



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
INTERIM REPORT

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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. Chu Yat Pang Terry
Mr. Lam Cheung Chuen
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 PEOPLE'S REPUBLIC OF CHINA

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

SHARE REGISTRARS

Principal Share Registrar

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

Hong Kong Branch Share Registrar

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

HONG KONG LEGAL ADVISOR

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

AUDITOR

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

PRINCIPAL BANKERS

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

STOCK CODE

1979

COMPANY'S CORPORATE WEBSITE

www.tenpao.com

INVESTOR RELATIONS CONTACT

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

FINANCIAL HIGHLIGHTS

| | | Six months ended 30 June | | |
|---|----------|--------------------------|---------------------|---------------|
| | | 2024 (Unaudited) | 2023 (Unaudited) | Change |
| Revenue | HK\$'000 | 2,471,011 | 2,339,409 | 5.6% |
| Operating profit | HK\$'000 | 200,111 | 165,253 | 21.1% |
| Profit for the period attributable to the owners of the Company | HK\$'000 | 175,830 | 136,712 | 28.6% |
| Gross profit margin | % | 20.3 | 17.5 | 2.8% points |
| Operating profit margin | % | 8.1 | 7.1 | 1.0% point |
| Profit margin attributable to owners of the Company | % | 7.1 | 5.8 | 1.3% points |
| Earnings per share | | | | |
| — basic and diluted per share | HK cents | 17 | 13 | |
| Interim dividend per share | HK cents | 5.2 | 2.8 | |
| | | 30 June 2024 | 31 December 2023 | Change |
| Gearing ratio | % | 12.2 | 39.7 | -27.5% points |
| Current ratio | times | 1.14 | 1.14 | 0.0% |
| Average inventory turnover period | days | 69 | 76 | -9.2% |
| Average trade receivables turnover period | days | 87 | 84 | 3.6% |
| Average trade payables turnover period | days | 111 | 110 | 0.9% |

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Ten Pao Group Holdings Limited (“Ten Pao” or the “Company” and, together with its subsidiaries, the “Group”) is a leading provider of diversified smart power supply solutions with over 45 years of experience in power manufacturing. The Group is committed to a customer-centric approach and develops high-quality, innovative products that have earned recognition from clients. During the six months ended 30 June 2024 (the “Period”), its various segments also received awards from renowned partners, including “Excellent Partner” and “Excellent Quality” awards.

In the first half of 2024, despite a challenging external environment and intensified market competition, the Group, under the visionary leadership of its management, has made significant strides in expanding its global production footprint and advancing intelligent automation initiatives. Over the past few years, these efforts have yielded positive results, enabling the Group to effectively navigate geopolitical factors and supply chain pressures. Coupled with its research and development (“R&D”) capabilities and high quality products, the Group has maintained strong and long-standing partnerships with its customers, allowing it to stand out in a competitive market.

Over the Period, the Group’s revenue increased by 5.6% year-on-year to HK\$2,471.0 million, driven by strong performance in the new energy business and a significant improvement in inventory destocking by industrial power supply customers. The Group’s long-term commitment to promoting intelligent and digital transformation in its production and operations, coupled with a streamlined operational structure, has resulted in effective cost control. Prudent financial management has also maintained a healthy cash flow level. Gross profit for the Period increased by 22.8% year-on-year to HK\$501.9 million, while profit before taxation for the Period reached HK\$207.0 million. Profit attributable to owners of the Company increased by 28.6% year-on-year to HK\$175.8 million. Basic earnings per share for the Period increased to HK17 cents from HK13 cents in 2023.

The Group maintains a stable and consistent long-term dividend policy. The board (the “Board”) of directors (the “Directors”) of the Company has decided to distribute an interim dividend of HK5.2 cents per ordinary share over the Period.

MARKET AND BUSINESS REVIEW

As China’s economic recovery falls short of expectations, the market environment has become more challenging, with many companies resorting to price cuts to secure orders, thus intensifying competition. Despite the complex economic landscape, the Group has secured stable orders from long-term clients and attracted new customers. This has been driven by its strategic global production footprint, developed in response to evolving customer needs, and its focus on capitalizing on the “fuel-to-electric” trend with new product development. Furthermore, the Group’s established strengths in production and R&D, coupled with early adoption of automation in its factories, have enhanced production efficiency. These factors, combined with effective cost control and a global production network, have maintained the Group’s core competitiveness, ensuring stable gross profit margins. Despite supply chain challenges posed by the Red Sea shipping crisis, the Group’s proactive inventory management of raw materials has enhanced supply chain flexibility and mitigated the impact of shipping disruptions on logistics costs. The flexibility to adjust production deployment across various manufacturing facilities has also helped to maintain transportation costs at a stable level.

The industrial power supply segment saw positive results from client inventory adjustments, and client order patterns reflected cautious optimism. This led to a 16.1% year-on-year increase in segment revenue, representing 40.0% of the Group’s total revenue. To capitalize on market recovery opportunities and meet evolving customer needs, the Group intends to focus its R&D efforts on enhancing charging currents and speeds, while expanding its diverse portfolio of industrial power supply products. In addition, as China continues to invest resources in photovoltaic power generation, data centers, new energy vehicles and other industries, the power supply industry is poised to continue its rapid growth. The Group anticipates a steady and positive performance for this segment in the second half of the year.

Regarding the new energy business segment, the Group's new energy product strategy successfully capitalized on the energy transition trend. Energy storage products and automotive electronics witnessed strong sales growth, with revenue increasing by 15.5% year-on-year, accounting for 17.0% of the Group's revenue. In recent years, the global push for low-carbon and green energy has significantly accelerated the energy transition. Furthermore, China is actively promoting its "dual carbon" goals through various national policies. According to the "Energy Storage Industry Research White Paper 2024" released by the China Energy Storage Alliance, the global energy storage market continued its rapid growth in 2023, with power storage facilities newly put into operation reaching 52.0GW, a year-on-year increase of 69.5%. It is conservatively estimated that the cumulative capacity of new energy storage facilities will reach 168.7GW by 2028, with a compound annual growth rate (CAGR) of 37.4% from 2024 to 2028. Given the rising market demand for new energy products, especially for energy storage products, the Group will further expand the application of energy storage products and adopt a comprehensive planning strategy. With orders and enquiries for new energy products continuing to increase in recent months, the Group expects the new energy business to maintain strong growth momentum in the second half of the year. In regard to the consumer power supply segment, as the global economy has not yet recovered, consumer demand has also been affected, resulting in a slight year-on-year revenue decline of 5.6%. That said, the gradual recovery of the consumer market, a diversified product portfolio, and the launch of new products are all expected to support the segment's future development.

The Group has production bases in Huizhou (in Guangdong, China), Dazhou (in Sichuan, China), Hungary, Vietnam, and Mexico. The production lines for intelligent controllers have been extended to Vietnam and Mexico, equipped with automated equipment incorporating artificial intelligence elements. This highly efficient production model can serve as the best blueprint for replication at other overseas production bases. The production lines at Huizhou Intelligent Manufacturing Industrial Park are being relocated to the new factory as planned. The new factory covers an area of approximately 200,000 square meters, providing more space for automated production and intelligent manufacturing upgrades, laying the foundation for the Group's potential capacity expansion.

PROSPECT

In the second half of this year, the external environment remains complex and volatile due to the upcoming United States (“US”) presidential election. The sluggish performance of China’s consumption and real estate industries has put significant pressure on the country’s economic outlook. The Group will remain cautiously optimistic, continue to streamline its operational structure, enhance automation efficiency at production bases, and further expand its international and diversified customer base as part of its globalization strategy.

Meanwhile, R&D and innovation remains a top priority for the Group. It will continue to focus on new product development and core product upgrades, striving to enrich and diversify its product portfolio to meet evolving customer needs. Last year, the European Parliament decided to ban the sale of gasoline and diesel cars after 2035, aiming for climate neutrality by 2050. Many countries are setting timelines for phasing out fossil fuel vehicles, and customers are increasingly interested in low-carbon and zero-carbon products. Going forward, the Group plans to launch more household-oriented products, such as the home energy storage inverter, which has already been launched in the European market. As new energy products become more popular, economies of scale will significantly reduce production costs and unit prices.

Furthermore, the European Union’s plan to impose a tax on imported high-carbon products from 2026 has created a growing demand for clean energy solutions among the Group’s clients. Currently, Ten Pao is independently developing more related products and collaborating with clients on joint development projects. The goal is to launch corresponding products in both industrial power supply and energy storage segments. The Group anticipates that China and the US will follow the European Union’s lead in transitioning their energy consumption structures towards cleaner sources. As a result, the Group’s industrial power products segment is accelerating the development of smart battery charger series and fully digital power supply products. These products can be applied to various scenarios in line with future market demands, including the charging of electric forklift, industrial robot, communication equipment, battery swapping cabinets, garden machineries, electric power tools and IoT logistics warehouse equipment.

The Group will also prioritize investments into strengthening non-power product lines and launching more customized products. The intelligent controller business has gradually secured orders for customized development from several clients. These customized products offer higher value compared to traditional OEM products. In the future, the Group will develop more high-tech, high value-added and high-precision intelligent controller products, and continue to provide customers with “intelligent, efficient, safe, reliable, and quick-response” product customization R&D and manufacturing services.

Over the years, the Group has accumulated a huge customer base within the industry. This, together with the manufacturing advantages of different regions within a global production network and reduced production costs, have enabled the Group to continue securing orders for manufacturing and providing solutions for intelligent controllers. The Group will continue to strengthen its domestic and overseas production base layout in response to customer demand and actively seek more strategic cooperation opportunities abroad. Backed by ample cash reserves, the Group will maintain prudent financial planning and is considering various investment strategies to expand its business. As the need arises, the Group will pursue appropriate investments or acquisitions to enhance its competitive advantage, create value for customers and employees, and strive for better returns for shareholders of the Company (the “Shareholders”), ultimately becoming the mainstay of the global power supply industry.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains a strong and healthy balance sheet. As at 30 June 2024, net current assets amounted to HK\$326.0 million as compared with HK\$342.7 million as at 31 December 2023. As of 30 June 2024, current ratio was 1.14 times (31 December 2023: 1.14 times) (current ratio is calculated by using the following formula: current assets/current liabilities).

Gearing ratio was 12.2% as at 30 June 2024 (31 December 2023: 39.7%) (gearing ratio is calculated by using the following formula: total borrowings/total equity). The decrease in the gearing ratio was mainly due to the net repayment of bank borrowings during the Period.

Net cash generated from operating activities was HK\$332.9 million for the Period (six months ended 30 June 2023: HK\$21.7 million), which was mainly due to cash generated from operations of HK\$347.8 million. During the Period, no significant extended credit term was given to customers while extended credit term was granted by suppliers.

Net cash used in investing activities for the Period was HK\$183.9 million (six months ended 30 June 2023: HK\$111.6 million) as the Group has acquired more property, plant and equipment, amounting to HK\$190.7 million (six months ended 30 June 2023: HK\$114.8 million).

During the Period, net cash used in financing activities was HK\$66.9 million (six months ended 30 June 2023: HK\$133.1 million).

DEBT MATURITY PROFILE

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

| | 30 June 2024 HK\$'000 (Unaudited) | 31 December 2023 HK\$'000 (Audited) |
|-----------------------|--|--|
| Within 1 year | 207,944 | 652,330 |
| Between 1 and 2 years | — | 2,569 |
| Between 2 and 5 years | — | — |
| | 207,944 | 654,899 |

FINANCIAL RISK MANAGEMENT

Foreign Exchange Risk

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

The Group generates a notable portion of revenue and receivables in USD and HK\$, while our cost of sales is primarily denominated in RMB. For the Period, the Group's revenue denominated in USD and HK\$ amounted to approximately 50.1% of its total revenue (six months ended 30 June 2023: 48.0%).

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and it may enter into certain forward foreign exchange contracts, when necessary, to manage its exposure against foreign currencies and to mitigate the impact on exchange rate fluctuations. During the Period, no forward foreign exchange contracts had been entered into by the Group as the Group did not consider there was any risk associated with exchange rate fluctuation that may adversely affect the results of the Group.

Cash Flow and Fair Value Interest Rate Risk

As the Group has no significant interest-bearing assets (other than bank balances and cash), the Group's income and operating cash flows are substantially independent of changes in market interest rates. As of 30 June 2024, the Group had bank borrowings of HK\$207.9 million (31 December 2023: HK\$654.9 million) which were primarily denominated in HK\$, USD and RMB.

Credit Risk

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

As at 30 June 2024, all of the bank balances, term deposits and restricted bank deposits of the Group were deposited with highly reputable and sizable banks and financial institutions without significant credit risk in the PRC and Hong Kong. The management does not expect to incur any losses from non-performance by these banks and financial institutions. As at 30 June 2024 and 31 December 2023, the Group held cash and bank balances and restricted bank deposits totalling HK\$543.4 million and HK\$828.0 million, respectively, with four major banks in the PRC and Hong Kong.

Liquidity Risk

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

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

For details of the capital commitments in respect of the acquisitions of plant and equipment during the six months ended 30 June 2024, please refer to Note 28(b) of the interim financial information. Save for the above, the Group did not have plans for material investments or capital assets during the six months ended 30 June 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures for the six months ended 30 June 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

HUMAN RESOURCES

The Group employed a total of approximately 7,800 full-time employees as of 30 June 2024. The Group believes human resources are its valuable assets and maintains its solid commitment to attracting, developing and retaining talented employees, in addition to providing dynamic career opportunities and a favorable working environment to its employees. The Group constantly provides training with diverse operational functions and offers competitive remuneration packages and incentives to all employees. The Group regularly reviews its human resources policies for addressing corporate development needs. The total labour costs for the Period was HK\$395.7 million, as compared to HK\$326.2 million for the same period last year.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to abiding by the principles of good corporate governance with emphasis on transparency and accountability. The Board has established an audit committee (the "Audit Committee"), a nomination committee and a remuneration committee with defined terms of reference in accordance with the requirements set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with the code provisions set out in the CG Code throughout the Period, with the exception of code provision C.2.1.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix C3 to the Listing Rules as the code of conduct governing Directors’ dealings in the Company’s securities. Employees of the Group (the “Relevant Employees”) who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities are also subject to compliance with the Model Code. Following specific enquiry, all the Directors have confirmed their compliance with the Model Code throughout the Period and up to the date of this interim report. In addition, no incident of non-compliance of the Model Code by the Relevant Employees was noted by the Company during the Period and up to the date of this interim report.

INTERIM DIVIDEND

The Board has resolved to distribute an interim dividend of HK5.2 cents per ordinary share for the Period (2023: HK2.8 cents per ordinary share) to the Shareholders. The interim dividend is expected to be paid on Friday, 25 October 2024 to all Shareholders whose names appear on the register of members of the Company on Thursday, 10 October 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 8 October 2024 to Thursday, 10 October 2024, both days inclusive, for the purpose of determining the entitlement to the interim dividend for the Period. In order to be qualified for the said interim dividend, unregistered holders of shares of the Company should ensure all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong time) on Monday, 7 October 2024. The ex-dividend date will be Friday, 4 October 2024.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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

The Audit Committee has reviewed the Company's unaudited interim condensed consolidated financial statements for the Period in conjunction with the Company's management. The Audit Committee has also reviewed the effectiveness of the risk management and internal control systems of the Group and considered them effective.

SUFFICIENCY OF PUBLIC FLOAT

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

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

As at 30 June 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, or so far as known to the Directors, were as follows:

Long position in ordinary shares of the Company

| Name of Director | Capacity | Note | Number of ordinary shares interested | Approximate percentage* of the Company's issued share capital |
|------------------|--------------------------------------|-------|--------------------------------------|---|
| Chairman Hung | Beneficial owner | | 19,247,980 | 1.87% |
| | Interest of a controlled corporation | 1 | 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:

- These shares are held by Even Joy Holdings Limited, a company wholly owned by Chairman Hung. By virtue of the SFO, Chairman Hung is deemed to be interested in these shares held by Even Joy Holdings Limited.
 - These shares are held by TinYing Investments Limited, a company wholly owned by TinYing Holdings Limited, which is in turn wholly owned by Vistra Trust (BVI) Limited acting as the trustee of The TinYing Trust (the "Family Trust"). The Family Trust is a discretionary trust established by Chairman Hung as settlor. The beneficiaries of the Family Trust are Chairman Hung, certain of his family members and other persons who may be added or amended from time to time. By virtue of the SFO, Chairman Hung, TinYing Holdings Limited and Vistra Trust (BVI) Limited are deemed to be interested in these shares held by TinYing Investments Limited.
- * The percentage represents the number of ordinary shares of the Company interested divided by the number of the Company's issued shares as at 30 June 2024.

Save as disclosed above, as at 30 June 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, or so far as known to the Directors.

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

As at 30 June 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:

Long position in ordinary shares of the Company

| Name of Shareholder | Capacity | Note | Number of ordinary shares interested | Approximate percentage* of the Company's issued share capital |
|---------------------------------------|--------------------------------------|------|--------------------------------------|---|
| Even Joy Holdings Limited | Beneficial owner | 1 | 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 30 June 2024.

Save as disclosed above, as at 30 June 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.

SHARE OPTION SCHEME

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

Since the adoption of the Share Option Scheme, a total of 19,348,000 share options have been granted, of which 456,000 share options were exercised (and accordingly 456,000 shares of the Company were issued) and all the remaining 18,892,000 share options were lapsed in accordance with the terms of the Share Option Scheme. No movement of share options for the six months ended 30 June 2024 is shown in this interim report since (i) there were no outstanding share options at the beginning of the said six-month period; and (ii) there was no grant of share options during the said six-month period. The total number of options available for grant under the Share Option Scheme as at 1 January 2024 and 30 June 2024 were 99,544,000 shares.

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

TEN PAO ELECTRONIC (HUIZHOU) SHARE AWARD SCHEME

On 28 February 2024, the board of directors of Ten Pao Electronic (Huizhou) Co., Ltd.* (天寶電子(惠州)有限公司) (“Ten Pao Electronic (Huizhou)”), an indirect wholly-owned subsidiary of the Company, resolved to propose (i) the adoption of a share award scheme for Ten Pao Electronic (Huizhou) (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.

* For identification purpose only

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 amount of equity available for issue under the Ten Pao Electronic (Huizhou) Share Award Scheme shall not exceed 10% of the total registered 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 interim report. As the Ten Pao Electronic (Huizhou) Share Award Scheme was only adopted on 8 April 2024, as at 1 January 2024 and 30 June 2024, the total amount of equity available for grant was nil and RMB14,046,341, respectively. The amount of registered capital that may be issued in respect of awards granted under all schemes of Ten Pao Electronic (Huizhou) during the Period (i.e. RMB10,700,000) divided by the weighted average amount of registered capital in issue for the Period (i.e. RMB252,813,413) is approximately 4.23%.

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 Period are as follows:

| Name | Date of grant (Note 1) | Subscription price per registered capital of Ten Pao Electronic (Huizhou) RMB | Vesting Date (Note 1) | Amount of registered capital of Ten Pao Electronic (Huizhou) | | | | | |
|------------------------|---------------------------|--|--------------------------|--|----------------------------------|---------------------------------|--|---|-----------------------------------|
| | | | | Balance as at 1 January 2024 | Granted during the Period RMB | Vested during the Period RMB | Cancelled during the Period (Note 2) RMB | Lapsed during the Period (Note 2) RMB | Balance as at 30 June 2024 RMB |
| Ms. Yang (Note 3) | 28 February 2024 | 1.00 | 28 February 2024 | — | 8,700,000 | (8,700,000) | — | — | — |
| Mr. G.D. Hong (Note 4) | 28 February 2024 | 1.00 | 28 February 2024 | — | 2,000,000 | (2,000,000) | — | — | — |
| | | | | | 10,700,000 | (10,700,000) | | | |

Notes:

1. All registered capital of Ten Pao Electronic (Huizhou) granted during the Period have vested on the date of grant (subject to clawback mechanism and lock-up period). The remuneration committee of the Company and the Board are of the view that the grant of registered capital of Ten Pao Electronic (Huizhou) to the grantees is consistent with the purpose of the Ten Pao Electronic (Huizhou) Share Award Scheme and such arrangement with no vesting period is justifiable and aligns with the purposes of the Ten Pao Electronic (Huizhou) Share Award Scheme. For further details, please refer to “3. UNLOCKING CONDITIONS AND UNLOCKING ARRANGEMENTS” and “5. VESTING PERIOD AND PERFORMANCE TARGETS” in Appendix I to the circular of the Company dated 15 March 2024. The agreements for grant in relation to the grant of share awards to Ms. Yang and Mr. G.D. Hong were signed on 9 May 2024. Accordingly, the lock-up period of 5 years pursuant to the Ten Pao Electronic (Huizhou) Share Award Scheme commenced from 9 May 2024.
2. None of the registered capital of Ten Pao Electronic (Huizhou) granted have performance targets.
3. Ms. Yang is the chief executive officer and a director of Ten Pao Electronic (Huizhou).
4. Mr. G.D. Hong is a director of Ten Pao Electronic (Huizhou).
5. During the Period, a total of RMB10,700,000 registered capital of Ten Pao Electronic (Huizhou), with a total fair value of RMB84,748,000 at the date of grant were granted to eligible participants of the Ten Pao Electronic (Huizhou) Share Award Scheme.

Subsequent to the Period end, on 8 August 2024, the Company announced that 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.

Accordingly, the total amount of equity available for grant under the Ten Pao Electronic (Huizhou) Share Award Scheme as at the date of this interim report is RMB3,336,341, representing approximately 1.24% of the total registered capital of Ten Pao Electronic (Huizhou).

SUBSEQUENT EVENT

On 31 December 2023, the Company entered into a framework purchase agreement with Golden Ocean Copper Manufacturer Co., Limited (鑫洋銅工業有限公司) (“Golden Ocean Copper”), pursuant to which Golden Ocean Copper agreed to supply direct current cables and copper wires to the Group to be used in the Group’s products, with the term expiring on 31 December 2026 (the “2024 Golden Ocean Copper Framework Purchase Agreement”).

On 11 July 2024, the Company and Golden Ocean Copper entered into a supplemental agreement to the 2024 Golden Ocean Copper Framework Purchase Agreement (the “Supplemental Agreement”) to, among other things, revise and increase the existing annual caps for the three years ending 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, respectively (the “Revised Annual Caps”). For details of the basis in determining the Revised Annual Caps, please refer to the announcement of the Company dated 11 July 2024 and the circular of the Company dated 2 August 2024. The Supplemental Agreement and the Revised Annual Caps were approved at the extraordinary general meeting of the Company held on 23 August 2024.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Ten Pao Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 27 to 78, which comprises the interim condensed consolidated balance sheet of Ten Pao Group Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2024 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 23 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(All amounts in HK dollar thousands unless otherwise stated)

| | Notes | Six months ended 30 June | |
|---|-------|--------------------------|---------------------|
| | | 2024 (Unaudited) | 2023 (Unaudited) |
| Revenue | 6 | 2,471,011 | 2,339,409 |
| Cost of sales | 8 | (1,969,161) | (1,930,574) |
| Gross profit | | 501,850 | 408,835 |
| Other income | 7 | 10,508 | 11,936 |
| Other gains — net | 7 | 28,912 | 20,146 |
| Selling expenses | 8 | (84,082) | (89,811) |
| Administrative expenses | 8 | (247,222) | (179,581) |
| Net impairment losses on financial assets | | (9,855) | (6,272) |
| Operating profit | | 200,111 | 165,253 |
| Finance income | 9 | 9,035 | 2,056 |
| Finance expenses | 9 | (2,122) | (5,883) |
| Finance income/(expenses) — net | | 6,913 | (3,827) |
| Profit before income tax | | 207,024 | 161,426 |
| Income tax expenses | 10 | (31,680) | (24,967) |
| Profit for the period attributable to: | | | |
| Owners of the Company | | 175,830 | 136,712 |
| Non-controlling interests | | (486) | (253) |
| | | 175,344 | 136,459 |
| Earnings per share for the period | | | |
| — basic and diluted per share | 11 | HK\$0.17 | HK\$0.13 |

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in HK dollar thousands unless otherwise stated)

| | Six months ended 30 June | |
|--|--------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Profit for the period | 175,344 | 136,459 |
| Other comprehensive income | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | |
| Currency translation differences | (19,446) | (52,529) |
| Changes in the fair value of equity investments at fair value through other comprehensive income | 881 | (5,998) |
| | (18,565) | (58,527) |
| Total comprehensive income for the period attributable to: | | |
| Owners of the Company | 157,265 | 78,185 |
| Non-controlling interests | (486) | (253) |
| | 156,779 | 77,932 |

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(All amounts in HK dollar thousands unless otherwise stated)

| | Notes | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|--|-------|--------------------------------|----------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Land use rights | 13 | 4,583 | 4,734 |
| Property, plant and equipment | 13 | 1,178,320 | 1,110,147 |
| Right-of-use assets | 14 | 183,614 | 191,690 |
| Investment properties | 15 | 6,600 | 7,100 |
| Intangible assets | 13 | 46,515 | 45,559 |
| Deferred income tax assets | 27 | 48,960 | 52,977 |
| Derivative financial assets — non-current | 18 | — | 455 |
| Financial assets at fair value through other comprehensive income | 19 | 9,965 | 8,994 |
| Financial assets at fair value through profit or loss | 20 | 78,707 | 75,907 |
| Prepayments for the purchase of property, plant and equipment | | 9,340 | 8,706 |
| | | 1,566,604 | 1,506,269 |
| Current assets | | | |
| Inventories | 16 | 783,018 | 727,329 |
| Trade and other receivables | 17 | 1,322,688 | 1,254,893 |
| Amounts due from related parties | 29(b) | 1,730 | 1,760 |
| Derivative financial assets — current | 18 | 736 | 1,269 |
| Restricted bank deposits | 21 | 310,963 | 677,556 |
| Cash and cash equivalents | | 232,449 | 150,476 |
| | | 2,651,584 | 2,813,283 |
| Total assets | | 4,218,188 | 4,319,552 |

Interim Condensed Consolidated Balance Sheet

(All amounts in HK dollar thousands unless otherwise stated)

| | Notes | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|---|-------|--------------------------------|----------------------------------|
| EQUITY | | | |
| Capital and reserves attributable to owners of the Company | | | |
| Share capital | 22 | 10,304 | 10,304 |
| Share premium | 22 | 162,426 | 162,426 |
| Other reserves | | 47,977 | 64,844 |
| Retained earnings | | 1,489,650 | 1,417,501 |
| | | 1,710,357 | 1,655,075 |
| Non-controlling interests | | (4,307) | (3,821) |
| Total equity | | 1,706,050 | 1,651,254 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Non-current bank borrowings | 24 | — | 2,569 |
| Lease liabilities — non-current | 14 | 42,147 | 46,390 |
| Deferred income tax liabilities | 27 | 110,398 | 111,938 |
| Deferred government grants | 25 | 34,032 | 36,778 |
| | | 186,577 | 197,675 |

Interim Condensed Consolidated Balance Sheet
(All amounts in HK dollar thousands unless otherwise stated)

| | Notes | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|--|-------|---|----------------------------------|
| Current liabilities | | | |
| Trade and other payables | 26 | 1,918,468 | 1,735,309 |
| Contract liabilities | | 37,371 | 33,787 |
| Amounts due to related parties | 29(c) | 37,244 | 33,103 |
| Dividend payable | | 103,694 | 13 |
| Income tax liabilities | | 9,972 | 4,079 |
| Lease liabilities — current | 14 | 10,868 | 12,002 |
| Short-term bank borrowings | 24 | 162,235 | 553,632 |
| Current portion of non-current bank borrowings | 24 | 45,709 | 98,698 |
| | | 2,325,561 | 2,470,623 |
| Total liabilities | | 2,512,138 | 2,668,298 |
| Total equity and liabilities | | 4,218,188 | 4,319,552 |

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

The interim financial information on pages 27 to 78 were approved by the Board of Directors on 23 August 2024 and were signed on its behalf.

Mr. Hung Kwong Yee
Director

Mr. Tse Chung Shing
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in HK dollar thousands unless otherwise stated)

| For the six months ended 30 June 2024 (unaudited) | Other Reserves | | | | | | | | | | | | | | |
|--|------------------|------------------|-----------------------|---------------------|---------------------------------|----------------------|------------------|---------------|---------------|------------------|------------------|--------------------------|----------------------|----------------------------------|-----------------|
| | Financial Assets | | | | | | | | | | | Share Award Scheme | Retained Earnings | Non- Controlling Interests | Total Equity |
| | At Fair Value | | | | | | | | | | | | | | |
| | Share Capital | Share Premium | Statutory Reserves | Capital Reserves | Comprehensive Income (FVOCI) | Exchange Reserves | Share Options | Through Other | | | | Total | Total | Total | |
| 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 period | — | — | — | — | — | — | — | — | — | 175,830 | 175,830 | (486) | 175,344 | | |
| Other comprehensive income | | | | | | | | | | | | | | | |
| Currency translation differences | — | — | — | — | — | (19,446) | — | — | (19,446) | — | (19,446) | — | (19,446) | | |
| Fair value change of FVOCI | — | — | — | — | 881 | — | — | — | 881 | — | 881 | — | 881 | | |
| Total comprehensive income | — | — | — | — | 881 | (19,446) | — | — | (18,565) | 175,830 | 157,265 | (486) | 156,779 | | |
| Contributions by and distributions to owners of the Company recognised directly in equity | | | | | | | | | | | | | | | |
| Share award scheme — value of services (Note 23) | — | — | — | — | — | — | — | 1,698 | 1,698 | — | 1,698 | — | 1,698 | | |
| Dividends | — | — | — | — | — | — | — | — | — | (103,681) | (103,681) | — | (103,681) | | |
| Total transaction with owners, recognised directly in equity | — | — | — | — | — | — | — | 1,698 | 1,698 | (103,681) | (101,983) | — | (101,983) | | |
| Balance at 30 June 2024 (unaudited) | 10,304 | 162,426 | 148,479 | 2,359 | (7,766) | (102,261) | 5,468 | 1,698 | 47,977 | 1,489,650 | 1,710,357 | (4,307) | 1,706,050 | | |

Interim Condensed Consolidated Statement of Changes in Equity

(All amounts in HK dollar thousands unless otherwise stated)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in HK dollar thousands unless otherwise stated)

| | Six months ended 30 June | |
|--|--------------------------|-------------|
| | Notes | 2023 |
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| Cash flows from operating activities | | |
| Cash generated from operations | 347,777 | 32,588 |
| Interest paid | (2,122) | (5,883) |
| Interest income | 9,035 | 2,056 |
| Income tax paid | (21,758) | (7,107) |
| | 332,932 | 21,654 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (190,740) | (114,822) |
| Purchase of intangible assets | (2,198) | (368) |
| Proceeds from disposal of property, plant and equipment | 9,906 | 3,608 |
| Additions of financial assets at fair value through profit or loss | (3,904) | — |
| Sales of financial assets at fair value through profit or loss | 3,056 | — |
| Grants from government related to assets | — | 15 |
| | (183,880) | (111,567) |

Interim Condensed Consolidated Statement of Cash Flows

(All amounts in HK dollar thousands unless otherwise stated)

| | | Six months ended 30 June | |
|---|----|---------------------------------|-------------|
| <i>Notes</i> | | 2024 | 2023 |
| | | (Unaudited) | (Unaudited) |
| Cash flows from financing activities | | | |
| | | | |
| | 24 | 140,879 | 116,495 |
| | 24 | (584,370) | (192,698) |
| | | 11,728 | — |
| | | 366,593 | (51,451) |
| | | (1,680) | (5,456) |
| | | (66,850) | (133,110) |
| | | 82,202 | (223,023) |
| | | 150,476 | 341,394 |
| | | (229) | (7,368) |
| | | 232,449 | 111,003 |
| Cash and cash equivalents at end of the period | | | |
| | | 232,449 | 111,003 |
| Analysis of balance of cash and cash equivalents: | | | |
| | | 232,449 | 111,003 |

NOTES TO THE INTERIM FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)

1 GENERAL INFORMATION

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

The Company, an investment holding company, and its subsidiaries (collectively, the “Group”) are principally engaged in the developing, manufacturing and sales of switching power supply units for consumer products and smart chargers and controllers for industrial use in the People’s Republic of China (the “PRC”). The controlling shareholder of the Group is Mr. Hung Kwong Yee (洪光椅) (the “Controlling Shareholder” or “Chairman Hung”).

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

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

This Interim Financial Information was approved for issue on 23 August 2024 and has not been audited.

2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2024 (the “Period”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants. This Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2023 (the “2023 Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the 2023 Financial Statements, as described in those annual financial statements, except for the adoption of amendments to HKASs effective for the financial year beginning 1 January 2024.

3.1 New and amended standards adopted by the Group

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

3 ACCOUNTING POLICIES (CONTINUED)

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

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

| | | Effective for accounting periods beginning on or after |
|---|--|---|
| Lack of Exchangeability | Amendments to HKAS 21 | 1 January 2025 |
| Classification and Measurement of Financial Instruments | Amendment to HKFRS 9 and HKFRS 7 | 1 January 2026 |
| Presentation and Disclosure in Financial Statements | HKFRS 18 | 1 January 2027 |
| Subsidiaries without Public Accountability: Disclosures | HKFRS 19 | 1 January 2027 |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Amendments to IFRS 10 and IAS 28 | To be determined |

4 ESTIMATES

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

In preparing this Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2023 Financial Statements.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

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

There have been no changes in the risk management function since 31 December 2023 or in any risk management policies since 31 December 2023.

5.2 Liquidity risk

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

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation

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

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

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2024 and 31 December 2023.

| | As at 30 June 2024 (unaudited) | | | |
|---|--------------------------------|---------------------|---------------------|-------------------|
| | Level 1 HK\$'000 | Level 2 HK\$'000 | Level 3 HK\$'000 | Total HK\$'000 |
| Recurring fair value measurements | | | | |
| Assets | | | | |
| Derivative financial instruments — current | — | 736 | — | 736 |
| Financial assets at fair value through profit or loss — non-current | — | — | 78,707 | 78,707 |
| Financial assets at fair value through comprehensive income — non-current | — | — | 9,965 | 9,965 |

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

| | As at 31 December 2023 (audited) | | | |
|---|----------------------------------|----------|----------|----------|
| | Level 1 | Level 2 | Level 3 | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Recurring fair value measurements | | | | |
| Assets | | | | |
| Derivative financial instruments — current | — | 1,269 | — | 1,269 |
| Derivative financial instruments — non-current | — | 455 | — | 455 |
| 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 |

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined 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.

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where climate risk gives rise to a significant unobservable adjustment.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

(c) Financial instruments in level 3 (continued)

The following table presents the changes in level 3 instruments for the half-year ended 30 June 2024:

| | Unlisted equity investments HK\$'000 | Insurance for the Controlling Shareholder HK\$'000 | Total HK\$'000 |
|--|---|--|-------------------|
| Opening balance at 31 December 2023 (audited) | 81,506 | 3,395 | 84,901 |
| Fair value change | 3,794 | (339) | 3,455 |
| Additions | 3,904 | — | 3,904 |
| Disposals | — | (3,056) | (3,056) |
| Currency translation differences | (532) | — | (532) |
| Closing balance at 30 June 2024 (unaudited) | 88,672 | — | 88,672 |

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

(c) Financial instruments in level 3 (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 or FVOCI, 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.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

(c) Financial instruments in level 3 (continued)

(i) Valuation processes (continued)

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

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

6 SEGMENT INFORMATION

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

6 SEGMENT INFORMATION (CONTINUED)

In view of the increased scale and business importance of the development of new energy business, and to help investors better understand the Group's revenue structure and margin trends, a new segment named "New energy business" has been separated from "Others" segment from 2023, both in the internal reports to the chief operating decision makers and in the consolidated financial statements of the Group. The New energy business segment primarily consists of products relating to (a) charging modules and energy storage of outdoor power equipment; and (b) automotive electronics applications. The comparative figures in the consolidated income statement and the notes have been restated to conform with the new presentation. The Board believes that the above changes in segment information better reflect current market trends, as well as resource allocation and future business development of the Group.

In light of the reduction in size of the Group's electrical home appliances business, the segment information previously presented under the "Electrical home appliances" segment has been reclassified to the "Others" segment from 2023 onwards, both in the internal reports to the chief operating decision makers and in the consolidated financial statements of the Group. The comparative figures have also been reclassified to conform to the new presentation. The Board believes that the above changes in segment information better reflect current market trends, as well as resource allocation and future business development of the Group.

Notes to the Interim Financial Information

(All amounts in HK dollar thousands unless otherwise stated)

6 SEGMENT INFORMATION (CONTINUED)

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

| | Smart chargers and controllers | Telecommunication | New energy business | Media and entertainment | Lighting | Others | Total |
|--|-----------------------------------|-------------------|------------------------|----------------------------|----------|---------|----------------|
| Six months ended 30 June 2024 | | | | | | | |
| (unaudited) | | | | | | | |
| Revenue | | | | | | | |
| Revenue from external customers | | | | | | | |
| — At a point in time | 989,123 | 639,117 | 420,911 | 168,547 | 146,748 | 106,565 | 2,471,011 |
| Segment results | 264,363 | 92,967 | 48,207 | 34,876 | 35,146 | 26,291 | 501,850 |
| Other income | | | | | | | 10,508 |
| Other gains — net | | | | | | | 28,912 |
| Selling expenses | | | | | | | (84,082) |
| Administrative expenses | | | | | | | (247,222) |
| Net impairment losses on financial assets | | | | | | | (9,855) |
| Finance income — net | | | | | | | 6,913 |
| Profit before income tax | | | | | | | 207,024 |

6 SEGMENT INFORMATION (CONTINUED)

| | Smart chargers and controllers | Telecommunication | New energy business | Media and entertainment | Lighting | Others | Total |
|--|-----------------------------------|-------------------|------------------------|----------------------------|----------|--------|----------------|
| Six months ended 30 June 2023 | | | | | | | |
| (unaudited) | | | | | | | |
| Revenue | | | | | | | |
| Revenue from external customers | | | | | | | |
| — At a point in time | 851,593 | 720,883 | 364,314 | 160,218 | 164,298 | 78,103 | 2,339,409 |
| Segment results | 184,670 | 118,358 | 40,373 | 19,516 | 29,229 | 16,689 | 408,835 |
| Other income | | | | | | | 11,936 |
| Other gains — net | | | | | | | 20,146 |
| Selling expenses | | | | | | | (89,811) |
| Administrative expenses | | | | | | | (179,581) |
| Net impairment losses on financial assets | | | | | | | (6,272) |
| Finance expenses — net | | | | | | | (3,827) |
| Profit before income tax | | | | | | | 161,426 |

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

| | 30 June 2024 (Unaudited) | 30 June 2023 (Unaudited) |
|---------------------------|---|--------------------------------|
| PRC (excluding Hong Kong) | 1,217,535 | 1,061,259 |
| Vietnam | 127,906 | 58,722 |
| Hungary | 61,999 | 67,765 |
| United States | 11,714 | 60 |
| Hong Kong | 9,818 | 10,410 |
| | 1,428,972 | 1,198,216 |

7 OTHER INCOME AND OTHER GAINS — NET

| | Six months ended 30 June | |
|---|-----------------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Other income | | |
| Sales of scrap materials | 3,586 | 1,919 |
| Products format change fee | 2,444 | — |
| Sales of raw materials, sample and molds | 2,423 | 3,586 |
| Safety fee income | 707 | 3,250 |
| Others | 1,348 | 3,181 |
| | 10,508 | 11,936 |
| Other gains — net | | |
| Fair value changes on derivative financial instruments | (648) | (3,496) |
| Fair value changes on financial assets at fair value through profit or loss (Note 20) | 2,419 | 947 |
| Fair value changes on investment properties (Note 15) | (500) | 100 |
| Net foreign exchange gains | 10,751 | 21,913 |
| Government grants | 17,929 | 3,109 |
| Gain/(loss) on disposal of property, plant and equipment | 187 | (792) |
| Others | (1,226) | (1,635) |
| | 28,912 | 20,146 |

8 EXPENSES BY NATURE

| | Six months ended 30 June | |
|---|---------------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Raw materials and consumables used (excluding research and development expenses) | 1,741,599 | 1,442,632 |
| Employee benefit expenses (excluding research and development expenses) | 326,802 | 266,793 |
| Changes in inventories of finished goods and work in progress | (70,274) | 171,829 |
| Depreciation, amortisation and impairment charges (excluding research and development expenses) | 89,538 | 94,475 |
| Research and development expenses | | |
| — Employee benefit expenses | 68,902 | 59,410 |
| — Raw materials, consumables used and others | 15,873 | 15,773 |
| — Depreciation and amortisation | 8,642 | 8,849 |
| Operating lease expenses | 11,454 | 18,217 |
| Allowance for impairment of inventory | 2,607 | 16,673 |
| Auditors' remuneration | 1,618 | 1,621 |
| Other expenses | 103,704 | 103,694 |
| Total cost of sales, selling expenses and administrative expenses | 2,300,465 | 2,199,966 |

Notes to the Interim Financial Information

(All amounts in HK dollar thousands unless otherwise stated)

9 FINANCE INCOME AND EXPENSES

| | Six months ended 30 June | |
|---|--------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Finance income: | | |
| Interest income | 9,035 | 2,056 |
| Finance expenses: | | |
| Interest on bank borrowings | (1,349) | (8,576) |
| Interest on lease liabilities (Note 14) | (773) | (303) |
| | (2,122) | (8,879) |
| Amounts capitalised | — | 2,996 |
| Finance expenses expensed | (2,122) | (5,883) |
| Finance income/(expenses) — net | 6,913 | (3,827) |

10 INCOME TAX EXPENSES

| | Six months ended 30 June | |
|--------------------------------------|---------------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Current income tax | | |
| — PRC corporate income tax | 15,573 | 11,198 |
| — Hong Kong profits tax | 12,078 | 14,931 |
| Subtotal | 27,651 | 26,129 |
| Deferred income tax <i>(Note 27)</i> | 4,029 | (1,162) |
| | 31,680 | 24,967 |

Subsidiaries in Hong Kong are subject to 16.5% profits 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 (2023 interim: the subsidiaries in Hong Kong were 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).

10 INCOME TAX EXPENSES (CONTINUED)

PRC corporate income tax (“CIT”) is provided on the assessable income of entities within the Group incorporated in the PRC, calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits.

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

Ten Pao Electronic (Huizhou) Co., Ltd. and Dazhou Ten Pao Jin Hu Electronic Co., Ltd. are recognized as “New and High Technology Enterprises” and enjoy a preferential CIT rate of 15%. Their CIT rate for the Period was 15% (2023 interim: 15%).

Shanxi Huifeng Electronic Technology Co., Ltd. and Huizhou Ten Pao Chuangneng Technology Co., Ltd. are recognized as “New and High Technology Enterprises” and enjoy a preferential CIT rate of 15%. Their CIT rate for the Period was 15% (2023 interim: 25%).

11 EARNINGS PER SHARE

(a) Basic earnings per share

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

| | Six months ended 30 June | |
|---|--------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Profit attributable to owners of the Company (HK\$'000) | 175,830 | 136,712 |
| Weighted average number of shares issued (thousands) | 1,030,389 | 1,030,389 |
| Basic earnings per share (HK cents) | 17 | 13 |

(b) Diluted earnings per share

As at 30 June 2024, the diluted earnings per share approximates basic earnings per share (30 June 2023: same).

12 DIVIDENDS

The Board resolved on 23 August 2024 to declare an interim dividend of HK5.2 cents per ordinary share of the Company for the six months ended 30 June 2024 (2023 interim: HK2.8 cents per ordinary share). This interim dividend, amounting to HK\$53.6 million (2023 interim: HK\$28.9 million), has not been recognised as a liability in this Interim Financial Information.

On 14 June 2024, a final dividend of HK9.6 cents per ordinary share of the Company in respect of the year ended 31 December 2023, amounting to HK\$98,917,000, was approved by the then Shareholders.

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

| | Land use rights | Property, plant and equipment | Intangible assets |
|---|-----------------|-------------------------------|-------------------|
| Net book amount as at 31 December 2023 | 4,734 | 1,110,147 | 45,559 |
| Additions | — | 190,106 | 2,198 |
| Disposals | — | (9,719) | — |
| Impairment charges | — | (9,360) | — |
| Currency translation differences | (151) | (13,499) | (136) |
| Depreciation/amortisation | — | (89,355) | (1,106) |
| Net book amount as at 30 June 2024 (unaudited) | 4,583 | 1,178,320 | 46,515 |
| Net book amount as at 1 January 2023 | 4,536 | 1,030,964 | 10,747 |
| Additions | — | 302,696 | 1,141 |
| Acquisition of a subsidiary | — | — | 35,781 |
| Disposals | — | (43,587) | — |
| Impairment charges | — | (13,015) | — |
| Currency translation differences | 198 | (14,005) | (161) |
| Depreciation/amortisation | — | (152,906) | (1,949) |
| Net book amount as at 31 December 2023 (audited) | 4,734 | 1,110,147 | 45,559 |

As at 30 June 2024, the Group's land use rights represented freehold land in Hungary.

14 LEASES

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

(a) Amounts recognised in the balance sheet

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

| | 30 June 2024 HK\$'000 (Unaudited) | 31 December 2023 HK\$'000 (Audited) |
|----------------------------|--|--|
| Right-of-use assets | | |
| Land use rights | 131,740 | 134,148 |
| Buildings | 51,874 | 57,542 |
| | 183,614 | 191,690 |
| Lease liabilities | | |
| Current | 10,868 | 12,002 |
| Non-current | 42,147 | 46,390 |
| | 53,015 | 58,392 |

14 LEASES (CONTINUED)

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

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

| | Six months ended 30 June | |
|--|--|--|
| | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Unaudited) |
| Depreciation and amortisation charge of right-of-use assets | | |
| Land use rights | 1,462 | 1,464 |
| Buildings | 6,257 | 4,206 |
| | 7,719 | 5,670 |
| Interest expenses (included in finance expenses-net) (<i>Note 9</i>) | 773 | 303 |
| Expenses relating to short-term leases (included in cost of sales, selling expenses and administrative expenses) | 11,454 | 18,217 |

15 INVESTMENT PROPERTIES

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|---------------------------------------|---|----------------------------------|
| At fair value | | |
| At beginning of period | 7,100 | 7,400 |
| Net losses from fair value adjustment | (500) | (300) |
| At end of period | 6,600 | 7,100 |

As at 30 June 2024, the Group had no unprovided contractual obligations for future repairs and maintenance (31 December 2023: Nil).

The valuation of the Group's investment properties was performed by Dudley Surveyors Limited at 30 June 2024 and 31 December 2023, to determine the fair value of the investment properties. The revaluation gains or losses are included in 'Other gains — net' in the interim condensed consolidated statement of profit or loss. The following table analyses the investment properties carried at fair value, by valuation method.

15 INVESTMENT PROPERTIES (CONTINUED)

| Description | Office units — Hong Kong | | | Total |
|--|---|---|--|-------|
| | Quoted prices in active markets for identical assets Level 1 | Significant other observable inputs Level 2 | Significant unobservable inputs Level 3 | |
| Recurring fair value measurements method | | | | |
| Investment properties: | | | | |
| As at 30 June | | | | |
| 2024 (unaudited) | — | 6,600 | — | 6,600 |
| As at 31 December | | | | |
| 2023 (audited) | — | 7,100 | — | 7,100 |

There were no transfers between Level 1, 2 and 3 during the Period (31 December 2023: Nil).

As at 30 June 2024, the Group's bank borrowings were secured over investment properties with the carrying amounts of HK\$6,600,000 (31 December 2023: HK\$7,100,000) (Note 24(a)).

16 INVENTORIES

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|--------------------------------|---|----------------------------------|
| Raw materials | 314,100 | 326,558 |
| Work in progress | 153,112 | 119,531 |
| Finished goods | 426,432 | 389,739 |
| | 893,644 | 835,828 |
| Less: allowance for impairment | (110,626) | (108,499) |
| | 783,018 | 727,329 |

The movements of allowance for impairment are analysed as follows:

| | Six months ended 30 June | |
|----------------------------------|---------------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| At 1 January | 108,499 | 96,481 |
| Currency translation differences | (480) | (2,010) |
| Allowance for write-down, net | 2,607 | 16,673 |
| At 30 June | 110,626 | 111,144 |

Notes to the Interim Financial Information

(All amounts in HK dollar thousands unless otherwise stated)

17 TRADE AND OTHER RECEIVABLES

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|--|---|----------------------------------|
| Trade receivables | 1,235,318 | 1,176,536 |
| Less: allowance for impairment of trade receivables | (6,884) | (5,844) |
| Trade receivables, net | 1,228,434 | 1,170,692 |
| Prepayments | 39,544 | 18,257 |
| Value added tax allowance | 16,783 | 16,788 |
| Export tax refund receivables | 14,931 | 17,611 |
| Deposits | 9,726 | 17,969 |
| Employee welfare | 3,048 | 2,671 |
| Bills receivable | 1,454 | 4,255 |
| Advances to employees | 808 | 814 |
| Others | 7,960 | 5,836 |
| | 1,322,688 | 1,254,893 |

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|--|---|----------------------------------|
| Less than 3 months | 1,116,572 | 1,069,414 |
| More than 3 months but not exceeding 1 year | 117,894 | 102,701 |
| More than 1 year | 852 | 4,421 |
| | 1,235,318 | 1,176,536 |

As at 30 June 2024, the carrying amounts of the receivable were approximate to their fair values.

As at 30 June 2024, the Group's bank borrowings were secured over trade and other receivables with the carrying amounts of HK\$274,192,000 (31 December 2023: HK\$214,798,000) (Note 24(a)).

18 DERIVATIVE FINANCIAL INSTRUMENTS

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|---|---|----------------------------------|
| Derivative financial assets — Current | 736 | 1,269 |
| Derivative financial assets — Non-current | — | 455 |
| | Amount | Notional amount |
| As at 30 June 2024 (unaudited) | | |
| Derivative financial assets — Current | | |
| Types of contracts | | |
| — Interest rate swap contracts | 276 | 65,800 |
| — Currency swap contracts | 460 | 7,381 |
| | 736 | 73,181 |
| As at 31 December 2023 (unaudited) | | |
| 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 interim condensed consolidated statement of profit or loss.

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity investments at FVOCI comprise the following individual investments:

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|-----------------------------|---|----------------------------------|
| Unlisted equity investments | 9,965 | 8,994 |

The following table presents the changes in FVOCI for the six months ended 30 June 2024 and 30 June 2023:

| | Six months ended 30 June | |
|--|---------------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Opening balance as at 1 January | 8,994 | 10,149 |
| Fair value change | 1,036 | (7,057) |
| Currency translation differences | (65) | (315) |
| Closing balance as at 30 June | 9,965 | 2,777 |

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

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|---|--------------------------------|----------------------------------|
| Insurance contract for a member of key management | — | 3,395 |
| Unlisted equity investments | 78,707 | 72,512 |
| Total | 78,707 | 75,907 |

Movement of FVPL is analysed as follows:

| | Six months ended 30 June | |
|--|---------------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Opening balance as at 1 January | 75,907 | 58,413 |
| Additions | 3,904 | — |
| Disposals | (3,056) | — |
| Fair value change | 2,419 | 947 |
| Currency translation differences | (467) | (1,732) |
| Closing balance as at 30 June | 78,707 | 57,628 |

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

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

21 RESTRICTED BANK DEPOSITS

As at 30 June 2024, bank deposits amounting to HK\$310,963,000 (31 December 2023: HK\$677,556,000) are deposits held by the bank in a segregated account as security for borrowings from the bank (Note 24(a)).

As at 30 June 2024, the weighted average interest rate was 2.57% (31 December 2023: 2.10%).

22 SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares, issued and fully paid:

| | Number of Shares | Share capital HK\$'000 | Share premium HK\$'000 | Total HK\$'000 |
|--|----------------------|------------------------------|------------------------------|-------------------|
| As at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024 | 1,030,388,965 | 10,304 | 162,426 | 172,730 |

23 SHARE AWARD SCHEME

On 28 February 2024, the Company announced the proposed adoption of the share award scheme of Ten Pao Electronic (Huizhou) Co., Ltd. (Ten Pao Electronic (Huizhou)), an indirect wholly-owned 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. 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.

*(All amounts in HK dollar thousands unless otherwise stated)***23 SHARE AWARD SCHEME (CONTINUED)**

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 Period are as follows:

| Name | Date of grant* | Purchase price per registered capital of Ten Pao Electronic (Huizhou) RMB | Vesting Date | Number of registered capital of Ten Pao Electronic (Huizhou) | | | | | Balance as at 30 June 2024 RMB |
|-------------------|---------------------|--|---------------------|--|--|---------------------------------------|--|---------------------------------------|--|
| | | | | Balance as at 1 January 2024 | Granted during the Period RMB | Vested during the Period RMB | Cancelled during the Period RMB | Lapsed during the Period RMB | |
| | | | | Ms. Yang Bingbing | 28 February 2024 | 1.00 | 28 February 2024 | — | |
| Mr. Hong Guangdai | 28 February 2024 | 1.00 | 28 February 2024 | — | 2,000,000 | (2,000,000) | — | — | — |
| | | | | | <u>10,700,000</u> | <u>(10,700,000)</u> | | | |

- * 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 five years pursuant to the Ten Pao Electronic (Huizhou) Share Award Scheme commenced from 9 May 2024.

Fair value of the awarded shares granted of RMB84,748,000 represents the market value of those awarded shares at the grant date valued by an independent professionally qualified valuer. The fair value of the awarded shares less considerations of RMB1.00 per registered capital of Ten Pao Electronic (Huizhou) 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 six months ended 30 June 2024 were HK\$1,698,000 (2023 interim: Nil).

24 BORROWINGS

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|--|--------------------------------|----------------------------------|
| Non-current | | |
| Bank borrowings | | |
| — secured (a) | 45,709 | 50,984 |
| — unsecured | — | 50,283 |
| Less: current portion of non-current borrowings | (45,709) | (98,698) |
| | — | 2,569 |
| Current | | |
| Bank borrowings | | |
| — secured (a) | 162,235 | 538,768 |
| — unsecured | — | 14,864 |
| Total short-term bank borrowings | 162,235 | 553,632 |
| Current portion of non-current borrowings | 45,709 | 98,698 |
| | 207,944 | 652,330 |
| Total borrowings | 207,944 | 654,899 |

24 BORROWINGS (CONTINUED)

Movement in borrowings is as follows:

| | Six months ended 30 June | |
|----------------------------------|-----------------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Opening balance as at 1 January | 654,899 | 451,450 |
| Proceeds from borrowings | 140,879 | 116,495 |
| Repayments of borrowings | (584,370) | (192,698) |
| Currency translation differences | (3,464) | (4,374) |
| Closing balance as at 30 June | 207,944 | 370,873 |

- (a) As at 30 June 2024, bank borrowings amounting to HK\$207,944,000 (31 December 2023: HK\$589,752,000) were secured over the following assets:

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|---|---|----------------------------------|
| Restricted bank deposits (<i>Note 21</i>) | 310,963 | 677,556 |
| Trade and other receivables (<i>Note 17</i>) | 274,192 | 214,798 |
| Investment properties (<i>Note 15</i>) | 6,600 | 7,100 |
| Financial assets at fair value through profit or loss — non-current | — | 3,395 |
| | 591,755 | 902,849 |

24 BORROWINGS (CONTINUED)

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

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|------|---|----------------------------------|
| USD | 108,684 | 12,845 |
| RMB | 65,739 | 538,768 |
| HK\$ | 33,521 | 103,286 |
| | 207,944 | 654,899 |

25 DEFERRED GOVERNMENT GRANTS

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|---|---|----------------------------------|
| Opening net book amount | 36,778 | 56,921 |
| Credited to statement of profit or loss | (2,150) | (20,175) |
| Currency translation differences | (596) | 32 |
| Closing net book amount | 34,032 | 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 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.

Notes to the Interim Financial Information

(All amounts in HK dollar thousands unless otherwise stated)

26 TRADE AND OTHER PAYABLES

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|--|---|----------------------------------|
| Trade payables | 1,230,658 | 1,190,917 |
| Wages and staff welfare benefits payable | 307,666 | 309,891 |
| Notes payable | 286,548 | 174,269 |
| Accrual for expenses and other payables | 75,376 | 55,479 |
| Payables in relation to share award scheme | 11,728 | — |
| Other taxes payable | 6,492 | 4,753 |
| | 1,918,468 | 1,735,309 |

The ageing analysis of trade payables is as follows:

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|---|---|----------------------------------|
| Less than 3 months | 972,977 | 931,478 |
| More than 3 months but not exceeding 1 year | 243,871 | 251,222 |
| More than 1 year | 13,810 | 8,217 |
| | 1,230,658 | 1,190,917 |

The fair values of trade and other payables approximated their carrying amounts as at 30 June 2024 and 31 December 2023.

27 DEFERRED INCOME TAX ASSETS AND LIABILITIES

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

| | Six months ended 30 June | |
|--|--------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Deferred income tax assets | | |
| Opening balance as at 1 January | 52,977 | 55,808 |
| Recognized in the profit or loss | (3,548) | 7,762 |
| Recognized in the other comprehensive income | 970 | 1,059 |
| Currency translation differences | (1,439) | (1,581) |
| Closing balance as at 30 June | 48,960 | 63,048 |

| | Six months ended 30 June | |
|--|--------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Deferred income tax liabilities | | |
| Opening balance as at 1 January | 111,938 | 102,242 |
| Recognized in the profit or loss | 481 | 6,600 |
| Currency translation differences | (2,021) | (3,053) |
| Closing balance as at 30 June | 110,398 | 105,789 |

28 COMMITMENTS

(a) Operating lease commitments

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

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|-------------------------|---|----------------------------------|
| Not later than one year | 21,788 | 10,876 |

(b) Capital commitments

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|--|---|----------------------------------|
| In respect of the acquisitions of plant and equipment, contracted but not provided for | 44,768 | 10,820 |

29 RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties during the Period

(i) Purchases of goods and services

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| Purchase of goods | | |
| Golden Ocean Copper Manufacturer Co., Limited | 46,191 | 36,614 |

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

29 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties during the Period (continued)

(ii) Operating lease expenses

| | Six months ended 30 June | |
|--|--------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Huizhou Tiannengyuan Charging Technology Co., Ltd. | 3,981 | 4,573 |
| Huizhou Golden Ocean Wire Co., Limited | 311 | 1,989 |
| Sky Fortune Enterprises Limited | 300 | 330 |
| Golden Lake (HK) Co., Limited | 264 | 288 |
| | 4,856 | 7,180 |

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

29 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances due from related parties

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|---|---|----------------------------------|
| Huizhou Tiannengyuan Charging Technology Co., Ltd. | 1,150 | 1,159 |
| Golden Ocean Copper Manufacturer Co., Limited | 392 | 395 |
| Sky Fortune Enterprises Limited | 100 | 110 |
| Golden Lake (HK) Co., Limited | 88 | 96 |
| | 1,730 | 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 approximated their carrying amounts at 30 June 2024.

29 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances due to related parties

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|---|---|----------------------------------|
| Golden Ocean Copper Manufacturer Co., Limited | 36,936 | 32,945 |
| Huizhou Tiannengyuan Charging Technology Co., Ltd. | 308 | — |
| Huizhou Golden Ocean Wire Co., Limited | — | 158 |
| | 37,244 | 33,103 |

The balances due to related parties were mainly denominated in RMB. They were unsecured, interest-free, trading in nature and due within 3 months. The fair values approximated their carrying amounts at 30 June 2024.