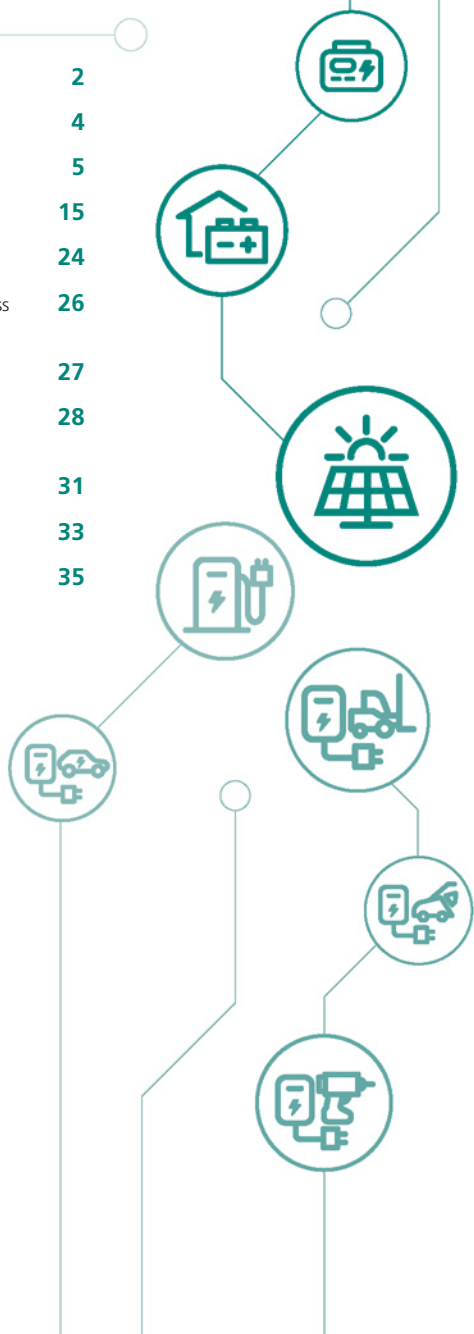


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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Hung Kwong Yee
(Chairman and Chief Executive Officer)
Ms. Yang Bingbing

Independent Non-executive Directors

Mr. Lam Cheung Chuen
Mr. Chu Yat Pang Terry
Mr. Lee Kwan Hung Eddie

BOARD COMMITTEES

Audit Committee

Mr. Chu Yat Pang Terry *(Chairperson)*
Mr. Lam Cheung Chuen
Mr. Lee Kwan Hung Eddie

Remuneration Committee

Mr. Lee Kwan Hung Eddie
(Chairperson)
Mr. Hung Kwong Yee
Mr. Lam Cheung Chuen
Mr. Chu Yat Pang Terry

Nomination Committee

Mr. Hung Kwong Yee *(Chairperson)*
Mr. Chu Yat Pang Terry
Mr. Lam Cheung Chuen
Mr. Lee Kwan Hung Eddie

COMPANY SECRETARY

Mr. Tse Chung Shing, ACCA

AUTHORISED REPRESENTATIVES

Mr. Hung Kwong Yee
Mr. Tse Chung Shing

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 610–612, 6th Floor
Kwong Sang Hong Centre
151–153 Hoi Bun Road
Kwun Tong
Kowloon
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

Dongjiang Industrial Estate
Shuikou Street
Huicheng District
Huizhou City 516005
Guangdong Province
The People's Republic of China
(the "PRC")

SHARE REGISTRARS

Principal Share Registrar

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

HONG KONG LEGAL ADVISOR

Deacons
5/F, Alexandra House
18 Chater Road
Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Hongkong and Shanghai Banking
Corporation Limited
Standard Chartered Bank (Hong Kong)
Limited

STOCK CODE

1979

COMPANY'S CORPORATE WEBSITE

www.tenpao.com

INVESTOR RELATIONS CONTACT

Email: ir@tenpao.com

FINANCIAL HIGHLIGHTS

		Six months ended 30 June		
		2023 (Unaudited)	2022 (Unaudited)	Change
Revenue	HK\$'000	2,339,409	2,997,808	-22.0%
Operating profit	HK\$'000	165,253	164,579	0.4%
Profit for the period attributable to the owners of the Company	HK\$'000	136,712	133,034	2.8%
Gross profit margin	%	17.5	15.0	2.5% points
Operating profit margin	%	7.1	5.5	1.6% points
Profit margin attributable to owners of the Company	%	5.8	4.4	1.4% points
Earnings per share				
— basic and diluted per share	HK cents	13	13	
Interim dividend per share	HK cents	2.8	2.8	
		30 June 2023	31 December 2022	Change
Gearing ratio	%	25.5	32.0	-6.5% points
Current ratio	times	1.21	1.21	0.0%
Average inventory turnover period	days	73	82	-11.0%
Average trade receivables turnover period	days	88	76	15.8%
Average trade payables turnover period	days	104	91	14.3%

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Ten Pao Group Holdings Limited (“Ten Pao” or the “Company”) and its subsidiaries (collectively the “Group”), being an industry-leading provider of smart power supply solutions, has earned a strong reputation in the industry for its innovative, high-quality, and diversified products. Its recent accomplishment of winning the Global Premium Supplier Award from a Global 500 customer highlights the recognition accorded to the quality of its power supply products. In addition, the Group has been putting considerable effort into new energy product development in recent years, and has set up close business partnerships with a number of well-known enterprises in the industry, aiming to achieve win-win results.

In the first half of 2023, global consumer confidence has not yet recovered due to rising geopolitical tensions, as well as the effect of US inflation and interest rate hikes. In the face of uncertain factors in the external market, the Group continued to expand its global production capacity in an orderly manner, promote intelligent manufacturing, and optimise its operational structure. As a result, its factories were able to quickly and flexibly allocate production and raw material resources, which helped improve cost efficiency. To capture the rapidly growing market opportunity for the new energy business, the Group continued to invest in the research and development of new power supply products with higher efficiency and power output. During the six months ended 30 June 2023 (the “Period”), the new energy business recorded substantial growth, which helped enhance competitiveness of the Group.

With the ongoing global energy transformation, the policy support of the Chinese government for the new energy industry, and the rising demand for green travel products by the public after the resumption of normal operations, the Group's new energy business has reached record highs. This has helped partially offset the impact of the declining performance of the power supply business. For the Period, the Group's revenue decreased by 22.0% year-on-year to HK\$2,339.4 million. However, thanks to the optimisation of business structure, global production capacity planning, the continuous and efficient promotion of intelligent and digital reforms in production and operation, and the favorable US dollar-yuan exchange rate which has helped alleviate cost pressures, gross profit for the Period decreased by 9.3% year-on-year to HK\$408.8 million, and gross profit margin for the Period increased from 15% in the same period last year to 17.5%. Profit before taxation for the Period amounted to HK\$161.4 million and profit attributable to owners of the Company increased by 2.8% year-on-year to HK\$136.7 million. Basic earnings per share for the Period remained the same as HK13 cents compared with the same period in 2022.

In appreciation of the long-term support of the shareholders of the Company (the "Shareholders"), the board (the "Board") of directors (the "Directors") of the Company has decided to distribute an interim dividend of HK2.8 cents per ordinary share for the Period (2022: HK2.8 cents per ordinary share).

MARKET AND BUSINESS REVIEW

New Energy Business Achieved Satisfactory Revenue Growth, Becoming a Key Business Growth Driver

The new energy industry is experiencing robust global development, showcasing the full spectrum of business advantages within related sectors. In September 2022, the Ministry of Finance and the Ministry of Industry and Information Technology of the PRC issued policies to encourage the public to purchase new energy vehicles. Such policies include and are not limited to the exemption of vehicle purchase tax and introduction of preferential subsidies. These have enabled China's new energy vehicle sector to progress towards a new stage of development in large scale production and globalization, driven by industrialization and marketisation. Meanwhile, the market demand for core charging modules of charging piles, automotive electronics, and various energy storage products continued to increase. Since 2018, the Group has focused on investing resources into the research and development of power supply products related to "green travel" for customers, and has consistently embraced independent innovation and research and development, ensuring the continued competitiveness of its products in the industry. The Group has prioritised the new energy business as a key focus of its development direction since 2022 and implemented new energy product strategies by focusing on three core areas: charging modules, energy storage, and automotive electronics applications. In order to meet market demand, the Group expanded the product planning of energy storage products from portable energy storage products (300W-5KW) to home-use energy storage systems (5KW-10KW). Digital chargers will be expanded from small power (84W) to medium-to-high power digital chargers (3.5KW) serialization, covering the different needs of new energy market segments such as outdoor power equipment and low-speed electric vehicles. In addition, the Group kept developing charging modules for charging piles with higher power than the current 30KW capacity and continued to strengthen its research and development capabilities and production capacity of charging modules. At present, revenue generated from the new energy business accounted for approximately 15% of the Group's overall business revenue, and this proportion is expected to continue increasing in the future.

In recent years, companies with unique potential have continued to emerge in the new energy sector. The Group has been targeting opportunities to establish strategic partnerships with such customers through equity investment, enabling the expansion of its business scope and co-development of new products, which could lead to emergent product development and business growth. Such strategic investments not only fostered closer ties between the Group and its customers, but also facilitated the Group's business expansion through investing in companies with promising growth prospects. Going forward, the Group remains committed to actively seeking investment opportunities that will foster mutually beneficial collaboration.

The Group's power supply business stands as the fundamental pillar for the Group, where its product demand is deeply intertwined with the performance of the consumer market. Over the Period, the global consumer market has yet to recover to its pre-pandemic level, which subsequently influenced the performance of the power supply business. The consumer power supply segment was relatively weak due to the slowdown in smartphone sales and generated a revenue of approximately HK\$1,487.8 million, a year-on-year decrease of 6.1%, and accounted for 63.6% of the Group's total revenue. The division managed to secure a gross profit of approximately HK\$224.2 million, with a gross profit margin of 15.1%. At the same time, its industrial power segment, specializing in smart chargers and controllers, encountered a drop in demand. This was due to customers reducing inventory levels to avoid obsolescence and to manage cashflow amidst global economic uncertainties and consumers' reluctance to spend in face of continually rising interest rates. This division recorded a revenue of HK\$851.6 million and accounted for 36.4% of the Group's total revenue.

The Group's global production capacity is spread across China's Huizhou (Guangdong Province), China's Dazhou (Sichuan Province), Hungary, and Vietnam, with an additional production base in Mexico projected to commence operations in the fourth quarter of 2023. This diversified strategy not only perfects the Group's global business deployment but also mitigates the risk of reliance on a single production base. It allows the Group to leverage each region's unique geographical positioning, production costs, and procurement advantages, which helps optimise and consolidate supply chain management. Moreover, the Group's Huizhou production base has already undergone operational process transformation, and the Group plans to progressively roll this out to all other production bases. This strategic move will further enhance the effectiveness of its globalisation layout strategy.

PROSPECT

Looking ahead to the second half of 2023, the market anticipates ongoing uncertainties in the global economic environment, with the supply chain potentially continuing to face disruptions. According to a report by The Economist Intelligence Unit (EIU) of the United Kingdom, global economic growth is expected to maintain an annual growth rate of approximately 2.1%, with China's growth forecast to perform better than the global average. While China has implemented various policies to stimulate consumption, in the short term, it will take time for the economy to recover, and customers in industries such as consumer electronics are generally adopting a cautious approach. During this time span, the Group will continue to evaluate ways to optimise its global supply chain, allocate resources prudently, make necessary adjustments to its investment in the consumer power supply business, and allocate more resources to develop its new energy business.

With a steadfast commitment to a market-oriented approach, the Group will continuously adjust its business operations and product development flexibly to align with market trends. It will actively pursue diverse new energy products and bring innovative solutions to the market, including charging module for charging piles, portable energy storage products and home-use energy storage systems, catering to the increasing demand for high-power and high-capacity new energy products. The aim is to strengthen the Group's leading position in the new energy vehicle charging infrastructure market. As of now, the projected sales volume of the Group's portable energy storage products has exceeded the initial estimates, and the management foresees substantial growth in this area during the second half of the year. In the foreseeable future, the Group will envisage the new energy business evolving into a primary business segment.

In respect of the Group's power supply business strategy, the Group will further expand its product portfolio, diversify product types, and provide an array of product solutions tailored to the requirements of different customers and market segments. The Group is consistently optimising and upgrading its fast chargers technology, ensuring a seamless transition from low-power to high-power outputs, with a future expansion plan that includes an even higher power range. Additionally, a holistic development plan is being mapped out for electric vehicle charging to enhance product competitiveness.

Leveraging an extensive customer base in the electronics industry and a global production network, the Group has been promoting innovation in its electronics manufacturing solutions business and has successfully secured orders for intelligent controller manufacturing and solutions. A planned expansion of production into other overseas bases within 2023 is underway. Currently, the Group has established a presence for the intelligent controller business in Europe and plans to establish a production base for related businesses in Vietnam to satisfy existing customer demand, bolster global production capacity, and further drive the growth of the intelligent controller business.

Global production capacity serves as a core competitive advantage for the Group. The Group will actively look for more opportunities for cross-border collaboration and potential expansion of production capacity, and plans to extend the coverage of its intelligent manufacturing system to more production bases so as to improve on gross profit margins and product quality. This initiative aims to optimise the cost structure, reduce inventory levels, provide more precise control over logistics costs, and enhance product delivery capabilities. In line with business development and customer needs, future strategies will continue to focus on domestic and overseas production base deployment. The Ten Pao Intelligent Manufacturing Industrial Park in Huizhou (in Guangdong, China) is scheduled to commence production gradually in the third quarter of 2023.

Beyond organic growth, the Group is also actively considering different investment strategies to consolidate and expand its business, creating more strategic collaboration opportunities to broaden its customer base, enhance its competitive edge, and closely monitor market opportunities with the mission of maximising long-term Shareholder returns.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains a strong and healthy balance sheet. As at 30 June 2023, net current assets amounted to HK\$400.5 million as compared with HK\$438.0 million as at 31 December 2022. As of 30 June 2023, current ratio was 1.21 times (31 December 2022: 1.21 times) (current ratio is calculated by using the following formula: current assets/current liabilities).

Gearing ratio was 25.5% as at 30 June 2023 (31 December 2022: 31.9%) (gearing ratio is calculated by using the following formula: total borrowings/total equity). The decrease in the gearing ratio was mainly due to the net repayment of bank borrowings during the Period.

Net cash generated from operating activities was HK\$21.7 million for the Period (net cash used in operating activities for the six months ended 30 June 2022: HK\$10.3 million), which was mainly due to less income tax paid as compared with the same period of last year.

Net cash used in investing activities for the Period was HK\$111.6 million (six months ended 30 June 2022: HK\$78.2 million) as the Group has acquired more property, plant and equipment, amounting to HK\$114.8 million (six months ended 30 June 2022: HK\$100.0 million) and less government grants were received during the Period.

During the Period, net cash used in financing activities was HK\$133.1 million (net cash generated from financing activities for the six months ended 30 June 2022: HK\$28.0 million).

DEBT MATURITY PROFILE

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Within 1 year	273,040	248,566
Between 1 and 2 years	65,833	46,512
Between 2 and 5 years	32,000	156,372
	370,873	451,450

FINANCIAL RISK MANAGEMENT

Foreign Exchange Risk

The Group operates mainly in the PRC, with a notable portion of its revenue derived from its export sales to overseas countries. The Group is exposed to foreign exchange risks, in particular fluctuations 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 Period, the Group's revenue denominated in USD and HK\$ amounted to approximately 48.0% of its total revenue (six months ended 30 June 2022: 56.6%).

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and it 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 Period, no forward foreign exchange contracts had been entered into by the Group as the Group did not consider there was any risk associated with exchange rate fluctuation that may adversely affect the results of 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 30 June 2023, the Group had bank borrowings of HK\$370.9 million (31 December 2022: HK\$451.5 million) which were primarily denominated in HK\$, USD and RMB.

Credit Risk

The Group has no significant concentrations of credit risk. The carrying amounts of trade receivables, deposits and other receivables, bank balances and cash included in the interim condensed consolidated balance sheet represented 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 the 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 30 June 2023, all of the bank balances, term deposits and restricted bank deposits of the Group 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 losses from non-performance by these banks and financial institutions. As at 30 June 2023 and 31 December 2022, the Group held cash and bank balances and restricted bank deposits totalling HK\$333.0 million and HK\$512.0 million, respectively, with four major banks in the PRC and Hong Kong.

Liquidity Risk

The liquidity position of the Group is monitored closely by its 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 30 June 2023, the Group did not have any significant contingent liabilities (31 December 2022: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have plans for material investments or capital assets during the six months ended 30 June 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures for the six months ended 30 June 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

HUMAN RESOURCES

The Group employed a total of approximately 7,000 full-time employees as of 30 June 2023. The Group believes human resources are its valuable assets and maintains its solid commitment to attracting, developing and retaining talented employees, in addition to providing dynamic career opportunities and a favorable working environment to its employees. The Group constantly provides training with diverse operational functions and offers competitive remuneration packages and incentives to all employees. The Group regularly reviews its human resources policies for addressing corporate development needs. The total labour costs for the Period was HK\$326.2 million, as compared to HK\$493.6 million for the same period last year.

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 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 Period and up to the date of this interim report, 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 Mr. Hung Kwong Yee (“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 the Group’s 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 three independent non-executive Directors on the Board 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 10 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, all the Directors have confirmed their compliance with the Model Code throughout the Period and up to the date of this interim report. In addition, no incident of non-compliance of the Model Code by the Relevant Employees was noted by the Company during the Period and up to the date of this interim report.

INTERIM DIVIDEND

The Board has resolved to distribute an interim dividend of HK2.8 cents per ordinary share for the Period (2022: HK2.8 cents per ordinary share) to the Shareholders. The interim dividend is expected to be paid on Friday, 27 October 2023 to all Shareholders whose names appear on the register of members of the Company on Friday, 13 October 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 11 October 2023 to Friday, 13 October 2023, both days inclusive, for the purpose of determining the entitlement to the interim dividend for the Period. In order to be qualified for the said interim dividend, unregistered holders of shares of the Company should ensure 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 Tuesday, 10 October 2023. The ex-dividend date will be Monday, 9 October 2023.

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 Period.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chu Yat Pang Terry (chairman), Mr. Lam Cheung Chuen and Mr. Lee Kwan Hung Eddie.

The Audit Committee has reviewed the Company's unaudited interim condensed consolidated financial statements for the Period 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 Group and considered them effective.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this interim report, the Company has met the Listing Rule requirement of having a sufficient public float, i.e. at least 25% of the Company's total number of issued shares (being the minimum prescribed percentage under the Listing Rules) were held by the public.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), as recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, or so far as known to the Directors, were as follows:

Long position in ordinary shares of the Company

Name of Director	Capacity	Note	Number of ordinary shares interested	Approximate percentage* of the Company's issued share capital
Chairman Hung	Beneficial owner		19,247,980	1.87%
	Interest of a controlled corporation	1	353,351,279	34.29%
	Founder of a discretionary trust	2	313,614,262	30.44%
		Total	686,213,521	66.60%
Lam Cheung Chuen	Interest of spouse		620,000	0.06%

Notes:

- These shares are held by Even Joy Holdings Limited, a company wholly owned by Chairman Hung. By virtue of the SFO, Chairman Hung is deemed to be interested in these shares held by Even Joy Holdings Limited.
 - These shares are held by TinYing Investments Limited, a company wholly owned by TinYing Holdings Limited, which is in turn wholly owned by Vistra Trust (BVI) Limited acting as the trustee of The TinYing Trust (the "Family Trust"). The Family Trust is a discretionary trust established by Chairman Hung as settlor. The beneficiaries of the Family Trust are Chairman Hung, certain of his family members and other persons who may be added or amended from time to time. By virtue of the SFO, Chairman Hung, TinYing Holdings Limited and Vistra Trust (BVI) Limited are deemed to be interested in these shares held by TinYing Investments Limited.
- * The percentage represents the number of ordinary shares of the Company interested divided by the number of the Company's issued shares as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, or so far as known to the Directors.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, the following corporations or persons (other than a Director or the chief executive of the Company) had an interest or a short position in the shares or underlying shares of the Company, as recorded in the register of the Company required to be kept under Section 336 of the SFO:

Long position in ordinary shares of the Company

Name of shareholder	Capacity	Note	Number of ordinary shares interested	Approximate percentage* of the Company's issued share capital
Even Joy Holdings Limited	Beneficial owner	1	353,351,279	34.29%
TinYing Investments Limited	Beneficial owner	1	313,614,262	30.44%
TinYing Holdings Limited	Interest of a controlled corporation	1	313,614,262	30.44%
Vistra Trust (BVI) Limited	Trustee of a discretionary trust	1	313,614,262	30.44%
FIDELITY CHINA SPECIAL SITUATIONS PLC	Beneficial owner		79,996,000	7.76%
FIL Limited	Interest of controlled corporations	2	79,976,000	7.76%
Pandanus Partners L.P.	Interest of controlled corporations	2	79,976,000	7.76%
Pandanus Associates Inc.	Interest of controlled corporations	2	79,976,000	7.76%

Notes:

1. These interests are also disclosed as the interests of Chairman Hung in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures".
 2. According to the disclosure of interest notice filed by Pandanus Associates Inc. ("Pandanus") on 9 August 2021, the interests of these shares are directly or indirectly held by FIL Limited ("FIL"). FIL is 37.01% controlled by Pandanus Partners L.P. ("Pandanus L.P."), which is in turn wholly-owned by Pandanus. By virtue of the SFO, Pandanus and Pandanus L.P. are deemed to be interested in these shares of which FIL has interests.
- * The percentage represents the number of shares of the Company interested divided by the number of the Company's issued shares as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, other than the Directors and the chief executive of the Company whose interests are set out in the above paragraph headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures", no person had any interest or short position in the shares or underlying shares of the Company recorded in the register of the Company required to be kept pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 23 November 2015 (the “Share Option Scheme”), which falls within the ambit of, and is subject to the provisions under the old Chapter 17 of the Listing Rules (i.e. prior to the amendments made to such Chapter 17 which took effect on 1 January 2023). The purpose of the Share Option Scheme is to recognise and acknowledge the contributions the eligible participants (the “Eligible Participants”) have had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with a view to achieving the following objectives: (i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group. Eligible Participants of the Share Option Scheme include: (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any Directors (including independent non-executive Directors) or any directors of the Company’s subsidiaries; (iii) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group.

Since the adoption of the Share Option Scheme, a total of 19,348,000 share options have been granted, of which 456,000 share options were exercised and all the remaining 18,892,000 share options were lapsed in accordance with the terms of the Share Option Scheme. No movement of share options for the six months ended 30 June 2023 is shown in this interim report since (i) there were no outstanding share options at the beginning of the said six-month period; and (ii) there was no grant of share options during the said six-month period. The total number of options available for grant under the Share Option Scheme as at 1 January 2023 and 30 June 2023 were 99,544,000 shares.

The Company may continue to grant share options under the Share Option Scheme, but it must follow the provisions set out in the amended Chapter 17 of the Listing Rules (including the amended definition of eligible participants).

UPDATE ON DIRECTORS' INFORMATION

Set out below is the change in the Directors' information, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

- The Director's fee for each of the independent non-executive Directors (being Mr. Lam Cheung Chuen, Mr. Chu Yat Pang Terry and Mr. Lee Kwan Hung Eddie) has been reviewed and adjusted by the Board from HK\$30,000 to HK\$33,000 per month, which took effect from 1 April 2023.

Save as disclosed above, there is no other information which is required to be disclosed under Rule 13.51B(1) of the Listing Rules.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Ten Pao Group Holdings Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 26 to 74, which comprises the interim condensed consolidated balance sheet of Ten Pao Group Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 25 August 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(All amounts in HK dollar thousands unless otherwise stated)

	Notes	Six months ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)
Revenue	6	2,339,409	2,997,808
Cost of sales	8	(1,930,574)	(2,546,982)
Gross profit		408,835	450,826
Other income	7	11,936	7,860
Other gains — net	7	20,146	31,868
Selling expenses	8	(89,811)	(110,806)
Administrative expenses	8	(179,581)	(215,203)
(Net impairment losses)/reversal of net impairment losses on financial assets		(6,272)	34
Operating profit		165,253	164,579
Finance income	9	2,056	971
Finance expenses	9	(5,883)	(5,495)
Finance expenses — net		(3,827)	(4,524)
Profit before income tax		161,426	160,055
Income tax expenses	10	(24,967)	(27,576)
Profit for the period attributable to:			
Owners of the Company		136,712	133,034
Non-controlling interests		(253)	(555)
		136,459	132,479
Earnings per share for the period			
— basic and diluted per share	11	HK\$0.13	HK\$0.13

The above interim condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in HK dollar thousands unless otherwise stated)

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Profit for the period	136,459	132,479
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(52,529)	(75,080)
Changes in the fair value of equity investments at fair value through other comprehensive income	(5,998)	(6,060)
	(58,527)	(81,140)
Total comprehensive income for the period attributable to:		
Owners of the Company	78,185	51,894
Non-controlling interests	(253)	(555)
	77,932	51,339

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(All amounts in HK dollar thousands unless otherwise stated)

	Notes	30 June 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Non-current assets			
Land use rights	13	4,664	4,536
Property, plant and equipment	13	1,020,160	1,030,964
Right-of-use assets	14	153,909	164,777
Investment properties	15	7,500	7,400
Intangible assets	13	9,809	10,747
Deferred income tax assets	26	63,048	55,808
Derivative financial assets — non-current	18	3,522	6,468
Financial assets at fair value through other comprehensive income	19	2,777	10,149
Financial assets at fair value through profit or loss	20	57,628	58,413
Prepayments for the purchase of property, plant and equipment		2,174	4,862
		1,325,191	1,354,124
Current assets			
Inventories	16	651,673	906,377
Trade and other receivables	17	1,356,104	1,114,763
Amounts due from related parties	28(b)	594	1,782
Derivative financial assets — current	18	856	1,406
Restricted bank deposits	21	222,029	170,578
Cash and cash equivalents		111,003	341,394
		2,342,259	2,536,300
Total assets		3,667,450	3,890,424

Interim Condensed Consolidated Balance Sheet

(All amounts in HK dollar thousands unless otherwise stated)

	Notes	30 June 2023 (Unaudited)	31 December 2022 (Audited)
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	22	10,304	10,304
Share premium	22	162,426	162,426
Other reserves		27,119	85,646
Retained earnings		1,258,104	1,155,395
		1,457,953	1,413,771
Non-controlling interests		(912)	(659)
Total equity		1,457,041	1,413,112
LIABILITIES			
Non-current liabilities			
Non-current bank borrowings	23	97,833	202,884
Lease liabilities — non-current	14	11,593	16,916
Deferred income tax liabilities	26	105,789	102,242
Deferred government grants	24	53,412	56,921
		268,627	378,963

Interim Condensed Consolidated Balance Sheet

(All amounts in HK dollar thousands unless otherwise stated)

	Notes	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Current liabilities			
Trade and other payables	25	1,516,018	1,743,631
Contract liabilities		45,783	46,471
Amounts due to related parties	28(c)	27,882	34,854
Dividend payable		34,016	13
Income tax liabilities		35,595	16,573
Lease liabilities — current	14	9,448	8,241
Short-term bank borrowings	23	128,380	59,123
Current portion of non-current bank borrowings	23	144,660	189,443
		1,941,782	2,098,349
Total liabilities		2,210,409	2,477,312
Total equity and liabilities		3,667,450	3,890,424

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

The interim financial information on pages 26 to 74 were approved by the Board of Directors on 25 August 2023 and were signed on its behalf.

Mr. Hung Kwong Yee
Director

Ms. Yang Bingbing
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in HK dollar thousands unless otherwise stated)

For the six months ended 30 June 2023 (unaudited)	Other Reserves											Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Statutory Reserves	Capital Reserves	Financial Assets At Fair Value Through Other Comprehensive Income (FVOCI)	Exchange Reserves	Share Options	Share Total	Retained Earnings	Total	Total		
Balance at 1 January 2023	10,304	162,426	144,583	2,359	(7,484)	(59,280)	5,468	85,646	1,155,395	1,413,771	(659)	1,413,112	
Comprehensive income													
Profit for the period	–	–	–	–	–	–	–	–	136,712	136,712	(253)	136,459	
Other comprehensive income													
Currency translation differences	–	–	–	–	–	(52,529)	–	(52,529)	–	(52,529)	–	(52,529)	
Fair value change of FVOCI	–	–	–	–	(5,998)	–	–	(5,998)	–	(5,998)	–	(5,998)	
Total comprehensive income	–	–	–	–	(5,998)	(52,529)	–	(58,527)	136,712	78,185	(253)	77,932	
Contributions by and distributions to owners of the Company recognised directly in equity													
Dividends	–	–	–	–	–	–	–	–	(34,003)	(34,003)	–	(34,003)	
Balance at 30 June 2023 (unaudited)	10,304	162,426	144,583	2,359	(13,482)	(111,809)	5,468	27,119	1,258,104	1,457,953	(912)	1,457,041	

Interim Condensed Consolidated Statement of Changes in Equity

(All amounts in HK dollar thousands unless otherwise stated)

For the six months ended 30 June 2022 (unaudited)	Other Reserves										Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Statutory Reserves	Capital Reserves	Financial Assets At Fair Value Through Other Comprehensive Income	Exchange Reserves	Share Options	Total	Retained Earnings	Total		
Balance at 1 January 2022	10,005	125,788	127,058	303	(8,688)	83,894	5,468	208,035	951,801	1,295,629	12,886	1,308,515
Comprehensive income												
Profit for the period	—	—	—	—	—	—	—	—	133,034	133,034	(555)	132,479
Other comprehensive income												
Currency translation differences	—	—	—	—	—	(75,080)	—	(75,080)	—	(75,080)	—	(75,080)
Fair value change of FVOCI	—	—	—	—	(6,060)	—	—	(6,060)	—	(6,060)	—	(6,060)
Total comprehensive income	—	—	—	—	(6,060)	(75,080)	—	(81,140)	133,034	51,894	(555)	51,339
Transactions with owners												
Capital contributed by non-controlling interests	—	—	—	—	—	—	—	—	—	—	490	490
Acquisition of additional equity interests in a subsidiary	—	—	—	2,056	—	—	—	2,056	—	2,056	(4,570)	(2,514)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	9,094	9,094	(9,094)	—
Transfer to statutory reserves	—	—	—	—	—	—	—	—	—	—	—	—
Total transactions with owners, recognised directly in equity	—	—	—	2,056	—	—	—	2,056	9,094	11,150	(13,174)	(2,024)
Balance at 30 June 2022 (unaudited)	10,005	125,788	127,058	2,359	(14,748)	8,814	5,468	128,951	1,093,929	1,358,673	(843)	1,357,830

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in HK dollar thousands unless otherwise stated)

	Notes	Six months ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		32,588	40,988
Interest paid		(5,883)	(4,777)
Interest income		2,056	971
Income tax paid		(7,107)	(47,527)
Net cash generated from/(used in) operating activities		21,654	(10,345)
Cash flows from investing activities			
Purchase of property, plant and equipment		(114,822)	(99,999)
Purchase of intangible assets		(368)	(1,675)
Proceeds from disposal of property, plant and equipment		3,608	5,688
Grants from government related to assets	24	15	17,755
Net cash used in investing activities		(111,567)	(78,231)

Interim Condensed Consolidated Statement of Cash Flows

(All amounts in HK dollar thousands unless otherwise stated)

	Notes	Six months ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)
Cash flows from financing activities			
Proceeds from bank borrowings	23	116,495	755,523
Repayments of bank borrowings	23	(192,698)	(707,304)
Payments for acquisition of non-controlling interests in a subsidiary		—	(2,514)
Capital contributed by non-controlling interests		—	490
Dividends paid to non-controlling interests in subsidiaries		—	(3,791)
Increase in restricted bank deposits		(51,451)	(9,520)
Principal elements of lease payments		(5,456)	(4,896)
Net cash (used in)/generated from financing activities		(133,110)	27,988
Net decrease in cash and cash equivalents		(223,023)	(60,588)
Cash and cash equivalents at beginning of the period		341,394	288,440
Effects of exchange rate changes on cash and cash equivalents		(7,368)	(7,578)
Cash and cash equivalents at end of the period		111,003	220,274
Analysis of balance of cash and cash equivalents:			
Cash at bank and cash in hand		111,003	220,274

NOTES TO THE INTERIM FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

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 switching power supply units for consumer products and smart chargers and controllers for industrial use in the People’s Republic of China (the “PRC”). The controlling shareholder of the Group is Mr. Hung Kwong Yee (洪光椅) (the “Controlling Shareholder” or “Chairman Hung”).

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

This interim financial information (the “Interim Financial Information”) are presented in Hong Kong dollar (“HK\$”) thousands, unless otherwise stated.

This Interim Financial Information was approved for issue on 25 August 2023 and has not been audited.

2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2023 (the “Period”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants. This Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2022 (the “2022 Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the 2022 Financial Statements, as described in those annual financial statements, except for the adoption of amendments to HKASs effective for the financial year beginning 1 January 2023.

3.1 New and amended standards adopted by the Group

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

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

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

4 ESTIMATES

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

In preparing this Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2022 Financial Statements.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

This Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with them.

There have been no changes in the risk management function since 31 December 2022 or in any risk management policies since 31 December 2022.

5.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and bank balances. The Group's liquidity risk is further mitigated through the availability of financing through its own cash resources and the availability of banking facilities to meet its financial commitments. In the opinion of the directors, the Group does not have any significant liquidity risk.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by the levels of inputs to valuation techniques. The inputs to valuation techniques are categorised into three levels within a fair value hierarchy, as follows:

- Level 1 — Quoted prices unadjusted in active markets for identical assets or liabilities.
- Level 2 — Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly that is, as prices or indirectly that is, derived from prices.
- Level 3 — Inputs for the asset or liability that are not based on observable market data that is, unobservable inputs.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2023 and 31 December 2022.

	As at 30 June 2023 (unaudited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements				
Assets				
Derivative financial instruments — current	—	856	—	856
Derivative financial instruments — non-current	—	3,522	—	3,522
Financial assets at fair value through profit or loss — non-current	—	—	57,628	57,628
Financial assets at fair value through comprehensive income — non-current	—	—	2,777	2,777

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

	As at 31 December 2022 (audited)			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurements				
Assets				
Derivative financial instruments — current	—	1,406	—	1,406
Derivative financial instruments — non-current	—	6,468	—	6,468
Financial assets at fair value through profit or loss — non-current	—	—	58,413	58,413
Financial assets at fair value through comprehensive income — non-current	—	—	10,149	10,149

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers of financial assets between level 2 and level 3 fair value hierarchy classifications during the Period.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)**5.3 Fair value estimation (continued)****(c) Financial instruments in level 3 (continued)****Quantitative information about fair value measurements using significant unobservable inputs Level 3**

The following table presents the changes in level 3 instruments for the half-year ended 30 June 2023:

	Unlisted equity investments HK\$'000	Insurance for the Controlling Shareholder HK\$'000	Total HK\$'000
Opening balance at 31 December 2022 (audited)	65,292	3,270	68,562
Fair value change	(6,149)	22	(6,127)
Currency translation differences	(2,047)	17	(2,030)
Closing balance at 30 June 2023 (unaudited)	57,096	3,309	60,405

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

(c) Financial instruments in level 3 (continued)

(i) Valuation processes

The finance department of the Group includes a team that performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every six months, in line with the Group's half-yearly reporting periods.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discount rates for financial assets are determined using a weighted-average cost of capital model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Net profit rate for unlisted equity investments are estimated based on the reasonable projections by the Group.

6 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) telecommunication, (ii) media and entertainment, (iii) electrical home appliances, (iv) smart chargers and controllers, (v) lighting, and (vi) others.

Segment information for the interim condensed consolidated statement of profit or loss is set out below:

	Telecommunication	Media and entertainment	Electrical home appliances	Smart chargers and controllers	Lighting	Others	Total
Six months ended 30 June 2023 (unaudited)							
Revenue							
Revenue from external customers							
— At a point in time	720,883	160,218	42,533	851,593	164,298	399,884	2,339,409
Segment results	118,358	19,516	8,176	184,670	29,229	48,886	408,835
Other income							11,936
Other gains — net							20,146
Selling expenses							(89,811)
Administrative expenses							(179,581)
Net impairment losses on financial assets							(6,272)
Finance expenses — net							(3,827)
Profit before income tax							161,426

6 SEGMENT INFORMATION (CONTINUED)

	Telecommunication	Media and entertainment	Electrical home appliances	Smart chargers and controllers	Lighting	Others	Total
Six months ended 30 June 2022 (unaudited)							
Revenue							
Revenue from external customers							
— At a point in time	918,499	207,102	70,358	1,412,726	175,109	214,014	2,997,808
Segment results	99,338	20,828	12,070	272,934	22,061	23,595	450,826
Other income							7,860
Other gains — net							31,868
Selling expenses							(110,806)
Administrative expenses							(215,203)
Reversal of net impairment losses on financial assets							34
Finance expenses — net							(4,524)
Profit before income tax							160,055

Non-current assets, other than financial instruments and deferred income tax assets, by country:

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
PRC (excluding Hong Kong)	1,061,259	1,083,135
Hungary	67,765	68,298
Vietnam	58,722	68,071
Hong Kong	10,410	9,989
Others	60	15
	1,198,216	1,229,508

7 OTHER INCOME AND OTHER GAINS — NET

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Other income		
Sales of scrap materials	1,919	3,735
Sales of raw materials, sample and molds	3,586	1,112
Safety fee income	3,250	1,392
Rental income	484	803
Others	2,697	818
	11,936	7,860
Other gains — net		
Fair value changes on derivative financial instruments	(3,496)	8,366
Fair value changes on financial assets at fair value through profit or loss	947	31
Fair value changes on investment properties <i>(Note 15)</i>	100	—
Net foreign exchange gains	21,913	8,280
Government grants	3,109	10,567
Loss on disposal of property, plant and equipment	(792)	(457)
Others	(1,635)	5,081
	20,146	31,868

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Raw materials and consumables used (excluding research and development expenses)	1,442,632	1,997,347
Employee benefit expenses (excluding research and development expenses)	266,793	422,926
Changes in inventories of finished goods and work in progress	171,829	127,854
Depreciation, amortisation and impairment charges (excluding research and development expenses)	94,475	79,998
Research and development expenses		
— Employee benefit expenses	59,410	70,650
— Raw materials, consumables used and others	15,773	20,924
— Depreciation and amortisation	8,849	8,472
Operating lease expenses	18,217	12,886
Allowance for impairment of inventory	16,673	5,339
Auditors' remuneration	1,621	1,962
Other expenses	103,694	124,633
Total cost of sales, selling expenses and administrative expenses	2,199,966	2,872,991

9 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Finance income:		
Interest income	2,056	971
Finance expenses:		
Interest on bank borrowings	(8,576)	(6,905)
Interest on lease liabilities (Note 14)	(303)	(273)
	(8,879)	(7,178)
Amounts capitalised	2,996	1,683
Finance expenses expensed	(5,883)	(5,495)
Finance expenses — net	(3,827)	(4,524)

10 INCOME TAX EXPENSES

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Current income tax		
— PRC corporate income tax	11,198	11,795
— Hong Kong profits tax	14,931	18,113
Subtotal	26,129	29,908
Deferred income tax (Note 26)	(1,162)	(2,332)
	24,967	27,576

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 (2022 interim: the subsidiaries in Hong Kong are subject to profits tax at the rate of 8.25% on assessable profits up to HK\$2,000,000, and 16.5% on any part of assessable profits over HK\$2,000,000).

PRC corporate income tax (“CIT”) is provided on the assessable income of entities within the Group incorporated in the PRC, calculated in accordance with the relevant regulations of the PRC 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 rate for domestic and foreign enterprises has been unified at 25%, effective from 1 January 2008.

Ten Pao Electronic (Huizhou) Co., Ltd. and Dazhou Ten Pao Jin Hu Electronic Co., Ltd. are recognized as “New and High Technology Enterprises” and enjoy a preferential CIT rate of 15%. Their CIT rate for the Period was 15% (2022 interim: 15%).

11 EARNINGS PER SHARE**(a) Basic earnings per share**

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

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	136,712	133,034
Weighted average number of shares issued (thousands)	1,030,389	1,000,456
Basic earnings per share (HK cents)	13	13

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Diluted earnings per share presented is the same as basic earnings per share as there was no potentially dilutive ordinary share outstanding as at 30 June 2023 and 2022.

12 DIVIDENDS

The Board resolved on 25 August 2023 to declare an interim dividend of HK2.8 cents per ordinary share for the six months ended 30 June 2023 (2022 interim: HK2.8 cents per ordinary share). This interim dividend, amounting to HK\$28.9 million (2022 interim: HK\$28.9 million), has not been recognised as a liability in this Interim Financial Information.

On 2 June 2023, a final dividend of HK3.3 cents per ordinary share in respect of the year ended 31 December 2022, amounting to HK\$34,003,000, was approved by the then shareholders of the Company.

13 LAND USE RIGHTS, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Land use rights	Property, plant and equipment	Intangible Assets
Net book amount as at 31 December 2022	4,536	1,030,964	10,747
Additions	—	117,510	368
Disposals	—	(4,400)	—
Impairment charges	—	(13,103)	—
Currency translation differences	128	(14,128)	(335)
Depreciation/amortisation	—	(96,683)	(971)
Net book amount as at 30 June 2023 (unaudited)	4,664	1,020,160	9,809
Net book amount as at 1 January 2022	4,820	1,074,459	11,751
Additions	—	208,654	2,363
Disposals	—	(11,972)	—
Impairment charges	—	(11,515)	—
Currency translation differences	(284)	(86,669)	(977)
Depreciation/amortisation	—	(141,993)	(2,390)
Net book amount as at 31 December 2022 (audited)	4,536	1,030,964	10,747

As at 30 June 2023, the Group's interests in land use rights represented freehold land in Hungary.

14 LEASES

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

(a) Amounts recognised in the balance sheet

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Right-of-use assets		
Land use rights	133,292	139,054
Buildings	20,617	25,723
	153,909	164,777
Lease liabilities		
Current	9,448	8,241
Non-current	11,593	16,916
	21,041	25,157

14 LEASES (CONTINUED)**(b) Amounts recognised in the statement of profit or loss**

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Depreciation and amortisation charge of right-of-use assets		
Land use rights	1,464	1,170
Buildings	4,206	3,213
	5,670	4,383
Interest expenses (included in finance expenses — net) <i>(Note 9)</i>	303	273
Expenses relating to short-term leases (included in cost of sales, selling expenses and administrative expenses)	18,217	12,886

15 INVESTMENT PROPERTIES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
At fair value		
At beginning of period	7,400	7,700
Net gains from fair value adjustment	100	(300)
At end of period	7,500	7,400

As at 30 June 2023, the Group had no unprovided contractual obligations for future repairs and maintenance (31 December 2022: Nil).

The valuation of the Group's investment properties was performed by Dudley Surveyors Limited at 30 June 2023 and 31 December 2022, to determine the fair value of the investment properties. The revaluation gains or losses are included in 'Other gains — net' in the interim condensed consolidated statement of profit or loss. The following table analyses the investment properties carried at fair value, by valuation method.

15 INVESTMENT PROPERTIES (CONTINUED)

Description	Office units — Hong Kong			Total
	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	
Recurring fair value measurements method Investment properties:				
As at 30 June 2023 (unaudited)	—	7,500	—	7,500
As at 31 December 2022 (audited)	—	7,400	—	7,400

There were no transfers between Level 1, 2 and 3 during the Period (31 December 2022: Nil).

As at 30 June 2023, the Group's bank borrowings were secured over investment properties with the carrying amounts of HK\$7,500,000 (31 December 2022: HK\$7,400,000) (Note 23(a)).

16 INVENTORIES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Raw materials	317,002	385,214
Work in progress	119,110	141,040
Finished goods	326,705	476,604
	762,817	1,002,858
Less: allowance for impairment	(111,144)	(96,481)
	651,673	906,377

The movements of allowance for impairment are analysed as follows:

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
At 1 January	96,481	91,328
Currency translation differences	(2,010)	(2,238)
Allowance for write-down, net	16,673	5,339
	111,144	94,429

17 TRADE AND OTHER RECEIVABLES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables	1,254,791	1,050,103
Less: allowance for impairment of trade receivables	(11,197)	(5,487)
Trade receivables, net	1,243,594	1,044,616
Export tax refund receivables	20,824	4,040
Prepayments	17,687	11,256
Deposits	17,486	16,111
Value added tax allowance	13,143	28,039
Employee welfare	2,534	2,632
Bills receivable	1,250	1,110
Advances to employees	924	781
Others	38,662	6,178
	1,356,104	1,114,763

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Less than 3 months	1,113,348	924,697
More than 3 months but not exceeding 1 year	141,443	125,406
	1,254,791	1,050,103

As at 30 June 2023, the carrying amounts of the receivable were approximate to their fair values.

As at 30 June 2023, the Group's bank borrowings were secured over trade and other receivables with the carrying amounts of HK\$183,714,000 (31 December 2022: HK\$141,768,000) (Note 23(a)).

18 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Derivative financial assets — Current	856	1,406
Derivative financial assets — Non-current	3,522	6,468
	Amount	Notional amount
As at 30 June 2023 (unaudited)		
Derivative financial assets — Current		
Types of contracts		
— Interest rate swap contracts	856	89,333
Derivative financial assets — Non-current		
Types of contracts		
— Interest rate swap contracts	2,390	85,822
— Currency swap contracts	1,132	17,529
	3,522	103,351
As at 31 December 2022 (unaudited)		
Derivative financial assets — Current		
— Interest rate swap contracts	1,406	83,829
Derivative financial assets — Non-Current		
— Interest rate swap contracts	4,503	127,556
— Currency swap contracts	1,965	21,921
	6,468	149,477

Changes in fair values of derivative financial instruments are recorded in 'Other gains — net' in the interim condensed consolidated statement of profit or loss.

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity investments at FVOCI comprise the following individual investments:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Non-current assets		
<i>Unlisted equity investments</i>		
GCTeq Wireless (Shenzhen) Co., Ltd.	2,777	9,981
Qingdao Eolock Intelligent Technology Co., Ltd.	—	168
	2,777	10,149

The following table presents the changes in FVOCI for the six months ended 30 June 2023 and 30 June 2022:

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Opening balance as at 1 January	10,149	9,541
Fair value change	(7,057)	(6,085)
Currency translation differences	(315)	(420)
Closing balance as at 30 June	2,777	3,036

Information about the methods and assumptions used in determining fair value is provided in Note 5.3.

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Insurance contract for a member of key management	3,309	3,270
Investments in Huayuan Zhixin Semiconductor (Shenzhen) Co., Ltd	22,408	22,297
Investments in Chengdu Emfuture Automation Engineering Co., Ltd.	10,154	10,456
Investments in Xi'an XY Power Technology Co., Ltd.	21,757	22,390
Total	57,628	58,413

Movement of FVPL is analysed as follows:

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Opening balance as at 1 January	58,413	44,794
Fair value change	947	31
Currency translation differences	(1,732)	(1,808)
Closing balance as at 30 June	57,628	43,017

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Changes in fair value of financial assets at fair value through profit or loss are recorded in 'Other gains — net' in the interim condensed consolidated statement of profit or loss (Note 7).

The fair value of the insurance and the fair value of unlisted equity investments are based on the unobservable inputs.

As at 30 June 2023, the Group's bank borrowings were secured over financial assets at fair value through profit or loss with the carrying amounts of HK\$3,309,000 (31 December 2022: HK\$3,270,000) (Note 23(a)).

21 RESTRICTED BANK DEPOSITS

As at 30 June 2023, bank deposits amounting to HK\$222,029,000 (31 December 2022: HK\$170,578,000) are deposits held by the bank in a segregated account as security for borrowings from the bank (Note 23(a)).

As at 30 June 2023, the weighted average interest rate was 2.33% (31 December 2022: 3.08%).

22 SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares, issued and fully paid:

	Number of Shares	Share capital HK\$'000	Share premium HK\$'000	Total HK\$'000
As at 1 January 2023 and 30 June 2023	1,030,388,965	10,304	162,426	172,730
As at 1 January 2022	1,000,456,000	10,005	125,788	135,793
Scrip dividend	29,932,965	299	36,638	36,937
At 31 December 2022	1,030,388,965	10,304	162,426	172,730

23 BORROWINGS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Non-current		
Bank borrowings		
— secured (a)	100,461	197,390
— unsecured	142,032	194,937
Less: current portion of non-current borrowings	(144,660)	(189,443)
	97,833	202,884
Current		
Bank borrowings		
— secured (a)	63,194	59,066
— unsecured	65,186	57
Total short-term bank borrowings	128,380	59,123
Current portion of non-current borrowings	144,660	189,443
	273,040	248,566
Total borrowings	370,873	451,450

23 BORROWINGS (CONTINUED)

Movement in borrowings is as follows:

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Opening balance as at 1 January	451,450	578,921
Proceeds from borrowings	116,495	755,523
Repayments of borrowings	(192,698)	(707,304)
Currency translation differences	(4,374)	(1,359)
Closing balance as at 30 June	370,873	625,781

- (a) As at 30 June 2023, bank borrowings amounting to HK\$163,655,000 (31 December 2022: HK\$256,456,000) were secured over the following assets:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Restricted bank deposits (<i>Note 21</i>)	222,029	170,578
Financial assets at fair value through profit or loss — non-current (<i>Note 20</i>)	3,309	3,270
Investment properties (<i>Note 15</i>)	7,500	7,400
Trade and other receivables (<i>Note 17</i>)	183,714	141,768
	416,552	323,016

23 BORROWINGS (CONTINUED)

- (b) The carrying amounts of the borrowings are denominated in the following currencies:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
HK\$	287,808	428,310
RMB	17,989	—
USD	65,076	23,140
	370,873	451,450

24 DEFERRED GOVERNMENT GRANTS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Opening net book amount	56,921	46,324
Receipt of grants	15	20,419
Credited to statement of profit or loss	(2,642)	(6,431)
Currency translation differences	(882)	(3,391)
Closing net book amount	53,412	56,921

- (i) The amount mainly represented the subsidies granted by the local government authority in the PRC relating to fiscal and tax incentives with required operating years.

The deferred government grants will be amortised to “Other gains — net” from the point at which the relevant assets are ready for use on a straight-line basis over the related assets’ useful lives.

25 TRADE AND OTHER PAYABLES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Trade payables	985,309	1,176,206
Wages and staff welfare benefits payable	256,406	277,735
Notes payable	230,935	232,683
Accrual for expenses and other payables	40,887	49,979
Other taxes payable	2,481	7,028
	1,516,018	1,743,631

The ageing analysis of trade payables is as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Less than 3 months	523,368	905,796
More than 3 months but not exceeding 1 year	452,243	257,171
More than 1 year	9,698	13,239
	985,309	1,176,206

The fair values of trade and other payables approximated their carrying amounts as at 30 June 2023 and 31 December 2022.

26 DEFERRED INCOME TAX ASSETS AND LIABILITIES

The movements in deferred income tax assets and liabilities are as follows:

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Deferred income tax assets		
Opening balance as at 1 January	55,808	45,601
Recognized in the profit or loss	7,762	5,046
Recognized in the other comprehensive income	1,059	—
Currency translation differences	(1,581)	(1,993)
Closing balance as at 30 June	63,048	48,654

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Deferred income tax liabilities		
Opening balance as at 1 January	102,242	91,688
Recognized in the profit or loss	6,600	2,714
Recognized in the other comprehensive income	—	(25)
Currency translation differences	(3,053)	(4,130)
Closing balance as at 30 June	105,789	90,247

27 COMMITMENTS**(a) Operating lease commitments**

The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Not later than one year	12,029	10,347

(b) Capital commitments

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
In respect of the acquisitions of plant and equipment, contracted but not provided for	7,898	2,091

28 RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties.

(a) Transactions with related parties during the Period

(i) Purchases of goods and services

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Purchase of goods		
Golden Ocean Copper Manufacturer Co., Limited	36,614	62,334

Goods and services are bought from entities controlled by the Controlling Shareholder on normal commercial terms and conditions.

28 RELATED PARTY TRANSACTIONS (CONTINUED)**(a) Transactions with related parties during the Period (continued)****(ii) Operating lease expenses**

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Huizhou Tiannengyuan Charging Technology Co., Ltd.	4,573	4,868
Huizhou Golden Ocean Wire Co., Limited	1,989	2,133
Sky Fortune Enterprises Limited	330	330
Golden Lake (HK) Co., Limited	288	288
	7,180	7,619

The amounts represented rental expenses for land and buildings for factory and office purposes in accordance with the lease agreements.

28 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances due from related parties

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Huizhou Tiannengyuan Charging Technology Co., Ltd.	—	1,175
Golden Ocean Copper Manufacturer Co., Limited	388	401
Sky Fortune Enterprises Limited	110	110
Golden Lake (HK) Co., Limited	96	96
	594	1,782

The balances due from related parties were mainly denominated in RMB. They were unsecured, interest-free, trading in nature and repayable on demand. Their fair values approximated their carrying amounts at 30 June 2023.

28 RELATED PARTY TRANSACTIONS (CONTINUED)**(c) Balances due to related parties**

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Golden Ocean Copper Manufacturer Co., Limited	27,727	34,163
Huizhou Tiannengyuan Charging Technology Co., Ltd.	—	315
Huizhou Golden Ocean Wire Co., Limited	155	376
	27,882	34,854

The balances due to related parties were mainly denominated in RMB. They were unsecured, interest-free, trading in nature and due within 3 months. The fair values approximated their carrying amounts at 30 June 2023.