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

2024
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Hung Kwong Yee
(Chairman and Chief Executive Officer)
Mr. Tse Chung Shing
Ms. Hung Sui Lam

Independent Non-executive Directors

Mr. Lam Cheung Chuen
Mr. Chu Yat Pang Terry
Mr. Lee Kwan Hung Eddie
Dr. Lui Sun Wing

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

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 PRC

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

https://tp.tenpao.com/en/investors-query

FINANCIAL HIGHLIGHTS

		Year ended 31 December		
		2024	2023	Change
Revenue	HK$'000	**5,385,748**	4,823,452	11.7%
Operating profit	HK$'000	**418,623**	391,450	6.9%
Profit for the year attributable to owners of the Company	HK$'000	**383,898**	328,856	16.7%
Gross profit margin	%	**19.5**	18.8	3.7%
Operating profit margin	%	**7.8**	8.1	−3.7%
Profit margin attributable to owners of the Company	%	**7.1**	6.8	4.4%
Earnings per share				
— basic and diluted per share	HK cents	**37.3**	31.9	16.9%
Dividend per share				
— interim	HK cents	**5.2**	2.8	
— final	HK cents	**6.0**	9.6	

		As at 31 December		
		2024	2023	Change
Gearing ratio	%	**35.1**	40.0	−12.3%
Current ratio	times	**1.10**	1.14	−3.5%
Average inventory turnover period	days	**74**	76	−2.6%
Average trade receivables turnover period	days	**89**	84	6.0%
Average trade payables turnover period	days	**118**	110	7.3%

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Ten Pao Group Holdings Limited ("Ten Pao" or the "Company", and together with its subsidiaries, collectively the "Group"), I am pleased to present the audited consolidated results of the Group for the year ended 31 December 2024.

Ten Pao has become a leading provider of diversified smart power supply solutions through consistently enhancing its research and development ("R&D") capabilities and developing a diverse product portfolio. In recent years, Ten Pao has actively promoted innovation in the area of green power supply. In November 2024, the Group sent a team to deliver a presentation at the 29th session of the Conference of the Parties (COP29) to the United Nations Framework Convention on Climate Change. This participation exemplifies Ten Pao's integration of environmental protection and energy conservation into its development strategy through the development of green and low-carbon products.

In 2024, due to factors such as instability in global politics, the economy, and the climate, brand owners and consumers generally became more conservative and cautious, resulting in a slow recovery of the global economy. The Group adhered to its consistent pragmatic approach, maintaining ample cash flow and robust financial strength in financial operations; in business operations, it firmly implemented a comprehensive strategy of high quality, strong R&D, intelligent manufacturing, and a globalized roadmap. The Group also responded to market changes through flexible production models and efficient supply chain management.

In recent years, driven by the development of large-scale artificial intelligence ("AI") models, the accelerated "fuel to electric" transition in the market, and the global pursuit of "net-zero carbon emissions", Ten Pao has remained committed to investing resources to improve operational efficiency and launch more new products. Through the collective efforts of all employees, the Group achieved a year-on-year increase of 11.7% in revenue to HK$5,385.7 million, and a year-on-year increase of 16.7% in profit attributable to owners of the Company to HK$383.9 million. In terms of business, the Group maintained its reputation as the most trusted partner of customers and maintained long-term friendly cooperative relationships with many well-known brands and suppliers. Ten Pao is committed to rewarding the long-term trust and support of its shareholders (the "Shareholders") and investors through unwavering dedication and performance. Maintaining a stable dividend policy in the long term, the full-year dividend payout ratio in 2024 was 30.0%.Ten Pao has always been known for its R&D capabilities and production of industrial power supplies, providing smart chargers and controllers for many international power tool brands for many years. It has also continued to focus on developing high-power products aimed at enhancing charging currents, speeds and efficiency. Driven by the expanding global industrial power supply market and customers' successful inventory reduction efforts, order placement remained cautiously optimistic, resulting in a 20.5% revenue increase for this segment.

In addition, the Group's ongoing commitment to new product development led to the launch of computing power supply equipment in the second half of 2024, which surpass international standards and are engineered for sustained, high-load performance. Computing power supplies provide stable power support for high-performance computing equipment. With the rapid development of large-scale AI models, it is expected to further drive the demand in the computing power market.

The sluggish recovery of the retail consumer market negatively impacted consumer power supplies, resulting in a slight 5.8% year-on-year revenue decline. Despite this, the Group is optimistic about future prospects, anticipating improved performance as the macro economy strengthens, consumer confidence rises, and demand for telecommunications, media and entertainment, lighting, and new energy products continues to grow. The Group will continue to refine its product portfolio to align with market trends and customer requirements.

The new energy segment also achieved considerable growth during the year, with revenue increasing by 37.3% year-on-year. The "fuel to electric" is a major global trend contributing to the realization of "net-zero carbon emissions" and the growing need for green travel drives demand for more smart chargers. The Group is expanding its portfolio of environmental protection products related to fuel to electric conversion, developing smart charger series and fully digital power supply products, and fully committing to green power innovation. In the second half of 2024, the Group developed a green power product portfolio primarily focused on energy storage, including balcony photovoltaic micro-storage systems to help families reduce traditional energy consumption, and produced smart charger products to charge outdoor power equipment, among other devices. It is expected that the new energy business will continue to develop steadily, and the demand for energy storage will continue to improve.

While macroeconomic uncertainties persist, the global push for a green, low-carbon, and intelligent transformation is expected to be a significant driver of market change in 2025. To this end, the Group is actively accelerating the pace of green transformation and technological innovation. It not only systematically relocated some production lines in Huizhou to a new industrial park equipped with advanced intelligent equipment, further enhancing production capacity and green production levels, but also continued to expand the global market presence. In addition to consolidating its position in the European and American markets, the Group will also strengthen its strategic cooperation efforts with Africa to promote solar-powered products to more households with its long-standing African brand clients, and actively develop the fuel-to-electric green power market in Southeast Asia to promote the "green mobility" trend.

The Group is strategically positioned to meet the increasing demand for smart controllers driven by the rapid growth of data transmission in AI intelligent manufacturing, the expansion of smart homes, automotive electronics, power tool markets, and supportive industry policies. The Group's new facilities in Vietnam and Mexico are dedicated to the production of smart controllers and ongoing R&D of high-performance, high-power, and high-reliability industrial power products.

Meanwhile, the new energy field is also undergoing a rapid development. The Group has begun to develop electric vehicle charging equipment that meets the latest international standards, with plans to launch more high-power products, contributing to the further expansion of market demand.

Finally, on behalf of the Board of Directors, I would like to express my heartfelt thanks to the Company's Shareholders, investors, clients and partners for their trust and support. I would also like to thank all our employees for their efforts, which have enabled Ten Pao's business to continue to progress. In future, Ten Pao will continue to strive for growth and create sustainable returns for Shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

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

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

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

Market and Business Review

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

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

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

[1] Source：Berges Consulting

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

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

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

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

Prospect

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

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

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

Beyond the European and American markets, Ten Pao is actively responding to China's "Belt and Road" initiative by focusing on emerging markets and allocating more resources to developing partnerships in various African countries. This strategy aims to mitigate geopolitical risks and alleviate the impact of the EU's carbon border tax on export costs. In the lighting sector, Africa demonstrates strong market demand and growth potential, particularly for solar-powered products. Ten Pao plans to deepen its strategic collaboration in 2025 with an African brand client it has partnered with for over a decade. The Group anticipates making progress in additional African markets through this partnership. The client is committed to enabling more households in Africa to access smart products, with key offerings including solar lamps and solar home systems. Through this collaboration, Ten Pao aims to further expand its global footprint, accelerate market development and improve performance while helping more African families adopt smart products to enhance their quality of life.

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

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

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

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

[2] Source：TechSci Research

[3] Source：TrendForce Consulting

FINANCIAL REVIEW

Revenue

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

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

Revenue by Product Segment

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

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

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

Revenue by Geographic Location

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

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

Cost of Sales

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

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

Gross Profit and Gross Profit Margin

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

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

Other Income

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

Other Gains — Net

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

Selling Expenses

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

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

Administrative Expenses

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

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

Finance Income/Expenses — Net

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

Income Tax Expense

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

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

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

DEBT MATURITY PROFILE

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

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

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$, while its cost of sales is primarily denominated in RMB. For the year ended 31 December 2024, its revenue denominated in USD and HK$ 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 2024, no new forward foreign exchange contracts had been entered into by the Group.

Cash Flow and Fair Value Interest Rate Risk

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

Credit Risk

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

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

Liquidity Risk

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

CONTINGENT LIABILITIES

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

HUMAN RESOURCES

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

The Board consists of seven Directors, of whom three are executive Directors and the remaining four are independent non-executive Directors.

EXECUTIVE DIRECTORS

Mr. Hung Kwong Yee (洪光椅先生) ("Chairman Hung"), aged 66, is the chairman of the Board, an executive Director, the chief executive officer, the chairman of the nomination committee (the "Nomination Committee") and a member of the remuneration committee (the "Remuneration Committee") of the Company. He is also a director of certain subsidiaries of the Company. Chairman Hung is responsible for the overall strategic planning and overseeing the general management of the Group. He was appointed as a Director in January 2015 and redesignated as the chairman of the Board and an executive Director with effect from June 2015. Besides, Chairman Hung is the director and sole shareholder of "Even Joy Holdings Limited", a substantial Shareholder, and the director of "TinYing Investments Limited" and "TinYing Holdings Limited", both being substantial Shareholders.

Chairman Hung is the founder of the Group. He established his business under the trading name "Ten Pao Company (天寶公司)" in Hong Kong in December 1979 and established the production plant in Huizhou, Guangdong Province in October 1988. Accordingly, he has 45 years of experience in the power supply industry. Chairman Hung holds social titles and offices in various statutory bodies and charitable organizations, including the executive vice president of the Huizhou City Foreign Investment Enterprise Association (惠州市外商投資企業協會); the honorary life chairman of Huizhou Ganghui Love Foundation (惠州市港惠愛心基金會); the executive vice president of Huizhou Overseas Chinese Enterprises Association (惠州市僑商協會); the honorary president of the Huizhou City Huicheng District Foreign Investment Enterprise Association (惠州市惠城區外商投資企業協會); a member of the Standing Committee of Pearl River Delta Council, the Federation of Hong Kong Industries (香港工業總會珠三角工業協會); the vice chairman of the Hong Kong Shine Tak Foundation (香港善德基金會); the honorary life chairman of the Hong Kong Baptist University Foundation (香港浸會大學基金會). In addition, the Hong Kong Baptist University has conferred Honorary University Fellowship on Chairman Hung.

Chairman Hung graduated from the High School of Yinglin Middle School of Jinjiang City, Fujian Province (福建省晉江市英林中學高中部) in the PRC in July 1976.

Mr. Tse Chung Shing (謝仲成先生), aged 54, has been appointed as an executive Director with effect from 1 January 2024. He joined the Group in December 2010 as a financial controller, and has been appointed as the company secretary and chief financial officer of the Company with effect from June 2015 and November 2015, respectively. He is currently responsible for the financial reporting, corporate secretarial and investors' relationship matters of the Group. Mr. Tse has over 30 years of experience in auditing, accounting and corporate finance. Prior to joining the Group, he worked in the advisory assurance department in Ernst & Young, an international accounting firm, from 1992 to 2003, with his last position as a senior manager. From 2004 to 2009, he worked as a financial controller in an automation equipment manufacturing company in Hong Kong. Mr. Tse received his bachelor's degree in accountancy (honours) from the City University of Hong Kong in November 1992. He has been a member of the Association of Chartered Certified Accountants since December 1997 and became a fellow member in December 2002.

Ms. Hung Sui Lam (洪瑞琳女士), aged 31, has been appointed as an executive Director with effect from 1 January 2024. She is also a director of certain subsidiaries of the Company. Ms. Hung joined the Group as a special assistant to the chairman in January 2021, and is principally responsible for the administrative management and conducting marketing research for the operation of the subsidiaries of the Company. Prior to joining the Group, Ms. Hung worked as an executive assistant in the Hospital Authority from 2016 to 2020. She received her Business (International Business) honours degree from School of Professional Education and Executive Development, The Hong Kong Polytechnic University in May 2015. Ms. Hung has been appointed as a member of the Young Entrepreneur Committee of Hong Kong Baptist University Foundation since 1 January 2024.

Ms. Hung is the daughter of Chairman Hung, the chairman of the Board, an executive Director, the chief executive officer and controlling Shareholder of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Cheung Chuen (林長泉先生), aged 71, has been appointed as an independent non-executive Director since 23 November 2015, and is responsible for overseeing the management of the Group independently. He is also a member of the Company's audit committee (the "Audit Committee"), the Remuneration Committee and the Nomination Committee. Mr. Lam is a founder of Sun Tin Lun Garment Accessories (Huizhou) Co., Ltd. (新天倫服裝配料(惠州)有限公司), a garment accessories manufacturing company in the PRC, and Sun Tin Lun Apparel Accessories (Huizhou) Co., Ltd. (新天倫服裝輔料(惠州)有限公司), an apparel accessories manufacturing company in the PRC.

Mr. Lam completed his primary school education in the PRC in July 1966 and was conferred Honorary University Fellowship by the Hong Kong Baptist University in September 2015. Mr. Lam has over 30 years of experience in the garment accessories manufacturing industry. Mr. Lam was a special committee member of the 11th session and a member of the 12th session of Huizhou City Committee of Guangdong Province of the Chinese People's Political Consultative Conference (中國人民政治協商會議廣東省惠州市委員會). Mr. Lam holds a number of social titles including the president of the 6th council of Huizhou City Huicheng District Foreign Investment Enterprise Association (惠州市惠城區外商投資企業協會), the executive vice president of the 7th council of Huizhou City Foreign Investment Enterprise Association (惠州市外商投資企業協會), the executive vice chairman of the 1st council of Huizhou Overseas Chinese Enterprises Association (惠州市僑商投資企業協會), an executive member of the Huizhou Division of the Federation of Hong Kong Industries of Pearl River Delta Council (香港工業總會珠三角工業協會惠州分部), a consultant of the Hong Kong Shine Tak Foundation (香港善德基金會), and the honorary life chairman of the Hong Kong Baptist University Foundation (香港浸會大學基金會).

Mr. Chu Yat Pang Terry (朱逸鵬先生), aged 53, has been appointed as an independent non-executive Director since 23 November 2015, and is responsible for overseeing the management of the Group independently. He is also the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. At present, Mr. Chu is a Managing Director of Halcyon Capital Limited which specializes in initial public offerings and corporate advisory in mergers and acquisitions. Mr. Chu possesses over 30 years of experience in corporate finance and auditing. Mr. Chu used to work for an international accounting firm and other corporate finance arms of listed financial institutions in Hong Kong. Mr. Chu graduated from the University of Western Ontario in Canada with a Bachelor of Arts degree in 1992 and from the University of Hull in the United Kingdom with a Master of Business Administration (Investment & Finance) degree in 1997. He also obtained a Diploma in Accounting from the School of Business and Economics of the Wilfrid Laurier University in Canada in 1993. Mr. Chu is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chu is also an independent non-executive director of the following companies listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"): Hong Kong Finance Group Limited (stock code: 1273) and AB Builders Group Limited (stock code: 1615).

Mr. Lee Kwan Hung Eddie (李均雄先生), aged 59, has been appointed as an independent non-executive Director since 23 November 2015, and is responsible for overseeing the management of the Group independently. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Lee has over 30 years of experience in legal services. Mr. Lee commenced working in Woo Kwan Lee & Lo, a law firm in Hong Kong, in 1989 and worked as a partner from 2001 to 2011. He worked in the Listing Division of the Stock Exchange, where he successively served as a manager and senior manager from 1992 to 1994. He joined Howse Williams Bowers (now known as Howse Williams), a law firm in Hong Kong, as a consultant lawyer in 2014. Mr. Lee received a bachelor's degree in laws (honours) and a postgraduate certificate in laws from The University of Hong Kong in November 1988 and September 1989 respectively. He was admitted as a solicitor in Hong Kong in 1991 and in the United Kingdom in 1997.

Currently, Mr. Lee is acting as an independent non-executive director of the following companies listed on the Main Board of the Stock Exchange:

Name of listed company	Stock code
Embry Holdings Limited	1388
FSE Lifestyle Services Limited	331
NetDragon Websoft Holdings Limited	777
Newton Resources Ltd	1231
Tenfu (Cayman) Holdings Company Limited	6868

Dr. Lui Sun Wing (呂新榮博士), aged 74, has been appointed as an independent non-executive Director since 1 July 2024, and is responsible for overseeing the management of the Group independently. He is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Dr. Lui is a former Vice-President of the Hong Kong Polytechnic University responsible for partnership development. He is also the former chief executive officer of the Institute for Enterprise, PolyU Technology and Consultancy Company Limited and PolyU Enterprises Limited. Prior to joining the Hong Kong Polytechnic University, Dr. Lui was the Branch Director of the Hong Kong Productivity Council in charge of the Materials and Process Branch which provides research and development, consultancy and training services in new materials, advanced manufacturing and environmental technologies to the industry. Dr. Lui obtained his degree of doctor of philosophy in mechanical engineering from the University of Birmingham in the United Kingdom in July 1979 and was admitted as a member of the Hong Kong Institution of Engineers in 1985. He is the Founding Chairman of the Society of Automotive Engineers — Hong Kong, the Former President of the Hong Kong Association for the Advancement of Science and Technology as well as Honorary Presidents and Honorary Advisors of various commercial, industrial and professional associations. Dr. Lui currently also serves as (i) an independent non-executive director of Human Health Holdings Limited (stock code: 1419) which is listed on the Main Board of the Stock Exchange; and (ii) a non-executive director of Eco-Tek Holdings Limited (stock code: 8169) which is listed on GEM of the Stock Exchange, respectively.

SENIOR MANAGEMENT

Various business and functions of the Group are under the direct responsibilities of the executive Directors and the chief executive officer who are regarded as senior management of the Group. The Board will review the organisation structure from time to time to complement the Company's corporate strategy.

CORPORATE GOVERNANCE REPORT

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 December 2024.

CORPORATE GOVERNANCE CULTURE AND VALUES

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. As a group with diversified businesses, by recognising the importance of stakeholders at the Board level and throughout the Group, we strive to provide high quality and reliable products and services, and to create values to the stakeholders through sustainable growth and continuous development.

The Board has set out the following core values to provide guidance on employees' conduct and behaviours as well as the business activities, and to ensure they align with the Group's culture and are embedded throughout the Group's vision, mission, policies and business strategies:

— Excellence: we aim to deliver excellence to impress our customers

— Integrity: we strive to do what is right

— Accountability: we are accountable for delivering on our commitments

— Empathy: we care about our stakeholders, being our employees, customers, suppliers and the community

— Sustainability: we pursue innovation and are committed to a sustainable future

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on 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"). Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

The Board is of the view that throughout the year ended 31 December 2024, the Company has complied with the code provisions set out in the CG Code, except for the code provision C.2.1. Key corporate governance principles and practices of the Company as well as the details of the foregoing code provision deviation are summarized below.

A. THE BOARD

A1. Responsibilities and Delegation

The Company is headed by an effective Board which is responsible for the leadership, control and management of the Company and oversees the Group's business, strategic decision and performances in the attainment of the objective of ensuring effective functioning and growth of the Group and enhancing value to investors. All the Directors carry out their duties in good faith, take decisions objectively and act in the interests of the Company and the Shareholders at all times.

All Directors have full and timely access to all relevant information of the Group as well as the advice and services of the company secretary and management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any Director may request for independent professional advice in appropriate circumstances at the Company's expense for discharging his/her duties, upon reasonable request made to the Board.

The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

The Executive Committee (the "Executive Committee") and management of the Company are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the above-mentioned officers. The Board has the full support of the management to discharge its responsibilities.

A2. Board Composition

The composition of the Board during the year ended 31 December 2024 and up to the date of this report is as follows:

Executive Directors:

Chairman Hung	*(Chairman of the Board, Chief Executive Officer, Chairman of the Nomination Committee and Member of the Remuneration Committee)*
Mr. Tse Chung Shing	
Ms. Hung Sui Lam	

Independent Non-executive Directors:

Mr. Lam Cheung Chuen	*(Member of the Audit Committee, the Remuneration Committee and the Nomination Committee)*
Mr. Chu Yat Pang Terry	*(Chairman of the Audit Committee and Member of the Remuneration Committee and the Nomination Committee)*
Mr. Lee Kwan Hung Eddie	*(Chairman of the Remuneration Committee and Member of the Audit Committee and the Nomination Committee)*
Dr. Lui Sun Wing *(Note)*	*(Member of the Audit Committee, the Remuneration Committee and the Nomination Committee)*

Note: Dr. Lui Sun Wing has been appointed as an independent non-executive Director with effect from 1 July 2024.

Chairman Hung is the father of Ms. Hung Sui Lam. Save as disclosed above, there is no relationship (including financial, business, family or other material/relevant relationship) between the Board members.

The biographical information of the Directors is set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

A3. Chairman and Chief Executive

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same person. The Company has deviated 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.

A4. Independent Non-executive Directors

Listing Rules 3.10 and 3.10A require an issuer to have a minimum of three independent non-executive directors (representing at least one-third of the board) with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The Board has met the above Listing Rule requirements. Actually, the proportion of independent non-executive Directors is higher than what is required by the Listing Rules since currently the four independent non-executive Directors represent more than one-half of the Board.

The members of the Board have skills and experience appropriate for the business requirements and objectives of the Group. Each executive Director is responsible for different business and functional division of the Group in accordance with his/her expertise. The independent non-executive Directors bring different business and financial expertise, experiences and independent judgment to the Board and they are invited to serve on the Board committees. Through participation in Board meetings, and taking the lead in managing issues involving potential conflicts of interests, the independent non-executive Directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the Shareholders.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in light of the independence guidelines set out in the Listing Rules.

A5. Appointment and Re-election of Directors

All Directors are appointed for a specific term. Chairman Hung has entered into a service contract with the Company and it has been renewed for a term of 3 years from 11 December 2024. Each of Mr. Tse Chung Shing and Ms. Hung Sui Lam, who have been appointed as executive Directors with effect from 1 January 2024, entered into a service contract with the Company for a term of 3 years commencing on 1 January 2024. The Company has issued a letter of appointment to Dr. Lui Sun Wing, who has been appointed as an independent non-executive Director with effect from 1 July 2024, for a term of 3 years commencing on 1 July 2024. The letters of appointment of the other three independent non-executive Directors have been renewed for a term of 3 years commencing on 11 December 2024. The Directors' service contracts and letters of appointment are subject to termination in accordance with their respective terms.

According to clause 84 of the articles of association of the Company (the "Articles"), one-third of the Directors for the time being (if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting of the Company (the "AGM") provided that every Director shall be subject to retirement by rotation at least once every three years and that any Directors so to retire shall be those who have been longest in office since their last re-election or appointment. The retiring Directors should be eligible for re-election at the relevant AGM. In addition, pursuant to clause 83 of the Articles, any new Director appointed by the Board, either to fill a casual vacancy on the Board or as an addition to the existing Board, shall hold office until the first AGM after his/her appointment. The Director appointed by the Board as aforesaid shall be eligible for re-election at the relevant AGM.

At the forthcoming AGM to be held on 13 June 2025 (the "2025 AGM"), Mr. Chu Yat Pang Terry and Mr. Lee Kwan Hung Eddie shall retire by rotation pursuant to clause 84 of the Articles whereas Dr. Lui Sun Wing, who has been appointed by the Board with effect from 1 July 2024, shall retire from office in accordance with clause 83 of the Articles. All of the above three Directors, being eligible, will offer themselves for re-election at the 2025 AGM. At the 2025 AGM, separate ordinary resolutions will be put forward to the Shareholders in relation to the proposed re-election of Mr. Chu Yat Pang Terry, Mr. Lee Kwan Hung Eddie and Dr. Lui Sun Wing as Directors. The Board and the Nomination Committee recommended their re-appointment. The circular of the Company, sent together with this annual report, contains detailed information of these three Directors as required by the Listing Rules.

A6. Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Each newly appointed Director shall receive a formal induction on the first occasion of his/her appointment to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Trainings and professional development for Directors are arranged whenever necessary. In addition, relevant reading materials on new or changes to salient laws and regulations applicable to the Group are provided to Directors from time to time for their reference and studying.

Directors are required to submit to the Company details of the training they received in each financial year for the Company's maintenance of proper training records of Directors. According to the training records currently maintained by the Company, during the year ended 31 December 2024, the Directors have complied with the code provision C.1.4 of the CG Code on participation in continuous professional training as follows:

	Type of training	
	Attending training on regulatory development, directors' duties or other relevant topics	**Reading regulatory updates or corporate governance related materials or materials relevant to directors' duties**
Mr. Hung Kwong Yee	✓	✓
Mr. Tse Chung Shing	✓	✓
Ms. Hung Sui Lam	✓	✓
Mr. Lam Cheung Chuen	✓	✓
Mr. Chu Yat Pang Terry	✓	✓
Mr. Lee Kwan Hung Eddie	✓	✓
Dr. Lui Sun Wing *(Note)*	✓	✓

Note: Dr. Lui Sun Wing has been appointed as an independent non-executive Director with effect from 1 July 2024. He obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 14 May 2024 and he has confirmed he understood his obligations as a director of a listed issuer.

A7. Directors' Attendance Records at Meetings

The attendance records of each Director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 December 2024 are set out below:

	Attendance/Number of Meetings					
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Independent Board Committee *(Note 2)***	**General Meetings *(Note 3)***
Executive Directors:						
Mr. Hung Kwong Yee	7/7	N/A	3/3	2/2	N/A	3/3
Mr. Tse Chung Shing	7/7	N/A	N/A	N/A	N/A	3/3
Ms. Hung Sui Lam	7/7	N/A	N/A	N/A	N/A	3/3
Independent Non-executive Directors:						
Mr. Lam Cheung Chuen	7/7	3/3	3/3	2/2	1/1	3/3
Mr. Chu Yat Pang Terry	7/7	3/3	3/3	2/2	1/1	3/3
Mr. Lee Kwan Hung Eddie	7/7	3/3	3/3	2/2	1/1	3/3
Dr. Lui Sun Wing *(Note 1)*	4/4	2/2	N/A	N/A	1/1	1/1

Note 1: Dr. Lui Sun Wing has been appointed as an independent non-executive Director with effect from 1 July 2024. Subsequent to his appointment, four Board meetings, two Audit Committee meetings, one Independent Board Committee meeting and one extraordinary general meeting of the Company were held.

Note 2: The Independent Board Committee (comprising all the four independent non-executive Directors) meeting was held to consider the Supplemental Agreement and the Revised Annual Caps, each as defined and described in the circular of the Company dated 2 August 2024, and to advise the independent Shareholders as to the fairness and reasonableness of the same.

Note 3: During the year ended 31 December 2024, the Company has held three general meetings of Shareholders, being an extraordinary general meeting held on 8 April 2024 (for approving the adoption of the share award scheme (the "Ten Pao Electronic (Huizhou) Share Award Scheme") of Ten Pao Electronic (Huizhou) Co., Ltd.* (廣東天寶電子科技股份有限公司 (formerly named 天寶電子（惠州）有限公司)) ("Ten Pao Electronic (Huizhou)"), the Company's indirect wholly-owned subsidiary, and the grant of share awards under the said scheme), an annual general meeting held on 14 June 2024 and another extraordinary general meeting held on 23 August 2024 (for ratifying the Supplemental Agreement and the Revised Annual Caps, each as defined and described in the circular of the Company dated 2 August 2024).

In addition, the Chairman of the Board held one meeting with all the independent non-executive Directors without the presence of executive Directors during the year ended 31 December 2024.

* For identification purpose only

A8. Directors' and Employees' 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 its own code of conduct regarding Directors' dealings in the securities of the Company.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2024.

The Company has also established written guidelines (the "Employees Written Guidelines") on terms no less exacting than the Model Code for securities transactions by employees of the Group who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company throughout the year ended 31 December 2024.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees of the Group in advance.

A9. Board Independence

The Group has established mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board. The Board has reviewed the implementation and effectiveness of the following mechanisms:

— Four out of the seven Directors are independent non-executive Directors, which exceeds the requirement of the Listing Rules that at least one-third of the Board are independent non-executive Directors.

— Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, independent non-executive Directors will be appointed to all Board committees as far as possible to ensure independent views are available.

— The Nomination Committee will assess the independence of a candidate who is nominated to be a new independent non-executive Director before appointment and the continued independence of the existing independent non-executive Directors on an annual basis.

— Each independent non-executive Director is also required to inform the Company as soon as practicable if there is any change in his own personal particulars that may materially affect his independence.

— Each independent non-executive Director is required to submit a written confirmation to the Company annually to confirm the independence of himself and his immediate family members.

— All Directors are entitled to seek further information and documentation from the management on the matters to be discussed at Board meetings. They can also seek assistance from the Company's secretary and, where necessary, independent advice from external professional advisers at the Company's expense.

— All Directors are encouraged to express their views in an open and candid manner during the Board/Board committees' meetings.

— Any Director who has material interests in any contract, transaction or arrangement shall abstain from voting and not be counted in the quorum on any Board resolution approving the same.

A10. Corporate Governance Functions

The Audit Committee is responsible for performing the corporate governance functions set out in the code provision A.2.1 of the CG Code.

During the year under review, the Audit Committee has performed corporate governance functions as follows: (i) reviewed and monitored the Company's corporate governance policies and practices; (ii) reviewed and monitored the training and continuous professional development of Directors and senior management; (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; (iv) reviewed and monitored the compliance of the Model Code; and (v) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

B. BOARD COMMITTEES

The Board has established four Board committees, namely, the Executive Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees are established with specific written terms of reference which deal clearly with their authority and duties. These terms of reference are posted on the Stock Exchange's website and the Company's website (except for the terms of reference of the Executive Committee which are available to Shareholders upon request). All the Board committees should report to the Board on their decisions or recommendations made.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B1. Executive Committee

The Executive Committee comprises all the executive Directors with Chairman Hung acting as the chairman of the Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decisions. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

B2. Audit Committee

The Company has met the Listing Rules requirements regarding the composition of the Audit Committee throughout the year ended 31 December 2024. The Audit Committee comprises all of the four independent non-executive Directors, with Mr. Chu Yat Pang Terry acting as the chairman of the Committee. Mr. Chu Yat Pang Terry possesses the appropriate professional qualification, and accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making the relevant recommendation to the Board; reviewing the Company's financial reporting system, internal control system and risk management systems and effectiveness of the internal audit function; and performing the Company's corporate governance functions.

During the year ended 31 December 2024, the Audit Committee has held three meetings (the attendance records of each Committee member are set out in section A7 above) and performed the following major works:

— Reviewed and discussed the annual financial statements, results announcement and annual report for the year ended 31 December 2023, the relevant audit findings of the Company's external auditor; and the recommendation of the re-appointment of the external auditor;

— Reviewed and discussed the interim financial statements, results announcement and interim report for the six months ended 30 June 2024 and the relevant review findings of the Company's external auditor;

— Reviewed the Group's continuing connected transactions;

— Discussed the major internal audit issues;

— Reviewed the Group's financial reporting system and risk management and internal controls systems, and the existing internal audit function of the Company, and made relevant recommendation to the Board;

— Reviewed the compliance with and enforcement of the terms of the Deed of Non-competition by the controlling Shareholders;

— Reviewed the arrangements for employees of the Group to raise concerns about possible improprieties in the Group's financial reporting, internal control or other matters;

— Performed the corporate governance functions as set out in section A10 above; and

— Discussed with the external auditor about the scope of audit work for the year ended 31 December 2024.

The Company's external auditor has also attended the three Audit Committee meetings held during the year ended 31 December 2024.

Besides, there is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

B3. Remuneration Committee

The Remuneration Committee consists of a total of five members, being one executive Director, Chairman Hung, and four independent non-executive Directors, Mr. Lee Kwan Hung Eddie (chairman of the Committee), Mr. Lam Cheung Chuen, Mr. Chu Yat Pang Terry and Dr. Lui Sun Wing. Throughout the year ended 31 December 2024, the Company has met the Listing Rule requirements of having the majority of the Remuneration Committee members being independent non-executive Directors as well as having the Committee chaired by an independent non-executive Director.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The principal responsibilities of the Remuneration Committee include reviewing and making recommendations to the Board on the Company's remuneration policy and structure and the remuneration packages of Directors and members of senior management (i.e. the model described in the code provision E.1.2(c)(ii) of the CG Code is adopted). The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

During the year ended 31 December 2024, the Remuneration Committee has held three meetings (the attendance records of each Committee member are set out in section A7 above), in which the Committee members have (i) reviewed the existing remuneration policy and structure of the Company and the remuneration packages of Directors and senior management of the Company and made relevant recommendations to the Board; (ii) given recommendation to the Board on the emoluments of Dr. Lui Sun Wing, being the newly appointed independent non-executive Director with effect from 1 July 2024; and (iii) given recommendation to the Board on the adoption of the Ten Pao Electronic (Huizhou) Share Award Scheme and the grant of share awards under the said scheme. In particular, the Remuneration Committee is of the view that the grant of share awards to the grantees under the Ten Pao Electronic (Huizhou) Share Award Scheme is consistent with the purposes of the said scheme and the arrangement with no vesting period (but subject to a clawback mechanism) is justifiable and aligns with the purposes of the said scheme. For further details, please refer to the circular of the Company dated 15 March 2024 and the announcement of the Company dated 8 August 2024. None of the share awards granted under the Ten Pao Electronic (Huizhou) Share Award Scheme have performance targets.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises basic salary, pensions and discretionary bonus. Executive Directors may also receive options to be granted under the Company's share option scheme. The remuneration policy for independent non-executive Directors is to ensure that they are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities as well as market practice and conditions. Individual Directors and senior management have not been involved in deciding their own remuneration.

Details of the remuneration of each Director for the year ended 31 December 2024 are set out in note 38 to the financial statements contained in this annual report.

B4. Nomination Committee

The Nomination Committee comprises a total of five members, being Chairman Hung (chairman of the Committee), and the four independent non-executive Directors, Mr. Lam Cheung Chuen. Mr. Chu Yat Pang Terry, Mr. Lee Kwan Hung Eddie and Dr. Lui Sun Wing. Throughout the year ended 31 December 2024, the Company has met the Listing Rule provision, which requires the majority of a nomination committee being independent non-executive directors and the committee chairman being the chairman of the board or an independent non-executive director.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal responsibilities of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge, experience and diversity perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identify qualified and suitable individuals to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive of the Company.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the year ended 31 December 2024, the Nomination Committee has held two meetings (the attendance records of each Committee member are set out in section A7 above) in which the Committee members have (i) reviewed the existing structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group; (ii) recommended the re-appointment of the retiring Directors standing for re-election at the Company's AGM held on 14 June 2024; (iii) assessed the independence of the existing independent non-executive Directors; and (iv) recommended the appointment of Dr. Lui Sun Wing as an additional independent non-executive Director, which took effect from 1 July 2024.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that the selection and nomination of Board positions are appropriately structured so that a diverse range of candidates can be considered.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

As at the date of this annual report, the Board comprises seven Directors, one of whom is female. The Board considers that the current Board composition has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of the Group's business and allowed opinion from different gender and background be heard and discussed, and Board diversity (including gender diversity) has been achieved.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives.

The Nomination Committee shall review the Board Diversity Policy on an annual basis to ensure its effectiveness.

Gender Ratio in the Workforce

The Company values gender diversity across all levels of the Group. The gender ratio in the workforce of the Group (including senior management) as at 31 December 2024 was 43:57 (female:male). The Company considers the above gender ratio satisfactory.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

C. DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors have acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024.

The Board is responsible for presenting a balanced, clear and understandable assessment in annual and interim reports, inside information announcements and other financial disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 December 2024 is set out in the section headed "Independent Auditor's Report" in this annual report.

D. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems. The Board reviews the effectiveness of the risk management and internal control systems as well as the internal audit function of the Company on an annual basis through the Audit Committee.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, finance, human resources and information technology. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each department.

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. The management, in coordination with department heads, assess the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress. The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2024.

The Company's internal audit unit is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit unit examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

During the year ended 31 December 2024, the Board, as supported by the Audit Committee as well as the report from the management and the internal audit findings, reviewed the effectiveness of the Group's risk management and internal control systems, including the financial, operational and compliance controls, and considered that such systems are effective and adequate.

The Company has developed a policy for handling and dissemination of inside information. The policy provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Directors who have come across any potential inside information or any information subject to disclosure should bring such information immediately to the notice of the Board and employees at different levels should have the same responsibility to identify and escalate such information to their immediate superiors. In addition, the policy sets out measures for preserving the confidentiality of inside information and access to confidential information is limited to a minimum number of employees on a 'need to know' basis. In handling enquiries from Shareholders and external parties relating to the Group's affairs and in dealing with investors, analysts and the media, etc., only designated persons are authorized to speak on behalf of the Company.

In addition, the Company has in place a whistleblowing policy for employees of the Group and those who deal with the Group to raise concerns with the Company about possible improprieties in any matters related to the Group.

The Company has also in place an anti-corruption policy to safeguard against corruption and bribery within the Group. The Company has an internal reporting channel that is open and available for employees of the Group to report any suspected corruption and bribery. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and organizes anti-corruption training to ensure the effectiveness of anti-corruption and anti-bribery.

E. COMPANY SECRETARY

The secretary of the Company is Mr. Tse Chung Shing, who is also an executive Director and the chief financial officer of the Company. Mr. Tse fulfils the qualification requirements laid down in the Listing Rules. Biographical details of Mr. Tse are set out in the section headed "Biographies of Directors and Senior Management" of this annual report. For the year ended 31 December 2024, Mr. Tse has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

F. EXTERNAL AUDITOR'S REMUNERATION

The fees paid to PricewaterhouseCoopers, the Company's external auditor, in respect of audit and non-audit services for the year ended 31 December 2024 are set out below:

Type of services provided by the external auditor	**Approximate fees paid/ payable** HK$'000
Audit services — audit fee for the year ended 31 December 2024	2,856
Non-audit services	
— Interim review fee for the six months ended 30 June 2024	727
— Tax and other advisory services	712
TOTAL:	4,295

G. SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at Shareholders' meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each Shareholders' meeting.

Pursuant to the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There is no provision allowing Shareholders to move new resolutions at general meetings under the Cayman Islands Companies Act or the Articles. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition to the address as specified in paragraph J2e(ii) below. The requisitionist(s) shall provide his/her/their full name(s), contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law. Shareholders may call the Company at (852) 2790 5566 for any assistance.

With respect to the Shareholders' right in proposing persons for election as Directors, please refer to the procedures available on the website of the Company.

H. CONSTITUTIONAL DOCUMENTS

The Company has not made any changes to the Articles during the year ended 31 December 2024. The latest version of the Articles is available on the websites of the Company and the Stock Exchange.

I. DEED OF NON-COMPETITION

In respect of the compliance of the provisions of the Deed of Non-competition by the controlling Shareholders, please refer to the section headed "Non-competition Undertakings by Controlling Shareholders" set out in the Directors' Report contained in this annual report.

J. POLICIES RELATING TO SHAREHOLDERS

J1. Dividend Policy

The Company intends to strike a balance between maintaining sufficient capital to develop and operate the business of the Group and rewarding the Shareholders. According to the dividend policy adopted by the Company (the "Dividend Policy"), the Company does not have any pre-determined dividend payout ratio. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors of the Group:

- Financial results;
- Cash flow situation;
- Business conditions and strategies;
- Future operations and earnings;
- Capital requirements and expenditure plans;
- Interests of Shareholders;
- Any restrictions on payment of dividends; and
- Any other factors that the Board may consider relevant.

The declaration and payment of dividends by the Company is also subject to the provisions set out in the Articles, any restrictions under the Companies Act of the Cayman Islands, and any applicable laws, rule and regulations. Any declaration and payment of dividends under the Dividend Policy is subject to the Board's determination that the same would be in the best interests of the Group and the Shareholders as a whole. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary.

J2. Shareholders' Communication Policy

The Company has in place a Shareholders' communication policy (the "Shareholders' Communication Policy"). Such policy aims to set out various provisions with the objective of ensuring the Shareholders are provided with equal and timely access to information about the Company, in order to enable them to exercise their rights in an informed manner and to allow them to engage actively with the Company. The Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy and considered it satisfactory since the Company has established a number of channels, as detailed below, for maintaining on-going dialogues with its Shareholders:

(a) Corporate Communication

"Corporate Communication" as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors' report, annual accounts together with a copy of the auditor's report; (b) the half-year report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkex.com.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions in a timely manner as required by the Listing Rules.

(b) Announcements and Other Documents pursuant to the Listing Rules

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange's website in a timely manner in accordance with the Listing Rules.

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.tenpao.com). Other corporate information about the Company's business developments, operations, and corporate governance related matters will also be available on the Company's website.

(d) Shareholders' Meetings

AGMs and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman of the Board and other Board members, the chairmen of Board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders' questions (if any). The chairman of the independent Board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent Shareholders' approval.

(e) Shareholders' Enquiries

(i) Enquiries about Shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar, Tricor Investor Services Limited, via its online holding enquiry service at www.tricoris.com, or send email to is-enquiries@vistra.com or call its hotline at (852) 2980 1333, or go in person to its public counter at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(ii) Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries or requests to the Board/the Company via the following contact details:

Attention:	Company Secretary
Address:	Rooms 610–612, 6th Floor, Kwong Sang Hong Centre, 151–153 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
Email:	ir@tenpao.com
Tel:	(852) 2790 5566
Fax:	(852) 2342 0146

Enquiries and requests will be dealt with by the Company in an informative and timely manner.

The Board will review the Shareholders' Communication Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify such policy at any time as it deems fit and necessary.

DIRECTORS' REPORT

The Board is pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is engaged in the sales and manufacturing of switching power supply units for consumer products and smart chargers and controllers for industrial use.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated financial statements on pages 69 to 75.

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

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

BUSINESS REVIEW

A review of the Group's business during the year under review, which includes a discussion of the principal risks and uncertainties facing by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. In addition, a discussion on relationships with its key stakeholders is included in the sections headed "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report. The review forms part of this Directors' report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company is incorporated in the Cayman Islands with its shares listed on the Main Board of the Stock Exchange. The Group's operations are mainly carried out by the Group's subsidiaries in the PRC while the Group also has a headquarter in Hong Kong. The Group's principal business activity is engaged in the developing, manufacturing and sales of electric charging products in the PRC. Set out below is a summary of certain laws and regulations relating to the Group's operations and business which may have significant impact to the Group:

1. the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

2. the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

3. the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands; and

4. the Listing Rules.

If there is any non-compliance with the above rules and regulations, it will affect the Group's operations, development and financial performance. During the year ended 31 December 2024, the Group complied with all the relevant laws and regulations in the Cayman Islands and Hong Kong that have a significant impact on the Group.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group complies with environmental legislation, encourages "Green Development, Energy Conservation and Emission Reduction", and promotes its awareness to all employees of the Group. The Group's business is inextricably linked to the use of energy. Therefore, the Group has achieved energy conservation and water saving through rectification of its operations and production models. In addition, the Group is closely following the national environmental protection laws and policies to achieve green development.

Further details of the Company's environmental policy and performance for the year under review are set out in the "Environmental, Social and Governance Report" of the Company, which will be published on the websites of the Company and of the Stock Exchange at the same time as the publication of this annual report.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 10 June 2025 to Friday, 13 June 2025 (both days inclusive) for the purpose of determining the right to attend and vote at the 2025 AGM. In order to be qualified for attending and voting at the 2025 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong time) on Monday, 9 June 2025.

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years ended 31 December 2024 is set out in the section headed "Five-year Financial Summary" on page 144 of this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Group and the Company during the year under review are set out in note 25 to the consolidated financial statements.

SHARE PREMIUM AND RESERVES

Movements in the reserves of the Group and of the Company during the year under review are set out in the consolidated statement of changes in equity and notes 25, 27 and 37 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the reserves of the Company available for distribution to Shareholders amounted to approximately HK$332,037,000 (2023: HK$339,691,000).

DONATIONS

Charitable donations made by the Group during the year ended 31 December 2024 amounted to HK$2,011,000 (2023: HK$2,031,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year under review are set out in note 13 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the movements in investment properties of the Group during the year under review are set out in note 15 to the consolidated financial statements.

BORROWINGS

Details of borrowings are set out in note 28 to the consolidated financial statements.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) for the benefit of the Directors is currently in force and was in force throughout the year ended 31 December 2024.

EQUITY-LINKED AGREEMENTS

During the year under review, other than the share option scheme adopted by the Company on 23 November 2015 (the "Share Option Scheme") as set out in the section headed "Share Option Scheme" below and the Ten Pao Electronic (Huizhou) Share Award Scheme adopted by Ten Pao Electronic (Huizhou) on 28 February 2024 as set out in the section headed "Ten Pao Electronic (Huizhou) Share Award Scheme" below, the Company has not entered into any equity-linked agreement.

SHARE OPTION SCHEME

The Company adopted 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 the 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.

The maximum number of shares in respect of which options may be granted (including shares in respect of which options, whether exercised or still outstanding, have already been granted, but excluding shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme) under the Share Option Scheme shall not exceed 100,000,000 shares, being approximately 9.71% of the total number of issued shares of the Company as at the date of this annual report. 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 18,892,000 share options were lapsed in accordance with the terms of the Share Option Scheme. Accordingly, the total number of shares currently available for issue under the Share Option Scheme is 99,544,000 shares, being approximately 9.66% of the total number of issued shares of the Company as at the date of this annual report.

The total number of shares of the Company issued and to be issued upon exercise of the options granted under the Share Option Scheme (including exercised, cancelled and outstanding options) to each Eligible Participant in any 12-month period shall not, without Shareholders' approval, exceed 1% of the shares of the Company in issue. Where the Eligible Participant is an independent non-executive Director or a substantial Shareholder (as defined in Chapter 1 of the Listing Rules), independent Shareholders' approval is required for grants of options (including exercised, cancelled and outstanding options) to any of them in excess of 0.1% of the issued shares of the Company over a 12-month period.

The offer of a grant of share options under the Share Option Scheme may be accepted within 30 days from the date of offer upon payment of a consideration of HK$1 by the grantee.

The Share Option Scheme will remain in force for a period of 10 years from 23 November 2015, the date of adoption of the Share Option Scheme. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Options may be vested over such period(s) as determined by the Board in its absolute discretion subject to compliance with the requirements under any applicable laws, regulations or rules.

The exercise price of share options under the Share Option Scheme is determined by the Board, but shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day; (ii) the average closing price of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company.

No movement of share options for the year ended 31 December 2024 is shown in this annual report since (i) there were no outstanding share options as at 1 January 2024; and (ii) there was no grant of share options during the year ended 31 December 2024.

Upon implementation of the amended Chapter 17 of the Listing Rules with effect from 1 January 2023, the Company may continue to grant share options under the Share Option Scheme as far as it remains in force, but it must follow the provisions set out in the amended Chapter 17 of the Listing Rules (including the amended definition of eligible participants).

In light of the fact that (i) the Share Option Scheme is going to expire on 23 November 2025; and (ii) amendments to Chapter 17 of the Listing Rules took effect on 1 January 2023, the Company intends to adopt a new share option scheme (which complies with Chapter 17 of the Listing Rules currently in force) at the 2025 AGM so that it can continue to provide incentives, rewards or motivation to Eligible Participants for their contribution or potential contribution to the Group by way of grant of share options. In the event that the adoption of the new share option scheme is approved by the Shareholders at the 2025 AGM, no additional share options under the Share Option Scheme will be granted by the Company.

TEN PAO ELECTRONIC (HUIZHOU) SHARE AWARD SCHEME

On 28 February 2024, the board of directors of Ten Pao Electronic (Huizhou), a subsidiary of the Company, resolved to propose (i) the adoption of the Ten Pao Electronic (Huizhou) Share Award Scheme and (ii) the conditional grant of award shares to (a) Ms. Yang Bingbing ("Ms. Yang"), the chief executive officer and a director of Ten Pao Electronic (Huizhou); and (b) Mr. Hong Guangdai ("Mr. G.D. Hong"), a director of Ten Pao Electronic (Huizhou). Pursuant to Rule 17.13 of the Listing Rules, Rules 17.02 to 17.04 and Rules 17.06 to 17.09 of the Listing Rules apply to share schemes of a principal subsidiary of a listed issuer as if they were share schemes of the issuer as described in Rule 17.01(1) of the Listing Rules. Ten Pao Electronic (Huizhou) is a principal subsidiary of the Company. Therefore, pursuant to Rule 17.13 of the Listing Rules, the Ten Pao Electronic (Huizhou) Share Award Scheme, as a share award scheme of a principal subsidiary of the Company, is subject to Rule 17.02 of the Listing Rules and the approval of the Shareholders in general meeting. The proposed adoption of the Ten Pao Electronic (Huizhou) Share Award Scheme and the conditional grant of share awards to Ms. Yang and Mr. G.D. Hong were approved by the independent Shareholders by way of ordinary resolutions 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.

Eligible participants of the Ten Pao Electronic (Huizhou) Share Award Scheme include: (i) any director or employee of the Ten Pao Electronic (Huizhou) or any of its subsidiaries (including a person who is granted a share award under the Ten Pao Electronic (Huizhou) Share Award Scheme as a means of procuring a contract of employment with Ten Pao Electronic (Huizhou) or any of its subsidiaries) pursuant to the Ten Pao Electronic (Huizhou) Share Award Scheme, Listing Rules and any applicable laws and regulations; and (ii) any director or employee of the holding company or fellow subsidiary of Ten Pao Electronic (Huizhou).

The maximum number of equity available for issue under the Ten Pao Electronic (Huizhou) Share Award Scheme shall not exceed 10% of the total issued share capital of Ten Pao Electronic (Huizhou) as at the adoption date (i.e. 10% of the registered capital in the amount of RMB24,746,341), being approximately 9.20% of the total registered capital of Ten Pao Electronic (Huizhou) as at the date of this annual report. Since the adoption of the Ten Pao Electronic (Huizhou) Share Award Scheme, an aggregate registered capital of RMB21,410,000 of Ten Pao Electronic (Huizhou), representing approximately 7.96% of the total registered capital of Ten Pao Electronic (Huizhou), have been granted. Accordingly, the total number of equity currently available for issue under the Ten Pao Electronic (Huizhou) Share Award Scheme amounted to RMB3,336,341, being approximately 1.24% of the total registered capital of Ten Pao Electronic (Huizhou) as at the date of this annual report.

Where any grant of award to an eligible participant would result in the number of award shares transferred or to be transferred or allotted and issued or to be allotted and issued to such eligible participant under all options and awards granted to such eligible participant (excluding any options and awards that have lapsed in accordance with the terms of the relevant scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of total issued shares capital of Ten Pao Electronic (Huizhou), such grant must be approved by the Shareholders in the general meeting of the Company with such eligible participant and his/her close associates (or his/her associates if the eligible participant is a connected person) abstaining from voting.

The award shares granted under the Ten Pao Electronic (Huizhou) Share Award Scheme will vest immediately on the date of grant. The Ten Pao Electronic (Huizhou) Share Award Scheme does not impose a vesting period, and therefore, does not impose performance targets with regard to the vesting of the award shares granted under the Ten Pao Electronic (Huizhou) Share Award Scheme, but the award shares are subject to a lock-up period of 5 years (the "Lock-up Period"). Considering that the award shares granted under the Ten Pao Electronic (Huizhou) Share Award Scheme will be subject to a total holding period (i.e. the Lock-up Period) of 5 years, and such lock-up arrangements are appropriate for retaining, incentivising, rewarding, remunerating and compensating valuable employees, the Directors and the Remuneration Committee are of the view that such arrangement with no vesting period is justifiable and aligns with the purposes of the Ten Pao Electronic (Huizhou) Share Award Scheme.

For the first grant of awards, the price required to be paid by the selected participants to acquire the award shares for each RMB1 registered capital of Ten Pao Electronic (Huizhou) is RMB1/registered capital. For subsequent grant of awards, the grant price is RMB1.55/registered capital. The grant price is determined based on combined factors such as Ten Pao Electronic (Huizhou)'s operating conditions and market conditions. The selected participant shall pay the grant price as provided in the award notice. The funds used by the selected participants to pay the grant price shall be their own funds or other legal self-raised funds.

The Ten Pao Electronic (Huizhou) Share Award Scheme will remain in force for a period of 10 years from 8 April 2024, being the date of adoption of the Ten Pao Electronic (Huizhou) Share Award Scheme.

Details of movement of the share awards granted under the Ten Pao Electronic (Huizhou) Share Award Scheme for the year ended 31 December 2024 are as follows:

Grant date	Grantees	Amount of registered capital granted RMB	Purchase price per registered capital granted/price per applying for or accepting the grant of registered capital RMB	Closing price per share of Ten Pao Electronic (Huizhou) on grant date RMB	Fair value per registered capital granted as at the grant date RMB
28 February 2024	Ms. Yang	8,700,000	1.00	N/A *(Note)*	7.87
28 February 2024	Mr. G.D. Hong	2,000,000	1.00	N/A *(Note)*	7.87
8 August 2024	88 full-time employees of Ten Pao Electronic (Huizhou)	10,710,000	1.55	N/A *(Note)*	6.83

Note: Ten Pao Electronic (Huizhou) is a private company and its registered capital are not publicly traded.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the relevant laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

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

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, the percentage of the Group's turnover attributable to the Group's largest customer and the five largest customers in aggregate were 16.5% and 66.0% respectively (2023: 16.8% and 63.1% respectively).

During the year ended 31 December 2024, the percentage of the Group's purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate were 5.4% and 13.9% respectively (2023: 6.4% and 16.1% respectively).

None of the Directors or any of their close associates or any Shareholders (which to the best knowledge of the Directors own more than 5% of the number of the Company's issued shares) had any interest in any of the Group's five largest customers or suppliers.

RETIREMENT BENEFIT SCHEMES

The Group participated in various retirement benefit schemes in accordance with relevant rules and regulations in the PRC and Hong Kong. Particulars of the retirement benefit schemes are set out in note 8 to the consolidated financial statements.

DIRECTORS

The Directors during the year ended 31 December 2024 and up to the date of this annual report were:

Executive Directors

Mr. Hung Kwong Yee
Mr. Tse Chung Shing
Ms. Hung Sui Lam

Independent Non-executive Directors

Mr. Lam Cheung Chuen
Mr. Chu Yat Pang Terry
Mr. Lee Kwan Hung Eddie
Dr. Lui Sun Wing (appointed with effect from 1 July 2024)

Dr. Lui Sun Wing, who has been appointed by the Board as an independent non-executive Director with effect from 1 July 2024, obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 14 May 2024 and he has confirmed he understood his obligations as a Director of the Company.

Pursuant to clause 83(3) of the Articles, Dr. Lui Sun Wing shall hold office until the 2025 AGM. Pursuant to clause 84 of the Articles, Mr. Chu Yat Pang Terry and Mr. Lee Kwan Hung Eddie shall retire by rotation at the 2025 AGM. All of the above three retiring Directors, being eligible, will offer themselves for re-election at the 2025 AGM.

DIRECTORS' SERVICE CONTRACTS

None of the Directors offering for re-election at the 2025 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Save for the contracts described under the paragraph headed "Connected Transactions and Continuing Connected Transactions" below and note 36 "Related Party Transactions" to the consolidated financial statements, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or his/her connected entity or a controlling Shareholder (or any of its subsidiaries) had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2024 or at any time during the year ended 31 December 2024.

DIRECTORS' RIGHTS TO PURCHASE SHARE OR DEBENTURES

Apart from the schemes as set out in the sections headed "Share Option Scheme" and "Ten Pao Electronic (Huizhou) Share Award Scheme" above, at no time during the year under review was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such rights.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Connected transaction

Save for the continuing connected transactions as disclosed below, during the year ended 31 December 2024, the Group has not carried out any connected transactions that are not exempt from annual reporting requirement under Chapter 14A of the Listing Rules.

Continuing connected transactions

The Group has entered into the following continuing connected transactions:

(A) *Leasing of properties from the associates of Chairman Hung*

2024 Tenancy Agreements

On 31 December 2023, the Group entered into the following tenancy agreements, namely, the 2024 Sky Fortune Tenancy Agreement, the 2024 Golden Lake Tenancy Agreement, the 2024 Golden Ocean Wire Tenancy Agreement, the 2024 1st Tiannengyuan Charging Tenancy Agreement and the 2024 2nd Tiannengyuan Charging Tenancy Agreement (collectively, the "2024 Tenancy Agreements"):

2024 Sky Fortune Tenancy Agreement

Date	:	31 December 2023
Location	:	Room 610–11, 6/F, Kwong Sang Hong Centre, No. 151–153 Hoi Bun Road, Kwun Tong, Hong Kong
Lessor	:	Sky Fortune Enterprises Limited (天祥企業有限公司) ("Sky Fortune")
Lessee	:	Ten Pao Precision Electronics Company Limited (天寶精密電子有限公司) ("Ten Pao Precision"), an indirect wholly-owned subsidiary of the Company
Monthly rental	:	HK$50,000
Term	:	1 January 2024 to 31 December 2024 (both days inclusive)
Usage	:	Office premises

The annual cap of rent payable by Ten Pao Precision to Sky Fortune for the year ended 31 December 2024 was HK$600,000. The rental under the 2024 Sky Fortune Tenancy Agreement was paid on a monthly basis and was determined after arm's length negotiations with reference to (i) the historical rent paid for the year ended 31 December 2023; and (ii) the prevailing market rent for comparable properties of similar type, age and location.

The actual transaction amount under the 2024 Sky Fortune Tenancy Agreement during the year ended 31 December 2024 was HK$600,000.

Since approximately 96.67% and 3.33% of the issued share capital of Sky Fortune are held by Chairman Hung, an executive Director and a controlling Shareholder, and Ms. Yeh Chin Lian, the spouse of Chairman Hung, respectively, Sky Fortune is an associate of Chairman Hung and therefore a connected person of the Company and the leasing of properties pursuant to the 2024 Sky Fortune Tenancy Agreement constituted a continuing connected transaction of the Company.

2024 Golden Lake Tenancy Agreement

Date	:	31 December 2023
Location	:	Flat 15, 6/F, Kwong Sang Hong Centre, No. 151–153 Hoi Bun Road, Kwun Tong, Hong Kong
Lessor	:	Golden Lake (HK) Co., Limited (錦湖 (香港) 有限公司) ("Golden Lake")
Lessee	:	Ten Pao International Limited (天寶國際興業有限公司) ("Ten Pao International"), an indirect wholly-owned subsidiary of the Company
Monthly rental	:	HK$44,000
Term	:	1 January 2024 to 31 December 2024 (both days inclusive)
Usage	:	Office premises

The annual cap of rent payable by Ten Pao International to Golden Lake for the year ended 31 December 2024 was HK$528,000. The rental under the 2024 Golden Lake Tenancy Agreement was paid on a monthly basis and was determined after arm's length negotiations with reference to (i) the historical rent paid for the year ended 31 December 2023; and (ii) the prevailing market rent for comparable properties of similar type, age and location.

The actual transaction amount under the 2024 Golden Lake Tenancy Agreement during the year ended 31 December 2024 was HK$528,000.

Since 98% and 2% of the issued share capital of Golden Lake are held by Chairman Hung, an executive Director and a controlling Shareholder, and Ms. Yeh Chin Lian, the spouse of Chairman Hung, respectively, Golden Lake is an associate of Chairman Hung and therefore a connected person of the Company and the leasing of properties pursuant to the 2024 Golden Lake Tenancy Agreement constituted a continuing connected transaction of the Company.

2024 Golden Ocean Wire Tenancy Agreement

Date	:	31 December 2023
Location	:	Yongguang Industrial Zone, Xikeng Village, Huihuang Street Office, Huizhou City, the PRC* (中國惠州市惠環街道辦事處西坑村永光工業區)
Lessor	:	Huizhou Golden Ocean Wire Co., Limited* (惠州市鑫洋線業有限公司) ("Golden Ocean Wire")
Lessee	:	Huizhou Ten Pao Chuangneng Technology Co., Ltd.* (惠州市天寶創能科技有限公司) ("Ten Pao Chuangneng"), an indirect wholly-owned subsidiary of the Company
Monthly rental	:	RMB289,000 (equivalent to approximately HK$321,166)
Term	:	1 January 2024 to 31 December 2024 (both days inclusive)
Usage	:	Production facilities and staff quarters

The annual cap of rent payable by Ten Pao Chuangneng to Golden Ocean Wire for the year ended 31 December 2024 was RMB3,468,000 (equivalent to approximately HK$3,853,988). The rental under the 2024 Golden Ocean Wire Tenancy Agreement was paid on a monthly basis and was determined after arm's length negotiations with reference to (i) the historical rent paid for the year ended 31 December 2023; (ii) the prevailing market rent for comparable properties of similar type, age and location; and (iii) the exchange rate movement of RMB and HKD during the lease term.

The actual transaction amount under the 2024 Golden Ocean Wire Tenancy Agreement during the year ended 31 December 2024 was RMB289,000 (equivalent to approximately HK$311,000).

100% of the registered capital of Golden Ocean Wire is held by Golden Ocean Copper Manufacturer Co., Limited (鑫洋銅工業有限公司) ("Golden Ocean Copper") and 100% of the issued share capital of Golden Ocean Copper is held by Year Industries Limited. The entire issued share capital of Year Industries Limited is held by Ms. Yeh Chin Lian, the spouse of Chairman Hung. Since Golden Ocean Wire is directly wholly-owned by Golden Ocean Copper, Golden Ocean Wire is an associate of Chairman Hung and therefore a connected person of the Company and the leasing of properties pursuant to the 2024 Golden Ocean Wire Tenancy Agreement constituted a continuing connected transaction of the Company.

* For identification purpose only

2024 1st Tiannengyuan Charging Tenancy Agreement

Date	:	31 December 2023
Location	:	Factory and dormitory located at Mujintou Zone, Xinmindahuyuan Village, Shuikou Street Office, Huicheng District, Huizhou City, the PRC* (中國惠州市惠城區水口街道辦事處新民大湖園村木錦頭地段)
Lessor	:	Huizhou Tiannengyuan Charging Technology Co., Ltd.* (惠州天能源充電技術有限公司) ("Tiannengyuan Charging")
Lessee	:	Ten Pao Chuangneng
Monthly rental	:	RMB473,000 (equivalent to approximately HK$525,645)
Term	:	1 January 2024 to 31 December 2024 (both days inclusive)
Usage	:	Production facilities and staff quarters

The annual cap of rent payable by Ten Pao Chuangneng to Tiannengyuan Charging for the year ended 31 December 2024 was RMB5,676,000 (equivalent to approximately HK$6,307,739). The rental under the 2024 1st Tiannengyuan Charging Tenancy Agreement was paid on a monthly basis and was determined after arm's length negotiations with reference to (i) the historical rent paid for the year ended 31 December 2023; (ii) the prevailing market rent with comparable properties; and (iii) the exchange rate movement of RMB and HKD during the lease term.

The actual transaction amount under the 2024 1st Tiannengyuan Charging Tenancy Agreement during the year ended 31 December 2024 was RMB5,676,000 (equivalent to approximately HK$6,070,000).

As 100% of the issued share capital of Tiannengyuan Charging is held by Ten Power Charging Technology Limited and 100% of the issued share capital of Ten Power Charging Technology Limited is held by Ease Bright Holdings Limited, which is a company wholly-owned by Chairman Hung, an executive Director and a controlling Shareholder, Tiannengyuan Charging is an associate of Chairman Hung and therefore a connected person of the Company and the leasing of properties pursuant to the 2024 1st Tiannengyuan Charging Tenancy Agreement constituted a continuing connected transaction for the Company.

2024 2nd Tiannengyuan Charging Tenancy Agreement

Date	:	31 December 2023
Location	:	Factory No. 1 and Factory No. 2 located at Mujintou Zone, Xinmindahuyuan Village, Shuikou Street Office, Huicheng District, Huizhou City, the PRC* (中國惠州市惠城區水口街道辦事處新民大湖園村木錦頭地段)
Lessor	:	Tiannengyuan Charging
Lessee	:	Ten Pao Chuangneng
Monthly rental	:	RMB145,000 (equivalent to approximately HK$161,139)
Term	:	1 January 2024 to 31 December 2024 (both days inclusive)
Usage	:	Production facilities

* For identification purpose only

The annual cap of rent payable by Ten Pao Chuangneng to Tiannengyuan Charging for the year ended 31 December 2024 was RMB1,740,000 (equivalent to approximately HK$1,933,662). The rental under the 2024 2nd Tiannengyuan Charging Tenancy Agreement was paid on a monthly basis and was determined after arm's length negotiations with reference to (i) the historical rent paid for the year ended 31 December 2023; (ii) the prevailing market rent with comparable properties; and (iii) the exchange rate movement of RMB and HKD during the lease term.

The actual transaction amount under the 2024 2nd Tiannengyuan Charging Tenancy Agreement during the year ended 31 December 2024 was RMB1,740,000 (equivalent to approximately HK$1,870,000).

For details of the connected relationships of the parties and the nature of the connected person's interest in relation to the 2024 2nd Tiannengyuan Charging Tenancy Agreement, please refer to the paragraph headed "2024 Tenancy Agreements — 2024 1st Tiannengyuan Charging Tenancy Agreement" in this section.

To aggregate the transactions of leasing of properties by the Group from the associates of Chairman Hung under Rules 14A.81 to 14A.83 of the Listing Rules, the aggregate actual amount of rent paid to the associates of Chairman Hung as mentioned above by the Group for the 2024 Tenancy Agreements was HK$9,379,000 for the year ended 31 December 2024.

As one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the annual caps for the 2024 Tenancy Agreements were more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the 2024 Tenancy Agreements in aggregate were subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2025 Tenancy Agreements

The 2024 Tenancy Agreements expired on 31 December 2024.

Since the Directors considered that leasing the existing properties under the 2024 Tenancy Agreements would minimise the costs of relocation and prevent interruption of the Group's production, on 31 December 2024, the Group entered into the following tenancy agreements, namely, the 2025 Sky Fortune Tenancy Agreement, the 2025 Golden Lake Tenancy Agreement and the 2025 Tiannengyuan Charging Tenancy Agreement (collectively, the "2025 Tenancy Agreements"):

2025 Sky Fortune Tenancy Agreement

Date	:	31 December 2024
Location	:	Room 610–11, 6/F, Kwong Sang Hong Centre, No. 151–153 Hoi Bun Road, Kwun Tong, Hong Kong
Lessor	:	Sky Fortune
Lessee	:	Ten Pao Precision
Monthly rental	:	HK$50,000
Term	:	1 January 2025 to 31 December 2025 (both days inclusive)
Usage	:	Office premises

The aggregate amount of rent payable by Ten Pao Precision to Sky Fortune for the year ending 31 December 2025 will not exceed HK$600,000. The rental payable under the 2025 Sky Fortune Tenancy Agreement is payable on a monthly basis and was determined after arm's length negotiations with reference to (i) the historical rent paid of HK$600,000 for the year ended 31 December 2024; and (ii) the prevailing market rent for comparable properties of similar type, age and location.

For details of the connected relationships of the parties and the nature of the connected person's interest in relation to the 2025 Sky Fortune Tenancy Agreement, please refer to the paragraph headed "2024 Tenancy Agreements — 2024 Sky Fortune Tenancy Agreement" in this section.

2025 Golden Lake Tenancy Agreement

Date	:	31 December 2024
Location	:	Flat 15, 6/F, Kwong Sang Hong Centre, No. 151–153 Hoi Bun Road, Kwun Tong, Hong Kong
Lessor	:	Golden Lake
Lessee	:	Ten Pao International
Monthly rental	:	HK$44,000
Term	:	1 January 2025 to 31 December 2025 (both days inclusive)
Usage	:	Office premises

The aggregate amount of rent payable by Ten Pao International to Golden Lake for the year ending 31 December 2025 will not exceed HK$528,000. The rental payable under the 2025 Golden Lake Tenancy Agreement is payable on a monthly basis and was determined after arm's length negotiations with reference to (i) the historical rent paid of HK$528,000 under the 2024 Golden Lake Tenancy Agreement for the year ended 31 December 2024; and (ii) the prevailing market rent for comparable properties of similar type, age and location.

For details of the connected relationships of the parties and the nature of the connected person's interest in relation to the 2025 Golden Lake Tenancy Agreement, please refer to the paragraph headed "2024 Tenancy Agreements — 2024 Golden Lake Tenancy Agreement" in this section.

2025 Tiannengyuan Charging Tenancy Agreement

Date	:	31 December 2024
Location	:	(1) Factory and dormitory located at Mujintou Zone, Xinmindahuyuan Village, Shuikou Street Office, Huicheng District, Huizhou City, the PRC* (中國惠州市惠城區水口街道辦事處新民大湖園村木錦頭地段的工廠及宿舍) (2) Factory No.1 and Factory No. 2 located at Mujintou Zone, Xinmindahuyuan Village, Shuikou Street Office, Huicheng District, Huizhou City, the PRC* (中國惠州市惠城區水口街道辦事處新民大湖園村木錦頭地段的一號工廠及二號工廠)
Lessor	:	Tiannengyuan Charging
Lessee	:	Ten Pao Chuangneng
Monthly rental	:	RMB550,000 (equivalent to approximately HK$604,945)
Term	:	1 January 2025 to 31 December 2025 (both days inclusive)
Usage	:	Production facilities and staff quarters

* For identification purpose only

The aggregate amount of rent payable by Ten Pao Chuangneng to Tiannengyuan Charging for the year ending 31 December 2025 will not exceed RMB6,600,000 (equivalent to approximately HK$7,259,340). The rental payable under the 2025 Tiannengyuan Charging Tenancy Agreement is payable on a monthly basis and was determined after arm's length negotiations with reference to (i) the rent paid to Tiannengyuan Charging in respect of the leased properties under the 2024 1st Tiannengyuan Charging Tenancy Agreement of RMB5,676,000 (equivalent to approximately HK$6,070,000) for the year ended 31 December 2024; (ii) the rent paid to Tiannengyuan Charging in respect of the leased properties under the 2024 2nd Tiannengyuan Charging Tenancy Agreement of RMB1,740,000 (equivalent to approximately HK$1,870,000) for the year ended 31 December 2024; (iii) the prevailing market rent with comparable properties; and (iv) the exchange rate movement of RMB and HKD during the lease term.

For details of the connected relationships of the parties and the nature of the connected person's interest in relation to the 2025 Tiannengyuan Charging Tenancy Agreement, please refer to the paragraph headed "2024 Tenancy Agreements — 2024 1st Tiannengyuan Charging Tenancy Agreement" in this section.

To aggregate the transactions of leasing of properties by the Group from the associates of Chairman Hung under Rules 14A.81 to 14A.83 of the Listing Rules, the aggregate amount of rent payable to the associates of Chairman Hung pursuant to the 2025 Tenancy Agreements by the Group for the year ending 31 December 2025 will not exceed approximately HK$8,387,340 (subject to the exchange rate movement of RMB and HKD during the lease term).

As one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the annual caps for the 2025 Tenancy Agreements are more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the 2025 Tenancy Agreements in aggregate are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details of the 2025 Tenancy Agreements, please refer to the Company's announcement dated 31 December 2024.

The 2024 Golden Ocean Wire Tenancy Agreement was not renewed as production under the relevant property has been moved to the Group's own production facilities.

(B) Purchase of DC cables and copper wires from Golden Ocean Copper

2024 Golden Ocean Copper Framework Purchase Agreement

On 31 December 2020, the Company entered into the 2021 Golden Ocean Copper Framework Purchase Agreement with Golden Ocean Copper, pursuant to which Golden Ocean Copper agreed to supply direct current ("DC") cables and copper wires to the Group to be used in its products for sales from 1 January 2021 to 31 December 2023 (both days inclusive).

On 6 May 2022, the Company and Golden Ocean Copper entered into a supplemental agreement (the "2021 Supplemental Agreement") to, among other things, revise and increase the annual caps for the years ended 31 December 2022 and 2023 of HK$95,000,000 and HK$95,000,000, respectively, to the revised annual caps of HK$200,000,000 and HK$230,000,000 (the "2021 Revised Annual Caps"), respectively. For details of the basis in determining the 2021 Revised Annual Caps, please refer to the announcement of the Company dated 6 May 2022 and the circular of the Company dated 31 May 2022. The 2021 Revised Annual Caps were approved at the extraordinary general meeting of the Company held on 17 June 2022. The actual amounts of transactions under the 2021 Golden Ocean Copper Framework Purchase Agreement for the years ended 31 December 2021, 2022 and 2023 were HK$92,170,000, HK$109,114,000 and HK$80,551,000, respectively.

As the 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the 2021 Supplemental Agreement) expired on 31 December 2023, on 31 December 2023, the Company entered into the 2024 Golden Ocean Copper Framework Purchase Agreement with Golden Ocean Copper, pursuant to which Golden Ocean Copper agreed to supply the DC cables and copper wires to the Group to be used in its products for sales from 1 January 2024 to 31 December 2026 (both days inclusive).

On 11 July 2024, the Company and Golden Ocean Copper entered into a supplemental agreement (the "2024 Supplemental Agreement") to, among other things, revise the annual caps for the years ended 31 December 2024, 2025 and 2026 of HK$50,000,000, HK$50,000,000 and HK$50,000,000, respectively, to the revised annual caps of HK$120,000,000, HK$130,000,000 and HK$140,000,000 (the "2024 Revised Annual Caps"), respectively.

The 2024 Revised Annual Caps had been determined principally based on:

(i) the historical transaction amount paid to Golden Ocean Copper under the 2021 Golden Ocean Copper Framework Purchase Agreement for the year ended 31 December 2023 in the amount of approximately HK$80,551,000 as compared to the Group's revenue recorded for the year ended 31 December 2023 in the amount of approximately HK$4.82 billion, and the historical transaction amount paid to Golden Ocean Copper under the 2024 Golden Ocean Copper Framework Purchase Agreement for the period from 1 January 2024 to 30 June 2024 in the amount of approximately HK$46.2 million, which represents an increase of over 20% as compared to the same period in 2023. Despite a decrease in the Group's revenue from the year ended 31 December 2021 to 2023, the Company anticipates that there will be a growth in orders for the Group's products for the three years ending 31 December 2024, 2025 and 2026, as (i) the Group's revenue was affected by the COVID-19 pandemic and global economic downturn during 2021 to 2023, which is expected to gradually recover; and (ii) more orders were received from customers during the period from 1 January 2024 to 30 June 2024 as compared with the same period in 2023 as the customers improved their inventory levels due to economic recovery and expected sales improvement;

(ii) the projected budget of costs for the three years ending 31 December 2024, 2025 and 2026 due to the surge in the demand of the DC cables and copper wires in light of the anticipated growth in the businesses of the Group, which is mainly attributable to:

(a) the growth in orders in the business segments of power supply units for consumer products and smart chargers and controllers for industrial power supply. The Group has production facilities in Dazhou, Sichuan which gives the Group great geographical and logistical advantages to receive and fulfil more orders from clients in the telecommunications sector, as Dazhou is in close proximity to the main production centers of a number of telecommunications equipment clients. Furthermore, the Group maintains a good cooperative relationship with its customers for the business segment of smart chargers and controllers for industrial power supply, which consist of international enterprises with solid fundamentals, high risk-bearing capabilities and well-established distribution channels. The Group's good relationship with its customers also contributed to the growth in this business segment. As a result, the total monetary amount of DC cables and copper wires used increased by approximately 57.0% for the six months ended 30 June 2024 as compared to the same period in 2023;

(b) the enhanced production capacity of the Group as a result of its active expansion of production network and automation of its production systems. During the year ended 31 December 2023, the Group strengthened strategic inventory deployment and logistics supply chain management, upgraded the configuration of intelligent manufacturing automation equipment and streamlined operational structures to achieve long-term cost reduction and efficiency improvement goals. In addition, during the year ended 31 December 2023, the first phase of the Huizhou Intelligent Manufacturing Industrial Park has been completed and production equipment has been gradually moved to the new site. It is expected that the relocation will be completed in an orderly manner from 2024 to early 2025. The Group has also continued to expand its overseas production capacity during 2023 by implementing its production plan for the Mexico factory, which will provide supportive auxiliary manufacturing supply to its overseas customers. With enhanced production capacity, as of 30 June 2024, the utilisation rate of the annual cap for the year ended 31 December 2024 has reached approximately 92.4% of the existing annual cap of HK$50.0 million; and

(c) the Group's continued investment in the new energy industry which has also driven the demand for core charging modules of charging piles, various energy storage products and automotive electronics, with an aim to generate stable and positive performance for the Group. For the year ended 31 December 2023, the revenue contribution from the new energy business continued to grow significantly, increasing by 20.4% year-on-year, accounting for 15.8% of its total revenue. The Company expects the new energy business to maintain similar growth rates for the three years ending 31 December 2024, 2025 and 2026 as the Group continues its rapid expansion under this business segment, which will result in an annual increase in demand for the DC cables and copper wires in the new energy business by over 10% during the same period. Under vigorous policy support and increasing public awareness of environmental protection, the new energy vehicle industry is becoming increasingly mature and the demand is growing. For instance, as stated in the 14th Five-Year Plan, the Central Government emphasised on the fundamental role of consumption in economic development and promotion of consumption activities as an important pillar of the national economy. In addition, the National Development and Reform Commission of the People's Republic of China published The Implementation Opinions of the National Development and Reform Commission and other Departments on Strengthening the Integration and Interaction of New Energy Vehicles and Power Grids (《國家發展改革委等部門有關加強新能源汽車與電網融合互動的實施意見》) in December 2023 and announced earlier that it is actively expanding the consumption of new energy vehicles, strengthening promotion activities to bring new energy vehicles to rural areas, and accelerating the construction of a high quality charging infrastructure system to continuously optimise and improve the coverage of its charging network, thus providing strong support for the development of the new energy vehicle industry. This has also driven the demand for core charging modules of charging piles, various energy storage products and automotive electronics. The Group has also formulated three new energy product application areas centering on charging modules, energy storage and automotive electronics as the core product strategy, which will result in a more efficient business development roadmap;

(iii) the Group's additional demand for the DC cables and copper wires due to the anticipated launch of its new industrial power supply products in the fourth quarter of 2024. Over 10 new models of power tools chargers are expected to be introduced for the three years ending 31 December 2024, 2025 and 2026 in response to customers' need. As industrial power supply products generally have higher power-generating performance than switching power supply units for consumer products, the increase in demand of such products is expected to increase the demand of the DC cables and copper wires for the three years ending 31 December 2024, 2025 and 2026; and

(iv) the rise of the cost of DC cables and copper wires due to the continuous increase in the unit price of copper materials since January 2024, which has increased by approximately 19% up to May 2024, and the use of copper materials or components in all the Group's products.

The actual amounts of transactions under the 2024 Golden Ocean Copper Framework Purchase Agreement for the year ended 31 December 2024 were HK$98,876,000.

Golden Ocean Copper is a connected person of the Company. For details of such connected relationship, please refer to the paragraph headed "2024 Tenancy Agreements — 2024 Golden Ocean Wire Tenancy Agreement" in this section.

Given that one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) calculated with reference to the 2024 Revised Annual Caps exceeds 5%, the transactions contemplated under the 2024 Golden Ocean Copper Framework Purchase Agreement (as amended by the 2024 Supplemental Agreement) and the 2024 Revised Annual Caps constitute non-exempt continuing connected transaction of the Company and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The 2024 Revised Annual Caps were approved by the independent Shareholders by way of an ordinary resolution at the extraordinary general meeting of the Company held on 23 August 2024. For details of the 2024 Golden Ocean Copper Framework Purchase Agreement, please refer to the announcement of the Company dated 31 December 2023. For details of the 2024 Supplemental Agreement, please refer to the announcement and circular of the Company dated 1 August 2024.

Annual review of the continuing connected transactions

The independent non-executive Directors have reviewed the above continuing connected transactions for the year ended 31 December 2024 and confirmed that the transactions have been entered into:

a. in the ordinary and usual course of business of the Group;

b. on normal commercial terms or better; and

c. according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to perform certain procedures in respect of the continuing connected transactions set out above in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions for the year ended 31 December 2024.

RELATED PARTY TRANSACTIONS

Details of the material related party transactions undertaken by the Group in its normal course of business are set out in note 36 to the consolidated financial statements. Those related party transactions, which constituted connected transactions/continuing connected transactions under the Listing Rules, are set out in the paragraph headed "Connected Transactions and Continuing Connected Transactions" on pages 49 to 59 in compliance with Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2024, none of the Directors is interested in any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

Chairman Hung, Even Joy Holdings Limited, TinYing Holdings Limited and TinYing Investments Limited (collectively, the "Controlling Shareholders") have entered into a deed of non-competition dated 23 November 2015 (the "Deed") with the Company. Pursuant to the Deed, each of the Controlling Shareholders shall not and shall procure that their associates (other than members of the Group) and companies excluded from the Group not to, directly or indirectly, engage in, invest in, participate in, or attempt to participate in, whether on their own account or with each other or in conjunction with or on behalf of any person or company, any business in competition with or likely to be in competition with the existing business activities of the Group. Details of the Deed are set out in the section headed "Relationship with our Controlling Shareholders" of the prospectus of the Company dated 30 November 2015 (the "Prospectus").

The Company has received confirmation from the Controlling Shareholders of their compliance with the terms of the Deed. The Controlling Shareholders declared that they fully complied with the Deed for the year ended 31 December 2024. The independent non-executive Directors have reviewed the confirmation from the Controlling Shareholders and concluded that the terms of the Deed were complied with and were effectively enforced during the year ended 31 December 2024.

The Company confirms that it has complied with the corporate governance measures as set out in the section headed "Relationship with our Controlling Shareholders" of the Prospectus to manage the conflict of interests arising from competing business and to safeguard the interests of the Shareholders.

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

As at 31 December 2024, 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, were as follows:

Long position in 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	354,883,279	34.44%
	Founder of a discretionary trust	2	313,614,262	30.44%
		Total	687,745,521	66.75%
Lam Cheung Chuen	Interest of spouse		620,000	0.06%

Notes:

1. 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.

2. 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 shares of the Company interested divided by the number of the Company's issued shares as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, 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.

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

As at 31 December 2024, 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 or as the Company was aware:

Long position in 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	354,883,279	34.44%
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 31 December 2024.

Save as disclosed above, as at 31 December 2024, 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.

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 annual report, the Company has met the Listing Rules 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.

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 31 December 2024 have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the 2025 AGM. A resolution for the re-appointment of PricewaterhouseCoopers as the independent auditor of the Company will be proposed at the 2025 AGM.

On behalf of the Board
Hung Kwong Yee
Chairman & Chief Executive Officer

Hong Kong, 21 March 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ten Pao Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Ten Pao Group Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 69 to 143, comprise:

- the consolidated balance sheet as at 31 December 2024;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (CONTINUED)

The key audit matter identified in our audit is related to assessment of the expected credit losses on trade receivables.

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of the expected credit losses on trade receivables	
Refer to Note 3.1(c) — Credit risk, Note 4.1(a) — Impairment of trade receivables and Note 20(c) — Allowance for impairment of trade receivables. As at 31 December 2024, gross trade receivables amounted to HK$1,458,997,000, which represented approximately 27% of the total assets of the Group. Management has estimated the expected credit losses ("ECL") on trade receivables and a loss allowance of HK$6,959,000 was made against the gross trade receivables as at 31 December 2024. Management estimated the ECL on trade receivables based on estimation about default rates and loss rates of customers, taking into the consideration of the forward looking information. Management applied judgments in making the estimation and selecting the methodology and inputs used in the ECL calculation, based on the customers' credit risk characteristics, financial position of major customers as well as forward looking information. We considered this area a key audit matter due to the magnitude of the balance of trade receivables as well as the significant judgments and estimates involved in the estimation of the related ECL given the complexity of the methodology and subjectivity of significant assumptions used.	We obtained an understanding of the management's internal control and assessment process over the estimation of the ECL on trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity and subjectivity. We assessed the appropriateness of the ECL provisioning methodology adopted by management based on our understanding on the Group's business, credit control process and the credit risk characteristics of the customers and our testing, on a sample basis, the accuracy of aging analysis of trade receivables. We evaluated the reasonableness of the judgments that management made in grouping various customers by assessing credit risk characteristics. We assessed the relevance of the key factors used to calculate the estimated default rates and loss rates. We evaluated the financial position of customers on a sample basis by checking to relevant information and evaluated the appropriateness of management's assessment of forward looking information with reference to our understanding of the Group's business and industry and external macroeconomic data. We checked the mathematical accuracy of the calculation of ECL. Based on the above, we considered that the significant judgments and estimates made by management, and the methodology and significant assumptions used in relation to the assessment of the ECL on trade receivables were supportable by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tong Yu Keung.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended 31 December 2024 HK$'000	2023 HK$'000
Revenue	5	**5,385,748**	4,823,452
Cost of sales	7	**(4,337,594)**	(3,916,252)
Gross profit		**1,048,154**	907,200
Other income	6	**21,268**	32,522
Other gains — net	6	**44,041**	49,372
Selling expenses	7	**(178,310)**	(180,831)
Administrative expenses	7	**(506,220)**	(416,389)
Net impairment losses on financial assets	3.1(c)	**(10,310)**	(424)
Operating profit		**418,623**	391,450
Finance income	9	**17,099**	7,282
Finance expenses	9	**(8,673)**	(10,853)
Finance income/(expenses) — net	9	**8,426**	(3,571)
Profit before income tax		**427,049**	387,879
Income tax expense	10	**(43,455)**	(59,677)
Profit for the year		**383,594**	328,202
Profit for the year attributable to:			
Owners of the Company		**383,898**	328,856
Non-controlling interests		**(304)**	(654)
		383,594	328,202
Earnings per share			
— basic and diluted per share	11	**HK 37.3 cents**	HK 31.9 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

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

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Land use rights	*12*	**4,436**	4,734
Property, plant and equipment	*13*	**1,253,639**	1,110,147
Right-of-use assets	*14*	**180,949**	191,690
Investment properties	*15*	**6,300**	7,100
Intangible assets	*16*	**47,010**	45,559
Deferred income tax assets	*31*	**67,196**	52,977
Financial assets at fair value through profit or loss	*23*	**109,527**	75,907
Financial assets at fair value through other comprehensive income		**—**	8,994
Derivative financial assets — non-current	*22*	**—**	455
Prepayments for the purchase of property, plant and equipment		**9,567**	8,706
		1,678,624	1,506,269
Current assets			
Inventories	*19*	**1,036,941**	727,329
Trade and other receivables	*20*	**1,577,347**	1,254,893
Amounts due from related parties	*36(c)*	**1,708**	1,760
Derivative financial assets — current	*22*	**192**	1,269
Restricted bank deposits	*24*	**786,735**	677,556
Cash and cash equivalents	*21*	**328,104**	150,476
		3,731,027	2,813,283
Total assets		**5,409,651**	4,319,552
EQUITY			
Share capital	*25*	**10,304**	10,304
Share premium	*25*	**162,426**	162,426
Other reserves	*27*	**294,157**	64,844
Retained earnings		**1,388,833**	1,417,501
		1,855,720	1,655,075
Non-controlling interests		**(4,125)**	(3,821)
Total equity		**1,851,595**	1,651,254

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

	Note	As at 31 December 2024 HK$'000	2023 HK$'000
LIABILITIES			
Non-current liabilities			
Non-current bank borrowings	*28*	**—**	2,569
Lease liabilities — non-current	*14*	**42,821**	46,390
Deferred income tax liabilities	*31*	**104,234**	111,938
Deferred government grants	*29*	**30,180**	36,778
		177,235	197,675
Current liabilities			
Trade and other payables	*30*	**2,623,657**	1,735,309
Contract liabilities		**44,652**	33,787
Amounts due to related parties	*36(d)*	**35,786**	33,103
Dividend payable		**13**	13
Income tax liabilities		**14,392**	4,079
Lease liabilities — current	*14*	**11,580**	12,002
Short-term bank borrowings	*28*	**647,739**	553,632
Current portion of non-current bank borrowings	*28*	**3,002**	98,698
		3,380,821	2,470,623
Total liabilities		**3,558,056**	2,668,298
Total equity and liabilities		**5,409,651**	4,319,552

The financial statements on pages 69 to 143 were approved by the Board of Directors on 21 March 2025 and were signed on its behalf.

Mr. Hung Kwong Yee
Director

Mr. Tse Chung Shing
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital HK$'000	Share Premium HK$'000	Other Reserves: Statutory Reserves HK$'000	Capital Reserves HK$'000	FVOCI HK$'000	Exchange Reserves HK$'000	Share Options HK$'000	Share Award Schemes HK$'000	Total HK$'000	Retained Earnings HK$'000	Total HK$'000	Non-controlling Interests HK$'000	Total Equity HK$'000
Balance at 1 January 2024	10,304	162,426	148,479	2,359	(8,647)	(82,815)	5,468	—	64,844	1,417,501	1,655,075	(3,821)	1,651,254
Comprehensive income													
Profit for the year	—	—	—	—	—	—	—	—	—	383,898	383,898	(304)	383,594
Other comprehensive income													
Currency translation difference	—	—	—	—	—	(45,928)	—	—	(45,928)	—	(45,928)	—	(45,928)
Fair value change of financial assets at fair value through other comprehensive income ("FVOCI")	—	—	—	—	8,647	—	—	—	8,647	—	8,647	—	8,647
Total comprehensive income	—	—	—	—	8,647	(45,928)	—	—	(37,281)	383,898	346,617	(304)	346,313
Contributions by and distributions to owners of the company recognised directly in equity													
Dividends *(Note 32)*	—	—	—	—	—	—	—	—	—	(152,497)	(152,497)	—	(152,497)
Total contributions by and distributions to owners of the Company for the year	—	—	—	—	—	—	—	—	—	(152,497)	(152,497)	—	(152,497)
Transaction with owners													
Effect of conversion of a subsidiary from a limited liability company into a joint stock company	—	—	(79,484)	326,466	—	—	—	—	246,982	(246,982)	—	—	—
Share award scheme — value of services *(Note 26)*	—	—	—	—	—	—	—	18,130	18,130	—	18,130	—	18,130
Dividends paid to grantee of share award scheme	—	—	—	—	—	—	—	—	—	(11,605)	(11,605)	—	(11,605)
Appropriation to statutory reserves	—	—	1,482	—	—	—	—	—	1,482	(1,482)	—	—	—
Transaction with owners, recognised directly in equity	—	—	(78,002)	326,466	—	—	—	18,130	266,594	(260,069)	6,525	—	6,525
Balance at 31 December 2024	10,304	162,426	70,477	328,825	—	(128,743)	5,468	18,130	294,157	1,388,833	1,855,720	(4,125)	1,851,595

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

			Other Reserves										
	Share Capital HK$'000	Share Premium HK$'000	Statutory Reserves HK$'000	Capital Reserves HK$'000	FVOCI HK$'000	Exchange Reserves HK$'000	Share Options HK$'000	Share Award Schemes HK$'000	Total HK$'000	Retained Earnings HK$'000	Total HK$'000	Non-controlling Interests HK$'000	Total Equity HK$'000
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 year	—	—	—	—	—	—	—	—	—	328,856	328,856	(654)	328,202
Other comprehensive income													
Currency translation difference	—	—	—	—	—	(23,535)	—	—	(23,535)	—	(23,535)	—	(23,535)
Fair value change of financial assets at fair value through other comprehensive income	—	—	—	—	(1,163)	—	—	—	(1,163)	—	(1,163)	—	(1,163)
Total comprehensive income	—	—	—	—	(1,163)	(23,535)	—	—	(24,698)	328,856	304,158	(654)	303,504
Contributions by and distributions to owners of the company recognised directly in equity													
Dividends	—	—	—	—	—	—	—	—	—	(62,854)	(62,854)	—	(62,854)
Total contributions by and distributions to owners of the Company for the year	—	—	—	—	—	—	—	—	—	(62,854)	(62,854)	—	(62,854)
Transaction with owners													
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	(2,508)	(2,508)
Appropriation to statutory reserves	—	—	3,896	—	—	—	—	—	3,896	(3,896)	—	—	—
Transaction with owners, recognised directly in equity	—	—	3,896	—	—	—	—	—	3,896	(3,896)	—	(2,508)	(2,508)
Balance at 31 December 2023	10,304	162,426	148,479	2,359	(8,647)	(82,815)	5,468	—	64,844	1,417,501	1,655,075	(3,821)	1,651,254

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Cash generated from operations	*33(a)*	**877,806**	552,410
Interest paid		**(8,673)**	(10,853)
Income tax paid		**(55,481)**	(56,855)
Net cash generated from operating activities		**813,652**	484,702
Cash flows from investing activities			
Purchase of property, plant and equipment		**(388,231)**	(306,540)
Purchase of intangible assets		**(4,511)**	(1,141)
Proceeds from disposal of property, plant and equipment	*33(b)*	**44,143**	45,406
Payment for acquisition of subsidiaries		**—**	(21,572)
Additions of financial assets at fair value through profit or loss		**(14,680)**	(11,126)
Proceeds from disposal of financial assets at fair value through profit or loss		**4,520**	—
Net cash used in investing activities		**(358,759)**	(294,973)
Cash flows used in financing activities			
Proceeds from bank borrowings		**743,474**	1,130,226
Repayments of bank borrowings		**(736,050)**	(929,698)
Dividends paid to grantee of share award scheme		**(11,605)**	—
Dividends paid		**(152,497)**	(62,854)
Increase in restricted bank deposits		**(109,179)**	(506,978)
Principal elements of lease payments		**(10,576)**	(7,971)
Net cash used in financing activities		**(276,433)**	(377,275)
Net increase/(decrease) in cash and cash equivalents		**178,460**	(187,546)
Cash and cash equivalents at beginning of the year		**150,476**	341,394
Effects of exchange rate changes on cash and cash equivalents		**(832)**	(3,372)
Cash and cash equivalents at end of the year		**328,104**	150,476
Analysis of balance of cash and cash equivalents:			
Cash at bank and cash in hand		**328,104**	150,476

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

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 Drives, 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) (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").

These financial statements are presented in Hong Kong dollars (HK$), unless otherwise stated, and have been approved for issue by the Board of Directors of the Company on 21 March 2025.

2 BASIS OF PREPARATION

2.1 Compliance with HKFRS and HKCO

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") as issued by the Hong Kong Institute of Certified Public Accountants and 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.

2.2 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 ("FVPL"), the financial assets at fair value through other comprehensive income ("FVOCI") and investment properties, which are carried at fair value.

2 BASIS OF PREPARATION (CONTINUED)

2.3 New and amended standards adopted by the Group

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

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

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

2.4 New standards and interpretations not yet adopted

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

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

3 FINANCIAL RISK MANAGEMENT

3.1 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. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by senior management of the Group approved by the board of directors.

(a) Foreign exchange risk

The Group operates mainly in the PRC, and is exposed to foreign currency risks arising from various currency exposures, mainly with respect to HK$ and US dollar ("USD"). Exchange rate fluctuations and market trends have always been a concern of the Group. Foreign currency hedging of the Group has been managed by the Group's chief financial officer, and overseen by the Group's chief executive officer. In accordance with the hedging needs and the then foreign exchange situation, the Group's chief financial officer would gather and analyse information regarding various hedging instruments and determine stop-loss thresholds. The Group's chief financial officer would then obtain quotations from various banks as to the financial instrument and present such quotations to the Group's chief executive officer, who would then evaluate and make a decision as to whether to enter into a hedging agreement. Several hedging contracts have been entered into during the past years.

The conversion of Renminbi ("RMB") into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective balance sheet dates are as follows:

	2024 HK$'000	2023 HK$'000
Assets		
USD	655,039	478,967
HK$	56	118,516
Total	655,095	597,483
Liabilities		
USD	180,670	239,854
HK$	—	233,083
Total	180,670	472,937

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Foreign exchange risk (Continued)

If RMB had strengthened/weakened by 5% against the relevant foreign currencies, with all other variables held constant, the profit before income tax would increase/decrease as follows:

	2024 Increase/(decrease) in profit before income tax if exchanges rates change by		2023 Increase/(decrease) in profit before income tax if exchanges rates change by	
	5.0%	**−5.0%**	5.0%	−5.0%
	HK$'000	**HK$'000**	HK$'000	HK$'000
USD	**(32,752)**	**32,752**	(11,956)	11,956
HK$	**(3)**	**3**	5,728	(5,728)

(b) Price risk

The Group is not exposed to equity securities price risk as it has no investment in equity securities that were publicly traded.

(c) Credit risk

The Group is exposed to credit risk mainly in relation to its cash and cash equivalents, restricted bank deposits, trade and other receivables, amounts due from related parties and FVPL.

(i) Risk management and Security

For cash and cash equivalents and restricted bank deposits, the management manages the credit risk by placing all the bank deposits in state-owned financial institutions or reputable banks which are all high-credit-quality financial institutions.

To manage the credit risk in respect of trade receivables, the Group performs ongoing credit evaluations of its debtors' financial condition and does not require collateral from the debtors on the outstanding balances. Based on the expected recoverability and timing for collection of the outstanding balances, the Group maintains an allowance for doubtful accounts and actual losses incurred have been within management's expectations. In addition, in order to reduce the credit risks involved in export sales, the Group maintains a policy of short-term export credit insurance with the China Export and Credit Insurance Corporation (中國出口信用保險公司), an independent insurance company established in the PRC, which covers various credit risks such as customers' bankruptcy, inability to settle payment and refusal to accept our finished products and political risks.

As at 31 December 2024, the Group's credit risk was concentrated to the extent that its five largest customers accounted for 59% (2023: 67%) of the total trade receivables.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Credit risk (Continued)

(i) Risk management and Security (Continued)

The Group has four types of financial assets that are subject to the expected credit loss model:

- Trade receivables;
- Other receivables;
- Cash and cash equivalents and restricted bank deposits; and
- Amounts due from related parties

(ii) Impairment of trade receivables

Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

The expected loss rates are based on the estimated default rates and loss rates, together with the forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic products and the consumer price indexes of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2024 and 31 December 2023 was determined as follows:

	As at 31 December	
	2024	2023
Expected loss rate	**0.48%**	0.50%
Gross carrying amount (HK$'000)	**1,458,997**	1,176,536
Loss allowance (HK$'000)	**6,959**	5,844

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Credit risk (Continued)

(ii) Impairment of trade receivables (Continued)

The closing loss allowances for trade receivables as at 31 December 2024 reconcile to the opening loss allowances as follows:

	2024 HK$'000	2023 HK$'000
Opening loss allowance at 1 January	**5,844**	5,487
Increase in trade receivables impairment allowance recognised in profit or loss during the year	**1,357**	424
Currency translation difference	**(242)**	(67)
At 31 December	**6,959**	5,844

Trade receivables is written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 1 year.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(iii) Cash and cash equivalents and restricted bank deposits

For cash and cash equivalents and restricted bank deposits, the management manages the credit risk by placing all the bank deposits in state-owned financial institutions or reputable banks which are all high-credit-quality financial institutions. Thus, no loss allowance for cash and cash equivalents and restricted bank deposits was recognised.

(iv) Other receivables

The Group applies the HKFRS 9 three-stage approach to measuring ECL of financial assets included in other receivables. The Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Credit risk (Continued)

(iv) Other receivables (Continued)

Impairment on other receivables is measured as 12-month expected credit losses when there has been no significant increase in credit risk since initial recognition. If a significant increase in credit risk has occurred since initial recognition, then impairment is measured as lifetime expected credit loss.

A provision for loss allowances of HK$8,953,000 (2023: Nil) was recognised in profit or loss in relation to the impaired other receivables.

The Group made no write-off of other receivables during the year ended 31 December 2024 (2023: Nil).

(v) Amounts due from related parties

The Group has considered that credit risk on amounts due from related parties has not increased significantly since initial recognition and has assessed the expected credit loss rate under 12-month expected credit loss method based on the Group's assessment in the risk of default of the respective counterparties.

(vi) Financial assets at fair value through profit or loss in relation to debt investments

The entity disposed of its debt investment measured at fair value through profit or loss in 2024. The maximum exposure in 2023 is the carrying amount of these investments of HK$3,395,000.

(d) Liquidity risk

The Group maintains prudent liquidity risk management by 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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows including interest elements computed using contractual rates, or if floating based on rates at the year-end:

	On demand HK$'000	3 months or less HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total HK$'000	Carrying amounts (liabilities) HK$'000
At 31 December 2024						
Bank borrowings	—	349,843	312,468	—	662,311	650,741
Trade and other payables (excluding non-financial liabilities)	2,240,699	—	—	—	2,240,699	2,240,699
Amounts due to related parties	35,786	—	—	—	35,786	35,786
Lease liabilities	—	3,677	10,119	48,731	62,527	54,401
Total	2,276,485	353,520	322,587	48,731	3,001,323	2,981,627

	On demand HK$'000	3 months or less HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total HK$'000	Carrying amounts (liabilities) HK$'000
At 31 December 2023						
Bank borrowings	—	52,691	601,324	3,016	657,031	654,899
Trade and other payables (excluding non-financial liabilities)	1,420,665	—	—	—	1,420,665	1,420,665
Amounts due to related parties	33,103	—	—	—	33,103	33,103
Lease liabilities	—	3,320	9,303	51,978	64,601	58,392
Total	1,453,768	56,011	610,627	54,994	2,175,400	2,167,059

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(e) Cash flow and fair value interest rate risk

The Group's interest-rate risk arises from bank borrowings. Bank borrowings at variable rates expose the Group to cash flow interest-rate risk. Bank borrowings at fixed rates expose the Group to fair value interest-rate risk. The Group has entered into fixed-to-floating interest rate swaps to hedge the fair value interest rate risk. If the interest rate for variable rate borrowings had been 1% higher for the year ended 31 December 2024 with all other variables being held constant, the Group's profit before tax would have been higher by HK$25,510 (2023: HK$1,473,000).

3.2 Capital risk management

As at 31 December 2023 and 2024, changes in interest rates within an expected range had no material impact on the interest income of restricted bank deposits and cash and cash equivalents.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may vary the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity.

The gearing ratios at 31 December 2024 and 2023 was as follows:

	2024 **HK$'000**	2023 HK$'000
Total borrowings	**650,741**	654,899
Total equity	**1,851,595**	1,651,254
Gearing ratio	**35%**	40%

Gearing ratio has decreased to 35% as at 31 December 2024, which is mainly due to the increase in total equity.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

(a) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by the levels of inputs to valuation techniques. The inputs to valuation techniques are categorized 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.

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2024 and 2023.

	As at 31 December 2024			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Recurring fair value measurements				
Financial assets at fair value through profit or loss — non-current	**—**	**—**	**109,527**	**109,527**
Derivative financial instruments — current	**—**	**192**	**—**	**192**

	As at 31 December 2023			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Recurring fair value measurements				
Financial assets at fair value through profit or loss — non-current	—	—	75,907	75,907
Financial assets at fair value through comprehensive income — non-current	—	—	8,994	8,994
Derivative financial instruments — current	—	1,269	—	1,269
Derivative financial instruments — non-current	—	455	—	455

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

(i) Financial instruments in level 1

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

(ii) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data 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.

(iii) 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.

(b) Valuation techniques used to determine fair values

For unlisted equity investments, specific valuation techniques used to value financial instruments include: discounted cash flow analysis and market approach.

Note that all the resulting fair value estimates are included in level 2 except for certain insurance contracts and unlisted equity instruments as explained below. The group did not change any valuation techniques in determining the level 2 and level 3 fair values.

	Unlisted equity investments HK$'000	Insurance for the Controlling Shareholder HK$'000	Total HK$'000
Balance as at 1 January 2024	**81,506**	**3,395**	**84,901**
Fair value change	**15,293**	—	**15,293**
Additions	**14,680**	—	**14,680**
Disposal	—	**(3,395)**	**(3,395)**
Currency translation differences	**(1,952)**	—	**(1,952)**
Closing balance as at 31 December 2024	**109,527**	—	**109,527**
Balance as at 1 January 2023	65,292	3,270	68,562
Fair value change	6,017	77	6,094
Additions	11,126	—	11,126
Currency translation differences	(929)	48	(881)
Closing balance as at 31 December 2023	81,506	3,395	84,901

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(b) Valuation techniques used to determine fair values (Continued)

(i) Valuation processes

The Group has a team of personnel who performs valuation on these level 3 instruments for financial reporting purposes. The team performs valuation, or necessary updates, at least once every six months, in line with the Group's half-yearly reporting periods. On an annual basis, the team adopts various valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts may also be involved and consulted when it is necessary.

The components of the level 3 instruments mainly include investments in unlisted companies classified as FVPL, and other financial assets. As these investments and instruments are not traded in an active market, the majority of their fair values have been determined using applicable valuation techniques including market approach, cost approach and income approach in the form of a discounted cash flow ("DCF") methodology. Unlisted investments are primarily valued based on the available transaction price of the latest round of financing of the investees. Where such information is not available, other valuation techniques are used, such as the discounted cash flow method, market approach or cost approach. The estimated fair values were based on assumptions, such as the forecasted revenue and discount rates, etc.

(ii) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements for unlisted equity investments. See (i) for the valuation techniques adopted.

Description	Fair value at 31 December 2024 HK$'000	Fair value at 31 December 2023 HK$'000	Unobservable inputs*	Range of inputs (probability-weighted average) 2024	Range of inputs (probability-weighted average) 2023	Relationship of unobservable inputs to fair value
Unlisted equity investments						
Investment 1	**8,683**	8,994	DLOM	**22.36%**	20.50%	The higher the DLOM, the lower the fair value.
Investment 2*	**28,594**	10,566	Discount rate for discounting estimated cash flows	**N/A**	17%–19%	The higher the discount rate, the lower the fair value.
			Net profit rate	**N/A**	11%–14%	The higher the net profit rate, the higher the fair value.
			DLOM	**N/A**	20%–22%	The higher the DLOM, the lower the fair value.
			Offered quotes	**HK$14.27**	N/A	The higher the offered quotes, the higher the fair value.
Investment 3–8	**72,250**	61,946	Offered quotes	**HK$10.80–HK$137.13**	HK$11.04–HK$140.13	The higher the offered quotes, the higher the fair value.
Total	**109,527**	81,506				

* As there were recent transactions of the investment during the year in the market, the directors changed the valuation method from discounted cash flow analysis to recent transaction price method. The directors are of the view that the recent transaction price method is more appropriate to reflect the fair value of the investment.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

(a) Impairment of trade receivables

Management estimated the ECL on trade receivables based on estimation about default rates and loss rates of customers, taking into the consideration of the forward looking information. Management applied judgments in making the estimation and selecting the inputs used in the ECL calculation, based on the customers' credit risk characteristics, financial position of major customers as well as forward looking information. Details are disclosed in note 3.1(c).

(b) Allowance for inventories

In determining the amount of allowance required for obsolete and slow-moving inventories, the Group would evaluate ageing analysis of inventories and compare the carrying amount of inventories to their respective net realisable value. A considerable amount of judgment is required in determining such allowances. If conditions which have impact on the net realisable value of inventories deteriorate, additional allowances may be required.

(c) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(d) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment and consequently the related depreciation charges. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to changes of the industry cycles of its products. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned.

(e) Income taxes and deferred taxation

Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.1 Critical accounting estimates and assumptions (Continued)

(e) Income taxes and deferred taxation (Continued)

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be recognised. The outcome of their actual recognition may be different.

(f) Impairment of goodwill

The Group tests whether goodwill has suffered any impairment annually or, whenever there is an indication of impairment, in accordance with the accounting policy stated in Note 39.5. The recoverable amounts of cash-generating units have been determined based on the value in use. These calculations require the use of estimates (Note 16).

5 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.

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

	Smart chargers and controllers HK$'000	Telecommuni-cation HK$'000	New energy Business HK$'000	Media and entertainment HK$'000	Lighting HK$'000	Others HK$'000	Total HK$'000
31 December 2024							
Revenue							
Revenue from external customers							
— At a point in time	2,009,551	1,455,957	1,048,150	298,017	365,266	208,807	5,385,748
Segment results	537,022	200,906	118,434	61,349	87,375	43,068	1,048,154
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							(10,310)
Profit before income tax							427,049

5 SEGMENT INFORMATION (CONTINUED)

(a) (Continued)

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

(b) The following tables present information on revenue of the Group by geographical segment.

Revenue from external customers

	2024 HK$'000	2023 HK$'000
PRC (excluding HK)	**2,867,422**	2,910,626
Europe	**628,525**	575,777
Asia (excluding PRC)	**941,774**	695,637
US	**384,269**	309,805
Africa	**221,748**	149,505
Others	**342,010**	182,102
	5,385,748	4,823,452

The revenue information above is based on the customers' delivery address.

5 SEGMENT INFORMATION (CONTINUED)

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

	2024 HK$'000	2023 HK$'000
PRC (excluding HK)	**1,287,750**	1,156,376
Vietnam	**131,535**	134,665
Hungary	**59,129**	66,217
HK	**10,032**	10,677
Others	**13,455**	1
	1,501,901	1,367,936

(d) Information regarding the Group's revenue by nature:

	2024 HK$'000	2023 HK$'000
Revenue		
Sales of goods	**5,385,748**	4,823,452

Revenue of approximately HK$914,662,000 (2023: HK$810,420,000) are derived from a single external customer. These revenues are mainly attributable to the new energy business segment (2023: the telecommunication segment).

(e) Accounting policies of revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

5 SEGMENT INFORMATION (CONTINUED)

(e) Accounting policies of revenue recognition (Continued)

The Group recognises revenue when control of the products has transferred; and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is recognised as follows:

(i) Sales of goods in the PRC and overseas

Revenue from the sale of good directly to the customers is recognised at the point that the control of the inventory have passed to the customers, which is primarily upon the acceptance of the products by the customers. The customers have full discretion over the products and there is no unfulfilled obligation that could affect the customers' acceptance of the products. The Group collects cash or bank acceptance notes from the customers before or upon deliveries of products through banks. Cash or bank acceptance notes collected from the customers before product delivery is recognised as contract liability.

(ii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

6 OTHER INCOME AND OTHER GAINS — NET

(a) Other income

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

6 OTHER INCOME AND OTHER GAINS — NET (CONTINUED)

(b) Other gains — net

	2024 HK$'000	2023 HK$'000
Fair value changes on derivative financial instruments	**(1,531)**	(4,830)
Fair value changes on financial assets at fair value through profit or loss	**8,758**	7,105
Fair value changes on investment properties *(Note 15)*	**(800)**	(300)
Net foreign exchange gains	**12,394**	15,856
Government grants	**23,529**	25,117
(Loss)/Gain on disposal of property, plant and equipment *(Note 33(b))*	**(3,191)**	1,819
Compensation income from customers	**6,831**	6,788
Others	**(1,949)**	(2,183)
	44,041	49,372

7 EXPENSES BY NATURE

	2024 HK$'000	2023 HK$'000
Raw materials and consumables used (excluding research and development expenses)	**3,939,543**	3,231,511
Employee benefit expenses (excluding research and development expenses) *(Note 8)*	**635,679**	557,944
Research and development expenses		
— Employee benefit expenses *(Note 8)*	**159,273**	123,993
— Raw materials, consumables used and others	**46,202**	34,661
— Depreciation and amortisation	**19,953**	16,508
Depreciation, amortisation and impairment charges (excluding research and development expenses)	**165,924**	165,290
Changes in inventories of finished goods and work in progress	**(220,167)**	108,374
Operating lease payments *(Note 14)*	**20,938**	32,817
(Reversal of allowance for)/allowance for impairment of inventory *(Note 19)*	**(14,187)**	12,897
Auditors' remuneration		
— Audit services	**2,856**	2,889
— Non-audit services	**1,439**	2,193
Other expenses	**264,671**	224,395
Total cost of sales, selling expenses and administrative expenses	**5,022,124**	4,513,472

8 EMPLOYEE BENEFIT EXPENSE

	2024 HK$'000	2023 HK$'000
Wages and bonus	**673,202**	568,327
Pension costs — defined contribution plans (a)	**36,486**	18,912
Other social security costs	**24,216**	37,579
Others allowances and benefits	**42,918**	57,119
Share award scheme	**18,130**	—
	794,952	681,937

(a) Retirement benefits obligation

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme, a defined contribution scheme managed by an independent trustee.

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries make contribution to the funds which are calculated as 10%–20% of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees for the year.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

The Company is not allowed to use the forfeited contributions (if any) to reduce the existing level of contributions to the Group's defined contributions schemes. During the years ended 31 December 2023 and 2024, the Group had no forfeited contributions under its defined contribution schemes which was used to reduce the existing level of contributions.

The Group has no further payment obligations once the contributions have been paid.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include 1 director during the year ended 31 December 2024 (2023: 2), whose emoluments are reflected in the analysis presented in Note 38. The emoluments paid to the remaining 4 individuals during the year ended 31 December 2024 (2023: 3) are as follows:

	2024 HK$'000	2023 HK$'000
Wages, salaries, allowance and other benefits	**15,203**	11,294
Share award scheme	**11,361**	—
Contributions to pension plans	**55**	15
	26,619	11,309

8 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Five highest paid individuals (Continued)

The emoluments paid to the remaining individuals fell within the following bands:

	2024 HK$'000	2023 HK$'000
Emolument bands		
HK$250,001–HK$1,000,000	—	—
HK$1,000,001–HK$2,000,000	—	—
HK$2,000,001–HK$3,000,000	2	3
HK$3,000,001–HK$4,000,000	—	—
HK$4,000,001–HK$5,000,000	—	—
HK$5,000,001–HK$6,000,000	1	—
HK$16,000,001–HK$17,000,000	1	—

9 FINANCE INCOME/(EXPENSES) — NET

	2024 HK$'000	2023 HK$'000
Finance income:		
Interest income	17,099	7,282
Finance expenses:		
Interest on bank borrowings	(7,111)	(18,009)
Interest expenses on lease liabilities *(Note 14)*	(1,562)	(1,158)
	(8,673)	(19,167)
Amount capitalised	—	8,314
Finance expenses expensed	(8,673)	(10,853)
Finance expenses — net	8,426	(3,571)

10 INCOME TAX EXPENSE

	2024 HK$'000	2023 HK$'000
Current income tax		
— PRC corporate income tax ("CIT")	**19,963**	23,019
— Hong Kong profits tax	**35,382**	21,342
— Vietnam corporate income tax	**10,449**	—
Subtotal	**65,794**	44,361
Deferred income tax *(Note 31)*	**(22,339)**	15,316
	43,455	59,677

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law 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. (Ten Pao Electronic (Huizhou)), Dazhou Ten Pao Jin Hu Electronic Co., Ltd., Shanxi Huifeng Electronic Technology Co., Ltd. and Huizhou Ten Pao Chuangneng Technology Co., Ltd. are recognised as "New and High Technology Enterprises" and enjoys a preferential CIT rate of 15%. Their CIT rate for the year ended 31 December 2024 was 15% (2023: 15%).

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

10 INCOME TAX EXPENSE (CONTINUED)

(d) PRC withholding income tax

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

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

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

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

(f) Vietnam corporate income tax

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

(g) Taxation on the Group's profit

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

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

11 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.

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

(b) Diluted earnings per share

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

12 LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments for freehold land in Hungary, the movement is analysed as follows:

	2024 HK$'000	2023 HK$'000
Opening net book amount as at 31 December	**4,734**	4,536
Exchange differences	**(298)**	198
Closing net book amount	**4,436**	4,734

As at 31 December 2024, the Group's interests in land use rights represent freehold land in Hungary.

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Plant and machineries HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Electronic equipment HK$'000	Construction in progress HK$'000	Lease hold improvements HK$'000	Total HK$'000
Year ended 31 December 2023								
Opening net book amount	88,249	380,355	4,179	5,033	148,816	317,761	86,571	1,030,964
Currency translation differences	(1,220)	(4,196)	(61)	(70)	(2,217)	(4,633)	(1,608)	(14,005)
Additions	—	47,455	1,653	975	5,308	225,190	22,115	302,696
Disposals	—	(22,453)	(315)	(35)	(20,282)	—	(502)	(43,587)
Transfer from construction in progress	—	8,645	238	22	16,552	(37,827)	12,370	—
Depreciation	(5,228)	(78,246)	(1,599)	(1,378)	(18,186)	—	(48,269)	(152,906)
Impairment charge	—	(13,015)	—	—	—	—	—	(13,015)
Closing net book amount	81,801	318,545	4,095	4,547	129,991	500,491	70,677	1,110,147
At 31 December 2023								
Cost	172,780	750,284	23,805	11,831	260,911	500,491	247,694	1,967,796
Accumulated depreciation	(90,979)	(404,069)	(19,710)	(7,190)	(130,713)	—	(177,017)	(829,678)
Impairment	—	(27,670)	—	(94)	(207)	—	—	(27,971)
Net book amount	81,801	318,545	4,095	4,547	129,991	500,491	70,677	1,110,147

	Buildings HK$'000	**Plant and machineries HK$'000**	**Furniture and fixtures HK$'000**	**Motor vehicles HK$'000**	**Electronic equipment HK$'000**	**Construction in progress HK$'000**	**Lease hold improvements HK$'000**	**Total HK$'000**
Year ended 31 December 2024								
Opening net book amount	**81,801**	**318,545**	**4,095**	**4,547**	**129,991**	**500,491**	**70,677**	**1,110,147**
Currency translation differences	**(3,890)**	**(9,106)**	**(123)**	**(113)**	**(1,731)**	**(11,781)**	**(2,774)**	**(29,518)**
Additions	**(5,324)**	**100,425**	**690**	**1,165**	**10,776**	**234,339**	**45,299**	**387,370**
Disposals	**—**	**(28,675)**	**(468)**	**(874)**	**(10,368)**	**(6,949)**	**—**	**(47,334)**
Transfer from construction in progress	**338,665**	**30,428**	**—**	**—**	**—**	**(373,938)**	**4,845**	**—**
Depreciation	**(4,685)**	**(70,041)**	**(1,296)**	**(1,203)**	**(13,008)**	**—**	**(46,802)**	**(137,035)**
Impairment charge	**—**	**(6,383)**	**—**	**—**	**—**	**—**	**(23,608)**	**(29,991)**
Closing net book amount	**406,567**	**335,193**	**2,898**	**3,522**	**115,660**	**342,162**	**47,637**	**1,253,639**
At 31 December 2024								
Cost	**500,090**	**816,859**	**23,195**	**10,423**	**251,305**	**342,162**	**318,382**	**2,262,416**
Accumulated depreciation	**(93,523)**	**(447,856)**	**(20,297)**	**(6,808)**	**(135,509)**	**—**	**(247,137)**	**(951,130)**
Impairment	**—**	**(33,810)**	**—**	**(93)**	**(136)**	**—**	**(23,608)**	**(57,647)**
Net book amount	**406,567**	**335,193**	**2,898**	**3,522**	**115,660**	**342,162**	**47,637**	**1,253,639**

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation charges were included in the following categories in the consolidated statement of profit or loss:

	2024 HK$'000	2023 HK$'000
Cost of sales	**65,847**	100,577
Selling expenses	**13,818**	9,463
Administration expenses	**57,370**	42,866
	137,035	152,906

(a) Accounting policies of property, plant and equipment

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Leasehold improvements	Shorter of remaining term of the lease and estimated useful lives of assets
Plant and machineries	3–10 years
Furniture and fixtures	5 years
Electronic equipment	3–10 years
Motor vehicles	3–5 years

See note 39.4 for the other accounting policies relevant to property, plant and equipment.

14 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 2024 HK$'000	31 December 2023 HK$'000
Right-of-use assets		
Land use rights	**128,417**	134,148
Buildings	**52,532**	57,542
	180,949	191,690
Lease liabilities		
Current	**11,580**	12,002
Non-current	**42,821**	46,390
	54,401	58,392

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

The movement of right-of-use assets is analysed as follows:

	2024 HK$'000	2023 HK$'000
Opening net book amount as at 31 December	**191,690**	164,777
Currency translation differences	**(463)**	(2,500)
Additions	**5,988**	43,341
Depreciation and amortisation	**(16,266)**	(13,928)
Closing net book amounts	**180,949**	191,690

14 LEASE (CONTINUED)

(b) Amounts recognised in statement of profit or loss

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

	2024 HK$'000	2023 HK$'000
Depreciation and amortisation charge of right-of-use assets		
Land use rights	**2,915**	2,949
Buildings	**13,351**	10,979
	16,266	13,928
Interest expenses *(Note 9)*	**1,562**	1,158
Expenses relating to short-term leases (included in cost of sales, selling expenses and administrative expenses) *(Note 7)*	**20,938**	32,817

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

15 INVESTMENT PROPERTIES

	2024 HK$'000	2023 HK$'000
At fair value		
Opening balance at 1 January	**7,100**	7,400
Fair value changes *(Note 6)*	**(800)**	(300)
Closing balance at 31 December	**6,300**	7,100

As at 31 December 2024, the Group had no unprovided contractual obligations for future repairs and maintenance (2023: Nil).

The valuation of the Group's investment properties was performed by the valuer, Dudley Surveyors (Hong Kong) Limited, to determine the fair value of the investment properties as at 31 December 2024 and 2023.

The revaluation gains or losses are included in 'Other gains — net' in the consolidated statement of profit or loss. The following table analyses the investment properties carried at fair value, by valuation method.

15 INVESTMENT PROPERTIES (CONTINUED)

	Office units — Hong Kong			
Description	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurements method				
Investment properties:				
As at 31 December 2023	—	7,100	—	7,100
As at 31 December 2024	**—**	**6,300**	**—**	**6,300**

There were no transfers between Level 1, 2, and 3 during the year (2023: Nil).

As at 31 December 2024, the Group's bank borrowings were secured over investment properties with the carrying amounts of HK$6,300,000 (2023: HK$7,100,000) (Note 28(b)).

16 INTANGIBLE ASSETS

	Patents	Computer software	Goodwill	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2023				
Opening net book amount	8	10,739	—	10,747
Currency translation differences	(1)	(160)	—	(161)
Additions	—	1,141	—	1,141
Acquisition of a subsidiary	—	—	35,781	35,781
Amortisation charge	1	(1,950)	—	(1,949)
Closing net book amount	8	9,770	35,781	45,559
At 31 December 2023				
Cost	3,630	35,948	35,781	75,359
Accumulated amortisation	(3,622)	(26,178)	—	(29,800)
Net book amount	8	9,770	35,781	45,559

16 INTANGIBLE ASSETS (CONTINUED)

	Patents HK$'000	Computer software HK$'000	Goodwill HK$'000	Total HK$'000
At 31 December 2024				
Opening net book amount	8	9,770	35,781	45,559
Currency translation differences	(1)	(231)	(243)	(475)
Additions	—	4,511	—	4,511
Amortisation charge	(1)	(2,584)	—	(2,585)
Closing net book amount	6	11,466	35,538	47,010
At 31 December 2024				
Cost	3,564	38,739	35,781	78,084
Accumulated amortisation	(3,558)	(27,273)	(243)	(31,074)
Net book amount	6	11,466	35,538	47,010

(a) Amortisation was included in administrative expenses. There was no impairment charge during the year (2023: Nil).

(b) **Impairment tests for goodwill**

Goodwill arose from the acquisition of 85% equity interest in Zhengbo Investment Limited and its subsidiaries in 2023.

The recoverable amounts of the CGUs are determined based on value-in-use calculations. The calculation uses pre-tax cash flow projections based on financial forecasts prepared by management covering a five-year period.

The discount rate used for fair value less costs to sell and value-in-use calculations is 15% (2023: 15%).

If the estimated future cash flows had been 5% lower than management's estimates, the Group would still have recognised no impairment loss.

If the discount rate had increased 5% points, the Group would still have recognised no impairment loss.

16 INTANGIBLE ASSETS (CONTINUED)

(c) Accounting policies of goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

See note 39.14 for the other accounting policies relevant to goodwill.

17 SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2024, all of which are limited liability companies:

Company name	Place of incorporation	Registered/Issued and paid-up capital	Equity interest held 2024	Principal activities/ Place of operation
Directly owned:				
Goldasia Group Limited	BVI	USD50,000/USD1	100%	Investment holding/Hong Kong ("HK")
Indirectly owned:				
Ten Pao Precision Electronics Company Limited	HK	HK$2,000,000/ HK$1,000,000	100%	Investment holding/HK
Ten Pao International Limited	HK	HK$5,000,000/ HK$4,000,000	100%	Investment holding and trading of power supply devices and raw materials/HK
Huizhou Jinhu Industrial Development Co., Ltd.#	PRC	RMB50,000,000/ RMB50,000,000	100%	Manufacture and trading of power supply devices/PRC
Ten Pao Electronic (Huizhou) Co., Ltd.@	PRC	HK$276,000,000/ HK$276,000,000	92%*	Manufacture and trading of power supply devices/PRC
Ten Pao Electronics Hungary Kft.	Hungary	EUR€2,500,000/ EUR€2,500,000	100%	Manufacture and trading of power supply devices/ Hungary
Shenzhen MODO Innovation Technology Co., Ltd.#	PRC	RMB3,000,000/ RMB3,000,000	100%	Trading of audio devices and power supply devices/PRC
Dazhou Ten Pao Jin Hu Electronic Co., Ltd.#	PRC	RMB10,640,000/ RMB10,640,000	100%	Manufacture and trading of power supply devices/PRC
Huizhou Ten Pao Chuangneng Technology Co., Ltd.#	PRC	RMB150,000,000/ RMB86,717,000	100%	Manufacture and trading of power supply devices/PRC

17 SUBSIDIARIES (CONTINUED)

Company name	Place of incorporation	Registered/Issued and paid-up capital	Equity interest held 2024	Principal activities/ Place of operation
Giga Electronics (Vietnam) Company Limited	Vietnam	VND45,922,019,500/ VND45,922,019,500	100%	Manufacture and trading of power supply devices/ Vietnam
Ten Pao Precision Technology (Huizhou) Co., Ltd.#	PRC	HK$100,000,000/ HK$100,000,000	100%	Manufacture and trading of power supply devices/PRC
Ten Pao International, Inc.	United States	US$800,000/ US$800,000	100%	Manufacture and trading of power supply devices/United States
Ten Pao Industrial Company Limited	HK	HK$300,000/ HK$300,000	100%	Investment holding/HK
Huizhou Chuangeng Tiancheng Trading Co., Ltd#	PRC	RMB1,000,000/ RMB1,000,000	100%	Trading of power supply devices/PRC
Hunan Huifeng Electronic Technology Co., Ltd.#	PRC	RMB10,000,000/ RMB1,000,000	100%	Manufacture and trading of power supply devices/PRC
Shanxi Huifeng Electronic Technology Co., Ltd.#	PRC	RMB10,000,000/ RMB300,000	100%	Manufacture and trading of power supply devices/PRC
Indirectly owned:				
Shenzhen Ten Pao Weichuang Technology Development Co., Ltd.#	PRC	RMB3,000,000/ RMB3,000,000	100%	Manufacture and trading of power supply devices/PRC
Zhengbo Investment Limited	BVI	US$50,000/ US$50,000	85%	Investment holding/HK
Goodwin Technology (Vietnam) Company Limited	Vietnam	US$2,000,000/ US$2,000,000	85%	Manufacture and trading of power supply devices/ Vietnam

Registered as wholly foreign owned enterprises under PRC law.

@ Registered as company limited by shares (foreign investments, not yet listed) under PRC law.

* The ownership interest held by the Group shown here did not take into account of the effect of the share award scheme of Ten Pao Electronic (Huizhou).

18 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	2024 HK$'000	2023 HK$'000
Financial assets		
Financial assets at amortised cost		
Trade and other receivables (excluding prepayments)	**1,557,254**	1,236,636
Amounts due from related parties	**1,708**	1,760
Restricted bank deposits	**786,735**	677,556
Cash and cash equivalents	**328,104**	150,476
Financial assets at FVOCI	**—**	8,994
Financial assets at FVPL	**109,527**	75,907
Derivative financial instruments	**192**	1,724
	2,783,520	2,153,053

	2024 HK$'000	2023 HK$'000
Financial liabilities		
Liabilities at amortised cost		
Trade payables	**1,613,613**	1,190,917
Bank borrowings	**650,741**	654,899
Accrual for expenses and other payables	**130,414**	55,479
Lease liabilities	**54,401**	58,392
Amounts due to related parties	**35,786**	33,103
	2,484,955	1,992,790

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting periods is the carrying amount of each class of financial assets mentioned above.

19 INVENTORIES

	2024 HK$'000	2023 HK$'000
Raw materials	**400,376**	326,558
Work in progress	**191,874**	119,531
Finished goods	**537,563**	389,739
	1,129,813	835,828
Less: allowance for impairment	**(92,872)**	(108,499)
	1,036,941	727,329

The movements of allowance for impairment are analysed as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**108,499**	96,481
Currency translation difference	**(1,440)**	(879)
Allowance for impairment of inventory	**(14,187)**	12,897
At 31 December	**92,872**	108,499

The cost of inventories included in cost of sales during the year ended 31 December 2024 was HK$3,939,543,000 (2023: HK$3,231,511,000).

(a) Accounting policies of Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads based on normal operating capacity. It excluded borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

20 TRADE AND OTHER RECEIVABLES

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

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

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

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

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

The Group's sales are made to various customers. While there is concentration of credit risk within a few major customers, these customers are reputable with good track record.

20 TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Allowance for impairment of trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Note 3.1(c)(ii) provides for details about the calculation of the allowance.

The Group had not written off allowance for impairment of trade receivables during the year (31 December 2023: Nil).

(d) Fair value of trade receivables and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(e) Risk exposure

As at 31 December 2024, the Group's maximum exposure to credit risk of trade and other receivables was the carrying values of each class of receivables mentioned above.

As at 31 December 2024, the Group's bank borrowings were secured over trade and other receivables with the carrying amounts of HK$332,282,000 (31 December 2023: HK$214,798,000) (Note 28).

21 CASH AND CASH EQUIVALENTS

	2024 HK$'000	2023 HK$'000
Cash and bank balances	328,104	150,476

The carrying amounts of cash and cash equivalents approximate to their fair values and represent maximum exposure to credit risk at year end.

Cash and cash equivalents are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
RMB	98,415	38,247
USD	196,682	1,687
HK$	26,324	79,479
Others	6,683	31,063
	328,104	150,476

21 CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents including the following for the purpose of the statement of cash flows:

	2024 HK$'000	2023 HK$'000
Cash and cash equivalents	**328,104**	150,476

22 DERIVATIVE FINANCIAL INSTRUMENTS

	2024 HK$'000	2023 HK$'000
Derivative financial assets — Current	**192**	1,269
Derivative financial assets — Non-current	**—**	455

	Amount HK$'000	**Notional amount** HK$'000
As at 31 December 2024		
Derivative financial assets — Current		
— Currency swap contracts	**192**	**2,382**
As at 31 December 2023		
Derivative financial assets — Current		
— Interest rate swap contracts	1,269	98,089
Derivative financial assets — Non-Current		
— Currency swap contracts	455	12,710

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

(a) Accounting policies of derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if not, the gain or loss from fair value change is recognised immediately in the consolidated statement of profit or loss within 'Other gains — net'.

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

Movement of FVPL is analysed as follows:

	2024 **HK$'000**	2023 HK$'000
At beginning of year	**75,907**	58,413
Additions	**23,674**	11,126
Disposal	**(3,395)**	—
Fair value change	**15,293**	7,105
Currency translation differences	**(1,952)**	(737)
At end of year	**109,527**	75,907

Changes in fair value of financial assets at fair value through profit or loss are recorded in 'Other gains — net' in the statement of profit or loss (Note 6).

The fair value of the insurance is based on the unobservable inputs.

24 RESTRICTED BANK DEPOSITS

As at 31 December 2024, bank deposits amounting to HK$584,942,000 (2023: HK$677,556,000) are deposits held by the bank in a segregated account as security for borrowings from the banks (Note 28(b)).

As at 31 December 2024, the weighted average interest rates were 2.05% (2023: 2.10%).

25 SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares, issued and fully paid:

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

26 SHARE AWARD SCHEME

On 28 February 2024, the Company announced the proposed adoption of the share award scheme of Ten Pao Electronic (Huizhou), a subsidiary of the Company; and the grant of award shares of 8,700,000 and 2,000,000 of Ten Pao Electronic (Huizhou) at RMB1.00 per registered capital of Ten Pao Electronic (Huizhou) to (i) Ms. Yang Bingbing, the chief executive officer and a director of Ten Pao Electronic (Huizhou); and (ii) Mr. Hong Guangdai, a director of Ten Pao Electronic (Huizhou) respectively.

On 8 August 2024, the Company announced Ten Pao Electronic (Huizhou) granted an aggregate of RMB10,710,000 registered capital of Ten Pao Electronic (Huizhou) to certain employee participants under the Ten Pao Electronic (Huizhou) Share Award Scheme at a subscription price of RMB1.55 per registered capital with an aggregate subscription amount of RMB16,600,500, subject to acceptance by the grantees.

The Ten Pao Electronic (Huizhou) Share Award Scheme does not impose a vesting period, and therefore, does not impose performance targets with regard to the vesting of the award shares granted under the Ten Pao Electronic (Huizhou) Share Award Scheme, but the award shares are subject to the fulfillment of the service period of five years starting from the grant date applicable to the award shares granted to the grantees.

Details of registered capital of Ten Pao Electronic (Huizhou) granted, vested, cancelled/lapsed and outstanding under the Ten Pao Electronic (Huizhou) Share Award Scheme during the year are as follows:

					Number of registered capital of Ten Pao Electronic (Huizhou)				
Name	**Date of grant**	**Purchase price per registered capital of Ten Pao Electronic (Huizhou)**	**Vesting Date**	**Balance as at 1 January 2024**	**Granted during the Period**	**Vested during the Period**	**Cancelled during the Period**	**Lapsed during the Period**	**Balance as at 31 December 2024**
		RMB			RMB	RMB	RMB	RMB	RMB
Ms. Yang Bingbing*	28 February 2024	1.00	28 February 2024	—	8,700,000	(8,700,000)	—	—	—
Mr. Hong Guangdai*	28 February 2024	1.00	28 February 2024	—	2,000,000	(2,000,000)	—	—	—
Certain employee participants#	8 August 2024	1.55	8 August 2024	—	10,710,000	(10,710,000)	—	—	—
					21,410,000	(21,410,000)			

* The agreements for grant in relation to the grant of share awards to Ms. Yang Bingbing and Mr. Hong Guangdai were signed on 9 May 2024. Accordingly, the service period of 5 years pursuant to the Ten Pao Electronic (Huizhou) Share Award Scheme commenced from 9 May 2024.

26 SHARE AWARD SCHEME (CONTINUED)

The agreements for grant in relation to the grant of share awards to certain employee participants were signed on 8 August 2024. Accordingly, the service period of 5 years pursuant to the Ten Pao Electronic (Huizhou) Share Award Scheme commenced from 8 August 2024.

The fair value of the awarded shares less considerations is recognised as an expense over the service period to which the award shares granted to the grantees. The expenses arising from the award scheme recognised during the year ended 31 December 2024 were HK$18,130,000 (Note 8) (2023: Nil).

27 OTHER RESERVES

Other reserves comprise statutory reserves, capital reserves, exchange reserves, share options and FVOCI reserves of the Group.

	Statutory Reserves HK$'000	Capital reserves HK$'000	Exchange reserves HK$'000	Share options HK$'000	FVOCI HK$'000	Share award scheme HK$'000	Total HK$'000
At 1 January 2023	144,583	2,359	(59,280)	5,468	(7,484)	—	85,646
Transfer to statutory reserves	3,896	—	—	—	—	—	3,896
Fair value change of FVOCI	—	—	—	—	(1,163)	—	(1,163)
Currency translation differences	—	—	(23,535)	—	—	—	(23,535)
At 31 December 2023	148,479	2,359	(82,815)	5,468	(8,647)	—	64,844

	Statutory Reserves HK$'000	**Capital reserves HK$'000**	**Exchange reserves HK$'000**	**Share options HK$'000**	**FVOCI HK$'000**	**Share award scheme HK$'000**	**Total HK$'000**
At 1 January 2024	**148,479**	**2,359**	**(82,815)**	**5,468**	**(8,647)**	**—**	**64,844**
Transfer to statutory reserves	**1,482**	**—**	**—**	**—**	**—**	**—**	**1,482**
Fair value change of FVOCI	**—**	**—**	**—**	**—**	**8,647**	**—**	**8,647**
Effect of conversion of a subsidiary from a limited liability company into a joint stock company	**(79,484)**	**326,466**	**—**	**—**	**—**	**—**	**246,982**
Share award scheme — value of services	**—**	**—**	**—**	**—**	**—**	**18,130**	**18,130**
Currency translation differences	**—**	**—**	**(45,928)**	**—**	**—**	**—**	**(45,928)**
At 31 December 2024	**70,477**	**328,825**	**(128,743)**	**5,468**	**—**	**18,130**	**294,157**

(a) Statutory reserves

In accordance with relevant laws and regulations of the PRC, the PRC subsidiaries of the Group are required to make appropriation of not less than 10% of its net income after taxes to reserves. Further appropriation is optional when the accumulated statutory reserve is 50% or more of its registered capital. The statutory reserves can be used to offset accumulated losses of the PRC subsidiaries upon the approval of their respective boards of directors.

28 BORROWINGS

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

(a) As at 31 December 2024, included in the short term bank borrowings are banks' acceptance bills payable of HK$507,559,000 which are secured by full deposits in the same banks and included in the restricted bank deposits (31 December 2023: HK$507,614,000).

(b) As at 31 December 2024, bank borrowings amounting to HK$609,264,000 (2023：HK$589,782,000) are secured over the following assets, the remaining borrowings are credit loans:

	2024 HK$'000	2023 HK$'000
Restricted bank deposits *(Note 24)*	584,942	677,556
Financial assets at fair value through profit or loss		
— non-current	—	3,395
Investment properties *(Note 15)*	6,300	7,100
Trade and other receivables *(Note 20(e))*	332,282	214,798
	923,524	902,849

28 BORROWINGS (CONTINUED)

(c) The carrying amounts of the borrowings at 31 December 2024 and 2023, respectively, are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HK$	**15,000**	103,286
RMB	**603,672**	538,768
USD	**32,069**	12,845
	650,741	654,899

(d) The exposure of the borrowings to interest-rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	2024 HK$'000	2023 HK$'000
Borrowings at floating rates		
6 months or less	**3,002**	59,663
6–12 months	**—**	39,036
1–5 years	**—**	2,568
Borrowings at fixed rates	**647,739**	553,632
	650,741	654,899

(e) The borrowings are repayable as follows:

	2024 HK$'000	2023 HK$'000
Within 1 year	**650,741**	652,331
Between 1 and 2 years	**—**	2,568
	650,741	654,899

28 BORROWINGS (CONTINUED)

(f) The effective interest rates at the balance sheet dates are as follows:

	2024	2023
Bank borrowings denominated in:		
HK$	**4.20%**	3.24%
USD	**3.18%**	1.78%
RMB	**2.18%**	5.48%

(g) The carrying amounts and fair value of non-current borrowings are as follows:

	2024 HK$'000	2023 HK$'000
Carrying amounts	—	2,569
Fair value (level 2)	—	2,408
Weighted average discount rate used for fair value (%)	—	3.29%

29 DEFERRED GOVERNMENT GRANTS

	2024 HK$'000	2023 HK$'000
Opening net book amount	**36,778**	56,921
Credited to consolidated statement of profit or loss	**(5,360)**	(20,175)
Currency translation differences	**(1,238)**	32
Closing net book amount	**30,180**	36,778

(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 included in other gains-net if they are revenue in nature or they 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.

30 TRADE AND OTHER PAYABLES

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

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

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

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

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

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

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

31 DEFERRED INCOME TAX

The analysis of deferred tax assets and liabilities is as follows:

	2024 HK$'000	2023 HK$'000
Deferred income tax assets:		
— to be recovered within 12 months	**41,127**	—
— to be recovered after 12 months	**26,069**	52,977
	67,196	52,977
Deferred income tax liabilities:		
— to be settled after 12 months	**(104,234)**	(111,938)

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

Deferred income tax assets	**Provisions** HK$'000	**Unrealized gross margin and others** HK$'000	**Total** HK$'000
As at 1 January 2023	52,078	3,730	55,808
Recognised in the profit or loss	(6,466)	2,279	(4,187)
Recognised in the other comprehensive income	—	994	994
Currency translation differences	348	14	362
As at 31 December 2023	45,960	7,017	52,977
As at 1 January 2024	**45,960**	**7,017**	**52,977**
Recognised in the profit or loss	**11,007**	**5,190**	**16,197**
Recognised in the other comprehensive income	**—**	**(973)**	**(973)**
Currency translation differences	**(970)**	**(35)**	**(1,005)**
As at 31 December 2024	**55,997**	**11,199**	**67,196**

31 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax liabilities	Withholding income tax	Unrealized gross margin	Total
	HK$'000	HK$'000	HK$'000
At 1 January 2023	102,217	25	102,242
Recognised in the profit or loss	11,154	(25)	11,129
Currency translation differences	(1,433)	—	(1,433)
At 31 December 2023	111,938	—	111,938
At 1 January 2024	**111,938**	**—**	**111,938**
Recognised in the profit or loss	**(6,614)**	**472**	**(6,142)**
Currency translation differences	**(1,562)**	**—**	**(1,562)**
At 31 December 2024	**103,762**	**472**	**104,234**

Deferred income tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefits through the future taxable profits is probable.

As at 31 December 2024, the Group did not recognise deferred income tax asset of HK$4,103,000 (2023: HK$10,213,000) in respect of the tax losses amounting to HK$25,252,000 (2023: HK$68,032,000), as their recoverability is uncertain.

(a) Accounting policies of deferred income tax

Inside basis differences

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is recognised or the deferred income tax liability is settled.

Outside basis differences

Deferred income tax liabilities is provided on temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

See note 39.7 for the other accounting policies relevant to deferred income tax.

32 DIVIDENDS

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

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

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

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOW

(a) Reconciliation of profit before income tax to cash generated from operations:

	2024 HK$'000	2023 HK$'000
Profit before income tax	**427,049**	387,879
Adjustments for:		
Finance (income)/expenses — net *(Note 9)*	**(8,426)**	3,571
Depreciation of property, plant and equipment *(Note 13)*	**137,035**	152,906
Impairment of property, plant and equipment *(Note 13)*	**29,991**	13,015
Amortisation of intangible assets *(Note 16)*	**2,585**	1,949
Depreciation and amortisation of right-of-use assets *(Note 14)*	**16,266**	13,928
Loss/(Gain) on disposal of property, plant and equipment *(Note 6)*	**3,191**	(1,819)
Fair value changes on derivative financial instruments *(Note 6)*	**1,531**	4,830
Fair value changes on financial assets at fair value through profit or loss *(Note 6)*	**(8,758)**	(7,105)
(Reversal of allowance for impairment)/Allowance for impairment of inventory *(Note 19)*	**(14,187)**	12,897
Allowance for trade and other receivables *(Note 3.1(c))*	**10,310**	424
Fair value changes on investment properties *(Note 15)*	**800**	300
Deferred government grant credited to profit and loss *(Note 29)*	**(5,360)**	(20,175)
Changes in working capital:		
Inventories	**(293,985)**	167,030
Trade and other receivables	**(360,256)**	(144,065)
Due from related parties	**52**	22
Trade and other payables	**937,285**	(31,426)
Due to related parties	**2,683**	(1,751)
Cash generated from operations	**877,806**	552,410

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)

(b) In the consolidated statement of cash flow, proceeds from disposals of property, plant and equipment comprise:

	2024 HK$'000	2023 HK$'000
Net book amount disposed *(Note 13)*	**47,334**	43,587
(Loss)/Gain on disposals *(Note 6)*	**(3,191)**	1,819
Proceeds from disposals	**44,143**	45,406

(c) Non-cash financing transactions

The Group had no non-cash financing transactions during the year (2023: Nil).

(d) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2024 HK$'000	2023 HK$'000
Cash and cash equivalents	**328,104**	150,476
Borrowings — repayable within one year	**(650,741)**	(652,330)
Borrowings — repayable after one year	**—**	(2,569)
Lease liabilities	**(54,401)**	(58,392)
Net debt	**(377,038)**	(562,815)
Cash and cash equivalents	**328,104**	150,476
Gross debt — fixed interest rates	**(647,739)**	(553,632)
Gross debt — variable interest rates	**(3,002)**	(101,267)
Net debt	**(322,637)**	(504,423)

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)

(d) Net debt reconciliation (Continued)

	Other assets	Liabilities from financing activities			
Net assets	**Cash**	**Lease**	**Borrowing due within 1 year**	**Borrowing due after 1 year**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2023	341,394	(25,157)	(248,566)	(202,884)	(135,213)
Cash flows	(187,546)	7,971	(400,775)	200,247	(380,103)
Acquisition — lease	—	(43,341)	—	—	(43,341)
Foreign exchange adjustments	(3,372)	2,135	(2,989)	68	(4,158)
Interest expense	—	1,158	12,451	5,558	19,167
Interest payments (presented as operating cash flows)	—	(1,158)	(12,451)	(5,558)	(19,167)
As at 31 December 2023	150,476	(58,392)	(652,330)	(2,569)	(562,815)
Cash flows	**178,460**	**10,576**	**(9,993)**	**2,569**	**181,612**
Acquisition — lease	**—**	**(5,988)**	**—**	**—**	**(5,988)**
Foreign exchange adjustments	**(832)**	**(597)**	**11,582**	**—**	**10,153**
Interest expense	**—**	**1,562**	**7,111**	**—**	**8,673**
Interest payments (presented as operating cash flows)	**—**	**(1,562)**	**(7,111)**	**—**	**(8,673)**
As at 31 December 2024	**328,104**	**(54,401)**	**(650,741)**	**—**	**(377,038)**

34 CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no significant contingent liabilities (2023: Nil).

35 COMMITMENTS

(a) Operating lease commitments

The Group leases premises under non-cancellable operating lease agreements.

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

	2024 HK$'000	2023 HK$'000
Not later than one year	11,274	10,876

(b) Capital commitments

	2024 HK$'000	2023 HK$'000
In respect of the acquisitions of property, plant and equipment, contracted but not provided for	9,533	10,820

36 RELATED PARTY TRANSACTIONS

(a) Names and relationship

The following companies and individuals were related parties of the Group that had transactions or balances with the Group during the year:

Name of the related party	Relationship with the Group
Huizhou Golden Ocean Wire Co., Limited ("Huizhou Golden Ocean Wire")	An entity controlled by a relative of the Controlling Shareholder
Huizhou Tiannengyuan Charging Technology Co., Ltd. ("Tiannengyuan Charging")	An entity controlled by the Controlling Shareholder
Golden Ocean Copper Manufacture Company Limited ("Golden Ocean")	An entity controlled by the Controlling Shareholder
Sky Fortune Enterprises Limited ("Sky Fortune")	An entity controlled by the Controlling Shareholder
Golden Lake (HK) Limited ("Golden Lake (HK)")	An entity controlled by the Controlling Shareholder

(b) Transactions with related parties during the year

(i) Purchases of goods and services

	2024 **HK$'000**	2023 HK$'000
Purchase of goods		
Golden Ocean	**98,876**	80,551

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

36 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties during the year (Continued)

(ii) Operating lease expenses

	2024 HK$'000	2023 HK$'000
Tiannengyuan Charging	**7,940**	8,983
Huizhou Golden Ocean Wire	**311**	3,907
Sky Fortune	**600**	660
Golden Lake (HK)	**528**	576
	9,379	14,126

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

(iii) Key management personnel compensation

The compensation paid or payable to key management personnel for employee services are shown below:

	2024 HK$'000	2023 HK$'000
Wages, salaries and bonuses	**53,177**	41,537
Share award scheme	**17,547**	—
Pension costs — defined contribution plans	**177**	131
	70,901	41,668

36 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances due from related parties

	2024 Maximum balance outstanding during the year HK$'000	2024 HK$'000	2023 Maximum balance outstanding during the year HK$'000	2023 HK$'000
Golden Ocean	**386**	**386**	395	395
Tiannengyuan Charging	**1,134**	**1,134**	1,159	1,159
Sky Fortune	**100**	**100**	110	110
Golden Lake (HK)	**88**	**88**	96	96
	1,708	**1,708**	1,760	1,760

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 approximate their carrying amounts at each of the year end date.

(d) Balances due to related parties

	2024 HK$'000	2023 HK$'000
Golden Ocean	**35,483**	32,945
Huizhou Golden Ocean Wire	**—**	158
Tiannengyuan Charging	**303**	—
	35,786	33,103

The balances due to related parties were mainly denominated in RMB. They were unsecured and interest-free. These balances were trading in nature and due within 3 months. Their fair values approximate their carrying amounts at each of the year end date.

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Note	As at 31 December 2024 HK$'000	2023 HK$'000
Assets			
Non-current assets			
Investments in subsidiaries		**383,279**	383,279
Deposits		**—**	8,000
Current assets			
Cash and cash equivalents		**728**	1,315
Other receivables		**101**	104
Total assets		**384,108**	392,698
Equity attributable to owners of the company			
Share capital		**10,304**	10,304
Share premium	*(a)*	**525,826**	525,826
Share option reserve		**5,468**	5,468
Accumulated losses	*(a)*	**(199,257)**	(191,603)
Total equity		**342,341**	349,995
Liabilities			
Current liabilities			
Other payables		**41,767**	42,703
Total liabilities		**41,767**	42,703
Total equity and liabilities		**384,108**	392,698

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)
Balance sheet of the Company (Continued)

Note (a): Reserve movement of the Company

	Accumulated losses HK$'000	**Share premium** HK$'000
At 1 January 2024	**(191,603)**	**525,826**
Profit for the year	**144,843**	**—**
Dividends payment	**(152,497)**	**—**
At 31 December 2024	**(199,257)**	**525,826**
At 1 January 2023	(192,211)	525,826
Profit for the year	63,462	—
Dividends payment	(62,854)	—
At 31 December 2023	(191,603)	525,826

38 BENEFITS AND INTERESTS OF DIRECTORS
(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2024:

Name of Directors	Fees HK$'000	Salary HK$'000	Discretionary bonus HK$'000	Housing allowance HK$'000	Estimated money value of other benefits HK$'000	Remunerations paid or receivable in respect of accepting office as director HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking HK$'000	Share options HK$'000	Total HK$'000
Executive Directors										
Mr. Hung Kwong Yee (i)	—	5,849	6,955	—	—	—	—	—	—	12,804
Mr. Tse Chung Shing (ii)	—	1,572	824	—	—	—	18	—	—	2,414
Ms. Hung Sui Lam (ii)	—	449	631	—	—	—	18	—	—	1,098
Independent Non-executive Directors										
Mr. Lam Cheung Chuen	—	396	—	—	—	—	—	—	—	396
Mr. Chu Yat Pang Terry	—	396	—	—	—	—	—	—	—	396
Mr. Lee Kwan Hung	—	396	—	—	—	—	—	—	—	396
Dr. Lui Sun Wing	—	198	—	—	—	—	—	—	—	198
	—	9,256	8,410	—	—	—	36	—	—	17,702

38 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (Continued)

For the year ended 31 December 2023:

Name of Directors	Fees HK$'000	Salary HK$'000	Discretionary bonus HK$'000	Housing allowance HK$'000	Estimated money value of other benefits HK$'000	Remunerations paid or receivable in respect of accepting office as director HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking HK$'000	Share options HK$'000	Total HK$'000
Executive Directors										
Mr. Hung Kwong Yee (i)	—	5,859	7,244	—	8	—	—	—	—	13,111
Ms. Yang Bingbing (ii)	—	2,775	4,076	—	12	—	5	—	—	6,868
Independent Non-executive Directors										
Mr. Lam Cheung Chuen	—	387	—	—	—	—	—	—	—	387
Mr. Chu Yat Pang Terry	—	387	—	—	—	—	—	—	—	387
Mr. Lee Kwan Hung	—	387	—	—	—	—	—	—	—	387
	—	9,795	11,320	—	20	—	5	—	—	21,140

Note: (i) Mr. Hung Kwong Yee is also the chief executive officer.

Note: (ii) Ms. Yang Bingbing has resigned as an executive director of the Company with effect from 1 January 2024. Mr. Tse Chung Shing and Ms. Hung Sui Lam were appointed as executive directors of the Company with effect from 1 January 2024.

(b) No directors' retirement benefits, directors' termination benefits, consideration provided to third parties for making available directors' services and loans, quasi-loans or other dealing in favour of directors, controlled bodies corporate by and connected entities with such directors, subsisted at the end of the year or at any time during the year.

(c) Directors' material interests in transactions, arrangements or contracts

Saved as disclosed in Note 26 and 36, there was no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

39.1 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

39.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). RMB is the functional currency of principal operating subsidiaries of the Group. These consolidated financial statements are presented in HK$, which is the presentation and functional currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised as a separate component of equity in other comprehensive income.

39.3 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

39.3 Government grants (Continued)

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated statement of profit or loss on a straight-line basis over the expected lives of the related assets.

39.4 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Construction in progress is property, plant and equipment on which construction work has not been completed and stated at cost. Cost includes acquisition and construction expenditure incurred, interest and other direct costs attributable to the development. Depreciation is not provided on construction in progress until the related asset is completed for intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the consolidated statement of profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains — net' in the statement of profit or loss.

39.5 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows cash-generating units. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

39.6 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

39.6 Investments and other financial assets (Continued)

(c) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains-net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains-net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in 'Other gains — net' in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1(c) for further details.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

39.7 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

39.8 Share-based payment

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

Share-based payments was amortised over five years, and recognised as part of employee benefit expense and equity in the share-based payment reserve. Information relating to this agreement is set out in Note 26.

39.9 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

39.9 Leases (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- makes adjustments specific to the leas e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

39.9 Leases (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 14). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

39.10 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

39.11 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

39.12 Land use rights

Land use rights are up-front payments to acquire long-term interests in the usage of land. They are stated at cost and charged to the consolidated statement of profit or loss over the remaining period of the lease on a straight-line basis, net of any impairment losses.

39.13 Investment property

Investment property, principally comprising buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the statement of profit or loss as part of a valuation gain or loss in 'Other gains — net'.

39.14 Intangible assets

(a) Patents, computer software and trademarks at historical costs

Patents are amortised on a straight-line basis over useful lives of 10 years.

Acquired computer software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 3 to 10 years on a straight-line basis.

Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives of 10 years.

(b) Goodwill

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

39.15 Research and development expenditure

Research expenditures is recognised as an expense as incurred. Costs incurred on development projects relating to the design and testing of new and improved products are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development cost previously recognised as an expense is not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over their estimated useful lives.

39.16 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less or in the normal operating cycle if longer, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

39.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and entity balance sheet, bank overdrafts are shown within borrowings in current liabilities.

39.18 Restricted bank deposits

Restricted bank deposits represent deposits held by the bank in a segregated account as security for borrowings from the bank. Such restricted bank deposits will be released when the Group repays the related bank borrowings.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

39.19 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

39.20 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

39.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds net of transaction costs and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

39.22 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

39.23 Employee benefits

Pension obligations

The Group contributes on a monthly basis to various defined contribution plans organised by the relevant governmental authorities. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years. The contributions are recognised as employee benefit expense when they are due.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

39.23 Employee benefits (Continued)

Housing funds, medical insurance and other social insurances

Full-time employees of the Group's subsidiaries in the PRC participate in a government mandated multi-employer defined contribution plan pursuant to which certain pension insurance, medical insurance, unemployment insurance, maternity insurance, occupational injury insurance, employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require that the subsidiaries of the Group make contributions to the government for these benefits based on certain percentages of the employees' salaries. The Group has no legal obligation for the benefits beyond the contributions made.

39.24 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31 December				
	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	**2024 HK$'000**
Results					
Revenue	4,448,625	6,362,670	5,481,355	4,823,452	**5,385,748**
Profit before income tax	373,821	456,977	351,778	387,879	**427,049**
Income tax expense	(85,189)	(68,462)	(55,247)	(59,677)	**(43,455)**
Profit for the year attributable to owners of the Company	289,057	378,616	296,902	328,202	**383,594**
Assets, Liabilities and Equity					
Total assets	3,632,465	4,165,694	3,890,424	4,319,552	**5,409,651**
Total liabilities	2,631,659	2,857,179	2,477,312	2,668,298	**3,558,056**
Total equity	1,000,806	1,308,515	1,413,112	1,651,254	**1,851,595**