year ended 31 December 2024.

The gross profit margin of the Group is 18.2% for the year ended 31 December 2025, which was approximate to the gross profit margin for the year ended 31 December 2024 (19.5%).

Other Income

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

Other Gains — Net

Net other gains mainly consists of fair value changes on derivative financial instruments, fair value changes on financial assets at fair value through profit or loss, fair value changes on investment properties, net foreign exchange difference for transactions denominated in foreign currencies, government grants for approved technology projects, and gains on disposal of property, plant and equipment and land use rights. The decrease of net other gains was primarily due to the decrease in government grants received from HK\$23.5 million during the year ended 31 December 2024 to HK\$11.7 million 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 approximately HK\$166.3 million for the year ended 31 December 2025 as compared to HK\$178.3 million for the year ended 31 December 2024.

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 decreased by 5.2% from HK\$506.2 million for the year ended 31 December 2024 to HK\$480.1 million for the year ended 31 December 2025. During the year, the Group incurred additional employee benefit expenses as more talented people have joined the Group in preparation for the future competition and development of new business segment while on the other hand, the Group managed to exercise strict cost control measures, which resulted in an overall decrease in the administrative expenses.

Finance Income/Expenses — Net

Net finance income/expenses represent interest charges on the Group's interest-bearing bank borrowings and interest income on the Group's bank deposits. The Group had net finance income of HK\$2.2 million for the year ended 31 December 2025 whereas net finance income of HK\$8.4 million was recorded for the year ended 31 December 2024. The decrease in net finance income was mainly due to the increase in interest expenses and less opportunity for financial investment with the banks.

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 increases from HK\$43.5 million for the year ended 31 December 2024 to HK\$45.8 million for the year ended 31 December 2025. Losses 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 2025, 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 10.8% for the year ended 31 December 2025, 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 24.2% to HK\$430.5 million for the year ended 31 December 2025 from HK\$346.6 million for the year ended 31 December 2024, including currency translation gain of HK\$49.9 million.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains a strong and healthy position. As at 31 December 2025, net current assets amounted to HK\$417.3 million as compared with HK\$350.2 million at 31 December 2024. As of 31 December 2025, current ratio was 1.13 times (2024: 1.10 times) (current ratio is calculated by using the following formula: current assets/current liabilities). Gearing ratio was 36.6% (2024: 35.1%) (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 deposits in the same bank was 10.6% for the year ended 31 December 2025.

Cash generated from operations for the year ended 31 December 2025 was HK\$353.4 million (2024: HK\$813.7 million), which was mainly due to cash generated from operations of HK\$406.2 million. During the year under review, the Group has accelerated the payment to suppliers in order to acquire a more competitive pricing for the raw materials and therefore the free cashflow from operating activities decreased.

Cash used in investing activities for the year ended 31 December 2025 was HK\$385.7 million (2024: HK\$358.8 million). During the year, the Group continue to make addition of plant and machineries and construction of new factory premises. Also, the Group make an investment of HK\$77.8 million in a private equity fund for long term growth.

During the year ended 31 December 2025, net cash used in financing activities was HK\$12.2 million (2024: HK\$276.4 million).

DEBT MATURITY PROFILE

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

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Within 1 year	796,207	650,741
Between 1 and 2 years	—	—
	<u>796,207</u>	<u>650,741</u>

FINANCIAL RISK MANAGEMENT

Foreign Exchange Risk

The Group operates mainly in the PRC, with notable portion of its revenue derived from its 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 its cost of sales is primarily denominated in RMB. For the year ended 31 December 2025, its revenue denominated in USD and HK\$ amounted to approximately 50% of its 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 2025, 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 2025, the Group had bank borrowings of HK\$796.2 million (2024: HK\$650.7 million) which were denominated in HK\$ and RMB. Included in the bank borrowings were bank's acceptance bills payable of HK\$565,753,000 which were secured by 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, long-term receivables 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 2025, 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 2025 and 2024, the Group held bank balances and restricted bank deposits totalling HK\$984.5 million, and HK\$1,114.8 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 2025, the Group did not have any significant contingent liabilities.

HUMAN RESOURCES

The Group employed a total of approximately 8,000 full-time employees as of 31 December 2025 (2024: approximately 7,600). 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.

The Company conditionally adopted a share option scheme on 23 November 2015 which has expired on 23 November 2025. A new share option scheme was conditionally adopted by the Company on 13 June 2025 to provide incentives or rewards to eligible participants, being directors and employees of the Group, for their contribution or potential contribution to the Group by way of grant of share options. On 28 February 2024, the board of directors of Ten Pao Electronic (Huizhou) Co., Ltd. (“**Ten Pao Electronic (Huizhou)**”), a subsidiary of the Company, resolved to propose the adoption of the Ten Pao Electronic (Huizhou) Share Award Scheme. The adoption of the Ten Pao Electronic (Huizhou) Share Award Scheme was approved at the extraordinary general meeting of the Company held on 8 April 2024. The purpose of the Ten Pao Electronic (Huizhou) Share Award Scheme is to (i) further establish an effective long-term incentive mechanism of Ten Pao Electronic (Huizhou) and its subsidiaries and associated companies (“**Ten Pao Electronic (Huizhou) Group**”); (ii) provide the eligible participants with additional incentives in order to retain them, fully motivate the employees of the Ten Pao Electronic (Huizhou) Group and effectively align their interests with the interest of the Ten Pao Electronic (Huizhou) Group and its shareholders, and to enable all parties to focus on the long-term development of the Ten Pao Electronic (Huizhou) Group and to contribute to the sustainable operation and development of the Ten Pao Electronic (Huizhou) Group; and (iii) attract suitable personnel for further development of the Ten Pao Electronic (Huizhou) Group.

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 2025, 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 2025 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 2025 and up to the date of this announcement.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK6.6 cents per ordinary share of the Company for the year ended 31 December 2025 (2024: HK6.0 cents per ordinary share) to the shareholders whose names are to be appeared on the register of members of the Company on Friday, 26 June 2026. 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, 12 June 2026 (the “**2026 AGM**”).

The proposed final dividend will be payable in cash, with an option provided to the shareholders of the Company to receive new and fully paid shares in lieu of cash, in whole or in part, under a scrip dividend scheme (the “**Scrip Dividend Scheme**”). The new shares of the Company (the “**New Shares**”) will, on issue, rank pari passu in all respects with the existing shares in issue on the date of the allotment and issue of the New Shares except that they shall not be entitled to the proposed final dividend for the year ended 31 December 2025. The circular containing details of the Scrip Dividend Scheme and the relevant election form are expected to be sent to the shareholders of the Company in July 2026.

The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of the final dividend at the forthcoming 2026 AGM and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares to be issued under the Scrip Dividend Scheme.

It is expected that the cheques for cash and the share certificates to be issued under the Scrip Dividend Scheme for the proposed final dividend will be sent by ordinary mail to the shareholders of the Company at their own risk on Monday, 17 August 2026.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2025 and up to the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 9 June 2026 to Friday, 12 June 2026 (both days inclusive) for the purpose of determining the right to attend and vote at the 2026 AGM. In order to be qualified for attending and voting at the 2026 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, 8 June 2026.

Conditional on the passing of the resolution approving the declaration of the proposed final dividend at the 2026 AGM, the register of members of the Company will also be closed from Wednesday, 24 June 2026 to Friday, 26 June 2026 (both days inclusive) for the purpose of determining the entitlement to the proposed final dividend for the year ended 31 December 2025. In order to be qualified for the proposed final dividend (subject to the approval of the shareholders at the 2026 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, 23 June 2026. The ex-dividend date will be Monday, 22 June 2026.

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 2025 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 2025.

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 2025 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) and the Company (www.tenpao.com). The annual report for the year ended 31 December 2025 containing all the information required by the Listing Rules will be disseminated 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, 20 March 2026

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.