



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

ANNUAL REPORT  
**2025**



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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)*

Ms. Hung Sui Lam

Mr. Lam Cheung Chuen

Mr. Chu Yat Pang Terry

Mr. Lee Kwan Hung Eddie

Dr. Lui Sun Wing

## COMPANY SECRETARY

Mr. Tse Chung Shing, ACCA

## AUTHORISED REPRESENTATIVES

Mr. Hung Kwong Yee

Mr. Tse Chung Shing

## REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 610-612, 6th Floor

Kwong Sang Hong Centre

151-153 Hoi Bun Road

Kwun Tong

Kowloon

Hong Kong

## PRINCIPAL PLACE OF BUSINESS IN THE PRC

Dongjiang Industrial Estate

Shuikou Street

Huicheng District

Huizhou City 516005

Guangdong Province

The People's Republic of China (the "PRC")

## SHARE REGISTRARS

### Principal Share Registrar

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

### Hong Kong Branch Share Registrar

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

## **HONG KONG LEGAL ADVISOR**

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

## **AUDITOR**

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

## **PRINCIPAL BANKERS**

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

## **STOCK CODE**

1979

## **COMPANY'S CORPORATE WEBSITE**

[www.tenpao.com](http://www.tenpao.com)

## **INVESTOR RELATIONS CONTACT**

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

# FINANCIAL HIGHLIGHTS

		Year ended 31 December		
		2025	2024	Change
Revenue	HK\$'000	<b>5,558,643</b>	5,385,748	3.2%
Operating profit	HK\$'000	<b>423,996</b>	418,623	1.3%
Profit for the year attributable to owners of the Company	HK\$'000	<b>380,627</b>	383,898	-0.9%
Gross profit margin	%	<b>18.2</b>	19.5	-6.7%
Operating profit margin	%	<b>7.6</b>	7.8	-2.6%
Profit margin attributable to owners of the Company	%	<b>6.8</b>	7.1	-4.2%
Earnings per share				
— basic and diluted per share	HK cents	<b>36.9</b>	37.3	-1.1%
Dividend per share				
— interim	HK cents	<b>6.2</b>	5.2	
— final	HK cents	<b>6.6</b>	6.0	

		As at 31 December		
		2025	2024	Change
Gearing ratio	%	<b>36.6</b>	35.1	4.3%
Current ratio	times	<b>1.13</b>	1.10	2.7%
Average inventory turnover period	days	<b>80</b>	74	8.1%
Average trade receivables turnover period	days	<b>94</b>	89	5.6%
Average trade payables turnover period	days	<b>120</b>	118	1.7%
Return on average total assets	%	<b>7.0</b>	7.9	-11.4%
Return on average shareholders' equity	%	<b>18.9</b>	21.9	-13.7%

# CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Ten Pao Group Holdings Limited ("Ten Pao" or the "Company", and together with its subsidiaries, collectively the "Group"), I am pleased to present the audited consolidated results of the Group for the year ended 31 December 2025.

In 2025, the global economic environment was fraught with challenges and uncertainties. Multiple factors, including uncertain macroeconomic outlook, rising geopolitical tensions, and volatile raw material prices have all compressed corporate profit margins. Nevertheless, the Group demonstrated strong resilience and robust execution capabilities in the face of adversity, and was able to flexibly respond to various challenges and maintain stable operational performance. Despite external difficulties, we maintained close cooperation with our key customers during the year, and as a result, achieved steady revenue growth and healthy gross profit margins, thus sustaining our market competitiveness. We believe all these achievements are the fruits of our forward-looking product development, comprehensive production portfolio, and the collective efforts and dedication of our employees. These strengths have served, and will continue to serve, as a crucial foundation for accelerating business development and seizing market opportunities.

Looking ahead, we anticipate that macroeconomic uncertainties will persist, and the market will place even higher demands on enterprises' adaptability and resilience. As a industry-leading supplier of intelligent power supply solutions, we must maintain a learning-and-growth mindset and pursue continuous improvement. In addition, we will need to further strengthen our communication with customers and internal stakeholders, in order to improve our team's market sensitivity and responsiveness, allowing us to establish more proactive strategies that would further consolidate our leading position in the market.

To keep pace with the latest market demands, the Group will actively expand its product portfolio, focusing on high-growth areas such as artificial intelligence ("AI"), data centers, smart controllers (PCBA), and energy storage, striving to offer a more diversified product mix that would meet evolving market needs. In particular, we are advancing the research and development ("R&D") and commercialisation of next-generation products, including power supply products used in computing, data centers, charging piles, and new energy systems. Supported by increasing R&D investments, we believe the Group will accumulate more core technological capabilities to form a solid technological reserve. This would support modular and platform-based development of our R&D results, allowing us to streamline new product development and R&D processes, improve efficiency, and significantly reduce costs, thereby enabling us to respond to market changes more speedily and accurately.

Transitioning from traditional power supplies to efficient and intelligent power solutions, technological innovation has been our key driving force. To that end, we will continue to embrace innovation, accelerate technological iteration, and provide customers with more efficient and intelligent power solutions.

However, it is also important to remember how product innovation must correspond to market demand. In the context of the global energy transition and advancing low-carbon policies, we are actively pursuing green power innovations, enriching our green power product portfolio with a strong emphasis on energy storage. Beyond energy storage, we also capitalize on the accelerated development and encouraging policies on "oil-to-electricity" and "green travel", by investing and exploring opportunities in battery packs and related green travel power products. The Group is honored to participate in the two-wheeled vehicle charging projects in Thailand, green power projects in Southeast Asia, and data center-related businesses. Through these projects, we have not only accumulated valuable experience but also established a solid business network in emerging markets, validating our technical strength and product quality while injecting new growth momentum into our future.

## Chairman's Statement

Beyond product development, customers have placed greater emphasis on the flexibility and reliability of their upstream suppliers, especially amid global supply chain challenges arising from geopolitical volatility and trade disputes. In response, the Group has accelerated its globalization and diversification strategies, offering higher automation, more stable product quality, and higher cost competitiveness to its customers. During the year, our new Intelligent Manufacturing Industrial Park in Huizhou officially commenced operations, with production lines smoothly relocated to the new 200,000 square-meter park. The new Park is a state-of-the-art, highly automated green smart factory. Previously awarded as a "Green Factory in Guangdong Province", the site has also recently been certified as a "National Green Factory", equipped with advanced aerial logistics systems, automated insertion lines, automated injection-molding workshops, SMT production lines, and a dedicated energy management center, effectively reducing carbon emissions and improving energy efficiency and environmental performance. As our next step, we aim to further evolve it into a "Lights-out" factory to further boost production efficiency. With the support of the new manufacturing base, the Group will significantly enhance its production efficiency and capacity, offering a reliable manufacturing presence for growing customer demand and uncertain macroeconomic development.

On a global scale, our new manufacturing base in Mexico has also commenced operations, significantly strengthening our capacity in the Americas. Our Hungary-based operations continue to provide reliable service to European customers, while our Vietnam-based operations flexibly support the demand in both the Americas and Europe. These manufacturing bases work closely with our R&D and manufacturing centers in the Chinese Mainland to provide customers with competitive, integrated solutions. In the long run, the diversified footprint also brings us closer to the respective end markets, effectively shortening our go-to-market cycle, accelerating market penetration, driving development in high-potential markets, and mitigating the impact of macro uncertainties.

Looking ahead, we anticipate that opportunities and challenges will coexist, with green power and green production emerging as the prevailing industry trend. We will actively respond to the national policy direction of "New Quality Productive Forces", driving smart manufacturing and green low-carbon development to fully transform our production processes towards high-end, intelligent, and green manufacturing. We will continue to increase R&D investment in high-efficiency power supplies and automated manufacturing, cultivating new quality productive forces with long-term competitiveness. We will lead by innovation, actively exploring new technologies and new markets, striving to enhance product competitiveness and sustainability to create greater value for the Company's shareholders (the "Shareholders"). With the dedicated efforts of all our employees and our keen insight into market trends, we remain confident in maintaining steady business development and achieving further success ahead.

On behalf of the Board of Directors, I would like to express my sincere gratitude to all Shareholders, investors, customers, and partners for their long-term trust and support. I also extend my deepest appreciation to all employees for their hard work and dedication. In the future, we will continue to forge ahead, achieve steady growth, and contribute to the global energy transition.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Overview

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

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

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

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

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

The Group has consistently maintained a stable dividend policy. In view of its resilient performance during the year, the Board recommended (subject to the approval of the Shareholders on the relevant resolution at the Company's annual general meeting ("AGM")) to be held on 12 June 2026 (the "2026 AGM") a final dividend of HK6.6 cents per ordinary share for the year ended 31 December 2025 (2024: HK6.0 cents per ordinary share), with an option provided to the Shareholders to receive new and fully paid shares in lieu of cash, in whole or in part, under a scrip dividend scheme. Together with the interim dividend of HK6.2 cents per ordinary share paid for the six months ended 30 June 2025 (2024: HK5.2 cents per ordinary share), total dividends for the year ended 31 December 2025 will amount to HK12.8 cents per ordinary share, representing a payout ratio of 34.7%.

A summary of the Company's dividend policy is set out in the section headed "Corporate Governance Report" in this annual report. The Company does not have any pre-determined dividend payout ratio. Notwithstanding the foregoing, the Board has historically referenced a benchmark payout ratio of approximately 30% of the Group's annual net profits, while aiming to maintain a steady dividend rate per share to reward Shareholders for their long-term support.

### Market and Business Review

According to analysis conducted by research institutions, the global industrial power supply products market was valued at USD11.92 billion in 2025, and is projected to reach USD18.68 billion by 2035, representing a compound annual growth rate ("CAGR") of 4.6% during the period<sup>1</sup>. The Asia-Pacific region continues to lead the industrial power supply market, with China holding approximately 32% of the market share in 2024, which is expected to grow at a CAGR of 6.2% from 2025 to 2034<sup>2</sup>. As market demand for digital power supplies and computing power supplies becomes increasingly clear, customers are also placing greater emphasis on suppliers' technical capabilities, quality management and delivery reliability. This allows the Group to effectively translate its long-term accumulated know-how into competitive advantages in obtaining new customers.

During the year, the industrial power supply segment (smart chargers and controllers) continued to be the Group's main business segment, with revenue increasing by 7.4% year-on-year to HK\$2,158.8 million (2024: HK\$2,009.6 million), accounting for 38.8% of the Group's total revenue (2024: 37.3%). In terms of product portfolio, the Group continued to increase R&D investment in high-value-added and high-tech threshold products, successfully launching a new series of high-power supply products with output ranging from 3,500W to 10,000W. These products can effectively meet the stringent stability and performance requirements of next generation AI hardware, and can be widely used in high-performance computing ("HPC") scenarios, such as cloud computing data centers, supercomputing/HPC systems and enterprise-level servers. At the customer end, due to the growing impact of tariffs and the shortening of order forecasting cycles, customers also placed more stringent demands on product suppliers' production capacity and supply chain flexibility. By leveraging its expansive global supply chain network, the Group was able to respond to market challenges, and actively strengthen cooperative relationships with its existing Fortune Global 500 customers over the year, effectively fulfilling their demand for high-end industrial power supplies, and in turn, driving segment growth.

<sup>1</sup> Source: *Global Growth Insights*

<sup>2</sup> Source: *Global Market Insights*

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

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

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

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

## Management Discussion and Analysis

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

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

While expanding its industrial power supply, new energy and consumer power supply businesses in an orderly manner, the Group also continued to optimise its global production capacity layout, leveraging diversified and multi-location manufacturing capabilities to better meet customer needs and address macro uncertainties. In Chinese Mainland, the Group’s new Intelligent Manufacturing Industrial Park in Huizhou completed the relocation of its major production lines during the year and commenced full operation in October 2025, becoming the Group’s latest generation of intelligent manufacturing base. The Industrial Park is equipped with automated production lines, intelligent logistics systems and an energy management platform. The highly automatic design could effectively reduce manpower requirements, improve production efficiency and enhance product consistency. Green manufacturing concepts were also incorporated from the planning stage, enabling meaningful reductions in terms of carbon emissions and unit production costs. In view of the above planning and execution, the Group was not only awarded the title of “Green Factory in Guangdong Province” in 2024, but was also officially recognised as a “National Green Factory” in February 2026, paving the way for increasing collaboration with international customers that prioritise supply chain sustainability. Management expects that, as the Huizhou Intelligent Manufacturing Industrial Park continues to grow in scale, it will provide long-term support for the Group’s venture into new quality productive forces, facilitating expansion into high-value-added products and customers, and thereby driving sustainable growth in revenue and profit.

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

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

### **Prospect**

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

At the global level, the market size of AI-powered energy storage solutions is expected to grow from US\$8.82 billion in 2025 to US\$10.03 billion in 2026, and to further surge to US\$16.63 billion by 2030. This reflects the continued expansion of application scenarios of AI combined with intelligent power sources. Meanwhile, the global AI server power supply market is projected to increase from approximately US\$1.37 billion in 2024 to more than US\$6.56 billion by 2031, indicating that the demand for high-performance computing power products will continue to increase<sup>3</sup>. As a core component of power supply products, smart controllers are also expected to see resilient growth, in line with the development of AI, the Internet of Things (“IoT”) and sustainability. In particular, with increasing demand for AI servers and high-performance computing, high-end smart controllers will see further room for market penetration.

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

With the global energy transition and the introduction of green low-carbon policies, the “oil-to-electricity” and electric mobility markets are entering a phase of rapid growth. In 2025, the electric vehicle battery swapping market was valued at US\$1.62 billion. It is expected to grow from US\$2.08 billion in 2026 and reach US\$7.33 billion by 2031, achieving a CAGR of 28.61% during the period<sup>4</sup>. At the same time, the global battery pack market is estimated to have reached US\$161.1 billion in 2025. It is expected that the market will grow from US\$186 billion in 2026 to US\$521.6 billion in 2035, with a CAGR of 12.1%<sup>5</sup>. Against this backdrop, the Group will focus on the R&D and market deployment of “oil-to-electricity” products, battery packs and related green travel power products, proactively expanding its green power product portfolio with home micro-energy storage systems, outdoor electric power tools driven by electricity instead of gasoline, two-wheeled vehicle battery packs and swapping systems used in green travel, as well as fast-charging pile projects and other “oil-to-electricity” power products. These initiatives will further consolidate the Group’s position in the green power market in Southeast Asia and even globally. In the face of diverse green travel scenarios, the Group will also further enhance its production efficiency and processes, reduce energy consumption and carbon intensity, and take concrete actions to contribute to environmental protection and sustainable development in building a low-carbon society.

<sup>3</sup> Source: Global Information

<sup>4</sup> Source: Mordor Intelligence

<sup>5</sup> Source: Global Market Insights

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

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

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

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

The Group will continue to place great importance on Shareholder returns. While ensuring the sustainable development of its business and meeting necessary capital expenditure requirements, it will prudently consider dividend payments and other Shareholder return initiatives, with the aim of creating sustainable value for Shareholders.

## FINANCIAL REVIEW

### Revenue

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

The total revenue increased by 3.2% from HK\$5,385.7 million for the year ended 31 December 2024 to HK\$5,558.6 million for the year ended 31 December 2025. The increase was mainly attributable to the increase in volume of products sold as a result of the increase in demand from the Group's customers, particularly the demand from smart chargers and controllers segment, media and entertainment segment and lighting segment.

### Revenue by Product Segment

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

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

During the year ended 31 December 2025, the sales of switching power supply units for telecommunication equipment decreased by 9.4% from HK\$1,456.0 million for the year ended 31 December 2024 to HK\$1,319.4 million for the year ended 31 December 2025, due to the slowdown in the business of the smartphone manufacturing clients in the PRC. Revenue from new energy business decreased by 10.1% during the year ended 31 December 2025 as compared with the year ended 31 December 2024 as the Group inclined to achieve a good balance between revenue and profitability. Sales of smart chargers and controllers increased by 7.4% to HK\$2,158.8 million for the year ended 31 December 2025 as compared with the year ended 31 December 2024, mainly due to increase in demand and additional orders from customers.

### Revenue by Geographic Location

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

	Year ended 31 December			
	2025		2024	
	HK\$'000	%	HK\$'000	%
Chinese Mainland (excluding Hong Kong)	2,702,870	48.6	2,956,598	54.9
Asia (excluding Chinese Mainland)	1,575,569	28.3	1,245,239	23.1
Europe	610,212	11.0	628,525	11.7
US	353,302	6.4	298,916	5.6
Africa	278,642	5.0	233,419	4.3
Others	38,048	0.7	23,051	0.4
<b>Total revenue</b>	<b>5,558,643</b>	<b>100</b>	<b>5,385,748</b>	<b>100</b>

### Cost of Sales

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

Cost of sales increased by 4.8% for the year ended 31 December 2025 as compared with the year ended 31 December 2024 under fierce competition and increase in the price of electronic commodity.

### Gross Profit and Gross Profit Margin

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

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

### Other Income

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

### Other Gains — Net

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

### Selling Expenses

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

Selling and marketing expenses amounted to approximately HK\$166.3 million for the year ended 31 December 2025 as compared to HK\$178.3 million for the year ended 31 December 2024.

### Administrative Expenses

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

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

### Finance Income/Expenses — Net

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

## Income Tax Expense

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

Income tax expense consists of current income tax and deferred income tax. Current income tax consists of the PRC corporate income tax at a rate of 15% for five PRC subsidiaries of the Company which were recognised as “New and High Technology Enterprises” and enjoy a preferential corporate income tax rate and at a rate of 25% for the other PRC subsidiaries of the Company, respectively. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the Company’s subsidiaries in Hong Kong. Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Income tax expense increases from HK\$43.5 million for the year ended 31 December 2024 to HK\$45.8 million for the year ended 31 December 2025. Losses contribution from the Hong Kong subsidiaries of the Company increased during the year under review and were taxed at the rate of 16.5%. As of 31 December 2025, the Group had fulfilled all its tax obligations and did not have any unresolved tax disputes.

The effective corporate income tax rate of the Group is 10.8% for the year ended 31 December 2025, which is attributed to the utilization and recognition of previously unrecognised tax losses, as well as the fact that the company in Vietnam made a profit and is subject to a 10% tax rate.

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

Total comprehensive income for the year attributable to owners of the Company increased by 24.2% to HK\$430.5 million for the year ended 31 December 2025 from HK\$346.6 million for the year ended 31 December 2024, including currency translation gain of HK\$49.9 million.

## LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

## DEBT MATURITY PROFILE

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

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

## FINANCIAL RISK MANAGEMENT

### Foreign Exchange Risk

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

The Group generates a notable portion of revenue and receivables in USD and HK\$, while its cost of sales is primarily denominated in RMB. For the year ended 31 December 2025, its revenue denominated in USD and HK\$ amounted to approximately 50% of its total revenue.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and may enter into certain forward foreign exchange contracts, when necessary, to manage its exposure against foreign currencies and to mitigate the impact on exchange rate fluctuations. During the year ended 31 December 2025, no new forward foreign exchange contracts had been entered into by the Group.

### Cash Flow and Fair Value Interest Rate Risk

As the Group has no significant interest-bearing assets (other than bank balances and cash), the Group's income and operating cash flows are substantially independent of changes in market interest rates. As of 31 December 2025, the Group had bank borrowings of HK\$796.2 million (2024: HK\$650.7 million) which were denominated in HK\$ and RMB. Included in the bank borrowings were bank's acceptance bills payable of HK\$565,753,000 which were secured by deposits in the same bank in the same currency.

### Credit Risk

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

As at 31 December 2025, all of the bank balances and restricted bank deposits were deposited with highly reputable and sizable banks and financial institutions without significant credit risk in the PRC and Hong Kong. The management does not expect to incur any loss from non-performance by these banks and financial institutions. As at 31 December 2025 and 2024, the Group held bank balances and restricted bank deposits totalling HK\$984.5 million, and HK\$1,114.8 million, respectively, with four major banks in the PRC and Hong Kong.

### **Liquidity Risk**

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

### **CONTINGENT LIABILITIES**

As at 31 December 2025, the Group did not have any significant contingent liabilities.

### **HUMAN RESOURCES**

The Group employed a total of approximately 8,000 full-time employees as of 31 December 2025 (2024: approximately 7,600). The Group believes its human resources are its valuable assets and maintains its firm commitment to attracting, developing and retaining talented employees, in addition to providing dynamic career opportunities and cultivating a favourable working environment. The Group constantly invests in training across diverse operational functions and offer competitive remuneration packages and incentives to all employees. The Group regularly reviews its human resources policies for addressing corporate development needs.

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

# BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

## BOARD OF DIRECTORS

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

## EXECUTIVE DIRECTORS

**Mr. Hung Kwong Yee (洪光椅先生)** (“Chairman Hung”), aged 67, is the chairman of the Board, an executive Director, the chief executive officer, the chairman of the nomination committee (the “Nomination Committee”) and a member of the remuneration committee (the “Remuneration Committee”) of the Company. He is also a director of certain subsidiaries of the Company. Chairman Hung is responsible for the overall strategic planning and overseeing the general management of the Group. He was appointed as a Director in January 2015 and redesignated as the chairman of the Board and an executive Director with effect from June 2015. Besides, Chairman Hung is the director and sole shareholder of “Even Joy Holdings Limited”, a substantial Shareholder, and the director of “TinYing Investments Limited” and “TinYing Holdings Limited”, both being substantial Shareholders.

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

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

**Mr. Tse Chung Shing (謝仲成先生)**, aged 55, has been appointed as an executive Director with effect from 1 January 2024. He joined the Group in December 2010 as a financial controller, and has been appointed as the company secretary and chief financial officer of the Company with effect from June 2015 and November 2015, respectively. He is currently responsible for the financial reporting, corporate secretarial and investors’ relationship matters of the Group. Mr. Tse has over 30 years of experience in auditing, accounting and corporate finance. Prior to joining the Group, he worked in the advisory assurance department in Ernst & Young, an international accounting firm, from 1992 to 2003, with his last position as a senior manager. From 2004 to 2009, he worked as a financial controller in an automation equipment manufacturing company. Mr. Tse received his bachelor’s degree in accountancy (honours) from the City University of Hong Kong in November 1992. He has been a member of the Association of Chartered Certified Accountants since December 1997 and became a fellow member in December 2002.

**Ms. Hung Sui Lam (洪瑞琳女士)**, aged 32, has been appointed as an executive Director with effect from 1 January 2024. She is also a member of the Nomination Committee and a director of certain subsidiaries of the Company. Ms. Hung joined the Group as a special assistant to the chairman in January 2021, and is principally responsible for the administrative management and conducting marketing research for the operation of the subsidiaries of the Company. Prior to joining the Group, Ms. Hung worked as an executive assistant in the Hospital Authority from 2016 to 2020. She received her Business (International Business) honours degree from School of Professional Education and Executive Development, The Hong Kong Polytechnic University in May 2015. Ms. Hung has been appointed as a member of the Young Entrepreneur Committee of Hong Kong Baptist University Foundation since 1 January 2024.

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

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

**Mr. Lam Cheung Chuen (林長泉先生)**, aged 72, has been appointed as an independent non-executive Director since 23 November 2015, and is responsible for overseeing the management of the Group independently. He is also a member of the Company's audit committee (the "Audit Committee"), the Remuneration Committee and the Nomination Committee. Mr. Lam is a founder of Sun Tin Lun Garment Accessories (Huizhou) Co., Ltd. (新天倫服裝配料(惠州)有限公司), a garment accessories manufacturing company in the PRC, and Sun Tin Lun Apparel Accessories (Huizhou) Co., Ltd. (新天倫服裝輔料(惠州)有限公司), an apparel accessories manufacturing company in the PRC.

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

**Mr. Chu Yat Pang Terry (朱逸鵬先生)**, aged 54, has been appointed as an independent non-executive Director since 23 November 2015, and is responsible for overseeing the management of the Group independently. He is also the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. At present, Mr. Chu is a Managing Director of Halcyon Capital Limited which specializes in initial public offerings and corporate advisory in mergers and acquisitions. Mr. Chu possesses over 30 years of experience in corporate finance and auditing. Mr. Chu used to work for an international accounting firm and other corporate finance arms of listed financial institutions in Hong Kong. Mr. Chu graduated from the University of Western Ontario in Canada with a Bachelor of Arts degree in 1992 and from the University of Hull in the United Kingdom with a Master of Business Administration (Investment & Finance) degree in 1997. He also obtained a Diploma in Accounting from the School of Business and Economics of the Wilfrid Laurier University in Canada in 1993. Mr. Chu is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chu is also an independent non-executive director of the following companies listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"): Hong Kong Finance Group Limited (stock code: 1273) and AB Builders Group Limited (stock code: 1615).

**Mr. Lee Kwan Hung Eddie (李均雄先生)**, aged 60, has been appointed as an independent non-executive Director since 23 November 2015, and is responsible for overseeing the management of the Group independently. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Lee has over 30 years of experience in legal services. Mr. Lee commenced working in Woo Kwan Lee & Lo, a reputable law firm in Hong Kong, in 1989 and worked as a partner from 2001 to 2011. He worked in the Listing Division of the Stock Exchange, where he successively served as a manager and senior manager from 1992 to 1994. He joined Howse Williams Bowers (now known as Howse Williams), a reputable law firm in Hong Kong, as a consultant lawyer in 2014. Mr. Lee received a bachelor's degree in laws (honours) and a postgraduate certificate in laws from The University of Hong Kong in November 1988 and September 1989 respectively. He was admitted as a solicitor in Hong Kong in 1991 and in the United Kingdom in 1997.

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

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

**Dr. Lui Sun Wing (呂新榮博士)**, aged 75, has been appointed as an independent non-executive Director since 1 July 2024, and is responsible for overseeing the management of the Group independently. He is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Dr. Lui is a former Vice-President of the Hong Kong Polytechnic University responsible for partnership development. He is also the former chief executive officer of the Institute for Enterprise, PolyU Technology and Consultancy Company Limited and PolyU Enterprises Limited. Prior to joining the Hong Kong Polytechnic University, Dr. Lui was the Branch Director of the Hong Kong Productivity Council in charge of the Materials and Process Branch which provides research and development, consultancy and training services in new materials, advanced manufacturing and environmental technologies to the industry. Dr. Lui obtained his degree of doctor of philosophy in mechanical engineering from the University of Birmingham in the United Kingdom in July 1979 and was admitted as a member of the Hong Kong Institution of Engineers in 1985. He is the Founding Chairman of the Society of Automotive Engineers — Hong Kong, the Former President of the Hong Kong Association for the Advancement of Science and Technology as well as Honorary Presidents and Honorary Advisors of various commercial, industrial and professional associations. Dr. Lui currently also serves as (i) an independent non-executive director of Human Health Holdings Limited (stock code: 1419) which is listed on the Main Board of the Stock Exchange; and (ii) a non-executive director of Eco-Tek Holdings Limited (stock code: 8169) which is listed on GEM of the Stock Exchange, respectively.

## **SENIOR MANAGEMENT**

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

# CORPORATE GOVERNANCE REPORT

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 December 2025.

## CORPORATE GOVERNANCE CULTURE AND VALUES

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

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

- Excellence: we aim to deliver excellence to impress our customers
- Integrity: we strive to do what is right
- Accountability: we are accountable for delivering on our commitments
- Empathy: we care about our stakeholders, being our employees, customers, suppliers and the community
- Sustainability: we pursue innovation and are committed to a sustainable future

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

## CORPORATE GOVERNANCE PRACTICES

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

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

The Board is of the view that throughout the year ended 31 December 2025, the Company has complied with the code provisions set out in the CG Code, except for the code provision C.2.1. Key corporate governance principles and practices of the Company as well as the details of the foregoing code provision deviation are summarized below.

## **A THE BOARD**

### **A1. Responsibilities and Delegation**

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

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

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

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

### **A2. Board Composition**

The composition of the Board during the year ended 31 December 2025 and up to the date of this report is as follows:

#### ***Executive Directors:***

Chairman Hung (appointed since 27 January 2015) *(Chairman of the Board, Chief Executive Officer, Chairman of the Nomination Committee and Member of the Remuneration Committee)*

Mr. Tse Chung Shing (appointed since 1 January 2024)

Ms. Hung Sui Lam (appointed since 1 January 2024) *(Member of the Nomination Committee)*

**Independent Non-executive Directors:**

Mr. Lam Cheung Chuen (appointed since 23 November 2015)	<i>(Member of the Audit Committee, the Remuneration Committee and the Nomination Committee)</i>
Mr. Chu Yat Pang Terry (appointed since 23 November 2015)	<i>(Chairman of the Audit Committee and Member of the Remuneration Committee and the Nomination Committee)</i>
Mr. Lee Kwan Hung Eddie (appointed since 23 November 2015)	<i>(Chairman of the Remuneration Committee and Member of the Audit Committee and the Nomination Committee)</i>
Dr. Lui Sun Wing (appointed since 1 July 2024)	<i>(Member of the Audit Committee, the Remuneration Committee and the Nomination Committee)</i>

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

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

**A3. Chairman and Chief Executive**

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

#### **A4. Independent Non-executive Directors**

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

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

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

The Company has received the respective written annual confirmations from the four independent non-executive Directors of their independence pursuant to the requirements of the Listing Rules and the Company considers all of them to be independent. Though Mr. Lam Cheung Chuen, Mr. Chu Yat Pang Terry and Mr. Lee Kwan Hung Eddie have served as independent non-executive Directors for more than 9 years, they have, during their tenure of office, demonstrated their abilities to provide independent views on the Company's matters and are free from any business or other relationship which could interfere with their ability to discharge their duties effectively. Their familiarity with the business and the industry over the years has enabled them to contribute to the strategy development and continuous improvement on internal controls and other relevant financial and corporate governance matters of the Company. The Board is satisfied that all of them have the required character, integrity and experience in fulfilling the role of independent non-executive Directors and the long-term service would not affect their exercise of independent judgement. Having said that, Mr. Chu Yat Pang Terry and Mr. Lee Kwan Hung Eddie, who have been acting as independent non-executive Directors since 23 November 2015, will retire and not offer themselves for re-election as Directors at the 2026 AGM. Please refer to section A5 below for details.

## A5. Appointment and Re-election of Directors

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

According to clause 84 of the articles of association of the Company (the "Articles"), one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each AGM provided that every Director shall be subject to retirement at an AGM at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

According to the above clause 84 of the Articles, three out of the existing seven Directors shall retire from office by rotation at the 2026 AGM, including Chairman Hung, Mr. Chu Yat Pang Terry and Mr. Lee Kwan Hung Eddie. Chairman Hung, being eligible, will offer himself for re-election at the 2026 AGM. Mr. Chu Yat Pang Terry and Mr. Lee Kwan Hung Eddie have been acting as independent non-executive Directors since 23 November 2015. Since the Company intends to deal with the relevant rule under the Listing Rules relating to the tenure of the independent non-executive directors, both Mr. Chu and Mr. Lee will retire and will not offer themselves for re-election at the 2026 AGM.

In view of the retirement of Mr. Chu and Mr. Lee at the 2026 AGM, the Board, after considering the recommendation of the Nomination Committee, has proposed to appoint Mr. Cheung Chin Hoo and Ms. Ferheen Mahomed as independent non-executive Directors. The said proposed appointment is subject to the passing of two separate ordinary resolutions by the Shareholders at the 2026 AGM and will take effect, if approved, from the conclusion of the 2026 AGM. Details of the aforementioned retirement and proposed appointment of independent non-executive Directors are to be set out in the announcement of the Company dated 27 April 2026 and included in the Company's circular dated 28 April 2026.

## A6. Continuous Professional Development of Directors

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

Each newly appointed Director shall receive an induction on the first occasion of his/her appointment to ensure that he/she has appropriate understanding of the business and operations of the Group. In addition, in compliance with Rule 3.09D of the Listing Rules, the Company will ensure that each of its proposed Directors has obtained, before his/her appointment becomes effective, the legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him/her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

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

Directors are required to submit to the Company details of the training they received in each financial year for the Company's maintenance of proper training records of Directors. According to the training records currently maintained by the Company, during the year ended 31 December 2025, the Directors have complied with the code provision of the CG Code on participation in continuous professional training as follows:

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

## A7. Directors' Attendance Records at Meetings

The attendance records of each Director at the Board and Board committee meetings and the general meeting of the Company held during the year ended 31 December 2025 are set out below:

Name of Director	Attendance/Number of Meetings				AGM
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
<b>Executive Directors:</b>					
Chairman Hung	5/6 <i>(Note 1)</i>	N/A	1/1	1/1	1/1
Mr. Tse Chung Shing	6/6	N/A	N/A	N/A	1/1
Ms. Hung Sui Lam	5/6 <i>(Note 1)</i>	N/A	N/A	N/A <i>(Note 2)</i>	1/1
<b>Independent Non-executive Directors:</b>					
Mr. Lam Cheung Chuen	6/6	3/3	1/1	1/1	1/1
Mr. Chu Yat Pang Terry	6/6	3/3	1/1	1/1	1/1
Mr. Lee Kwan Hung Eddie	6/6	3/3	1/1	1/1	1/1
Dr. Lui Sun Wing	6/6	3/3	1/1	1/1	1/1

*Note 1:* The Board meeting that Chairman Hung and Ms. Hung Sui Lam have not attended was held for considering the continuing connected transactions on lease of properties by the Group, in which these two Directors had material interests.

*Note 2:* Ms. Hung Sui Lam has been appointed as a member of the Nomination Committee with effect from 21 August 2025. Subsequent to her appointment, no meeting of the Nomination Committee was held.

In addition, the Chairman of the Board held one meeting with all the independent non-executive Directors without the presence of other executive Directors during the year ended 31 December 2025.

## A8. Directors' and Employees' Securities Transactions

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") contained in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' dealings in the securities of the Company.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2025.

The Company has also established written guidelines (the "Employees Written Guidelines") on terms no less exacting than the Model Code for securities transactions by employees of the Group who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company throughout the year ended 31 December 2025.

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

#### **A9. Board Independence**

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

- Four out of the seven Directors are independent non-executive Directors, which exceeds the requirement of the Listing Rules that at least one-third of the Board are independent non-executive Directors.
- Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, independent non-executive Directors will be appointed to all Board committees as far as possible to ensure independent views are available.
- The Nomination Committee will assess the independence of a candidate who is nominated to be a new independent non-executive Director before appointment and the continued independence of the existing independent non-executive Directors on an annual basis.
- Each independent non-executive Director is also required to inform the Company as soon as practicable if there is any change in his own personal particulars that may materially affect his independence.
- Each independent non-executive Director is required to submit a written confirmation to the Company annually to confirm the independence of himself and his immediate family members.
- All Directors are entitled to seek further information and documentation from the management on the matters to be discussed at Board meetings. They can also seek assistance from the Company's secretary and, where necessary, independent advice from external professional advisers at the Company's expense.
- All Directors are encouraged to express their views in an open and candid manner during the Board/Board Committees' meetings.
- Any Director who has material interests in any contract, transaction or arrangement shall abstain from voting and not be counted in the quorum on any Board resolution approving the same.

### A10. Corporate Governance Functions

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

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

## B. BOARD COMMITTEES

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

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

### B1. Executive Committee

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

### B2. Audit Committee

The Company has met the Listing Rules requirements regarding the composition of the Audit Committee throughout the year ended 31 December 2025. The Audit Committee comprises all of the four independent non-executive Directors, with Mr. Chu Yat Pang Terry acting as the chairman of the Committee. Mr. Chu Yat Pang Terry possesses the appropriate professional qualification, and accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

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

During the year ended 31 December 2025, the Audit Committee has held three meetings (the attendance records of each Committee member are set out in section A7 above) and performed the following major works and made relevant recommendations to the Board:

- Reviewed and discussed the annual financial statements, results announcement and annual report for the year ended 31 December 2024, the relevant audit findings of the Company's external auditor, and the re-appointment of the external auditor;
- Reviewed and discussed the interim financial statements, results announcement and interim report for the six months ended 30 June 2025 and the relevant review findings of the Company's external auditor;
- Reviewed the Group's continuing connected transactions;
- Discussed the major internal audit issues;
- Reviewed the Group's financial reporting system and risk management and internal controls systems, and the existing internal audit function of the Company;
- Reviewed the compliance with and enforcement of the terms of the Deed of Non-competition by the controlling Shareholders;
- Reviewed the arrangements for employees of the Group to raise concerns about possible improprieties in the Group's financial reporting, internal control or other matters;
- Performed the corporate governance functions as set out in section A10 above; and
- Discussed with the external auditor about the scope of audit work for the year ended 31 December 2025.

The Company's external auditor has also attended the three Audit Committee meetings held during the year ended 31 December 2025.

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

### **B3. Remuneration Committee**

The Remuneration Committee consists of a total of five members, being one executive Director, Chairman Hung, and four independent non-executive Directors, Mr. Lee Kwan Hung Eddie (chairman of the Committee), Mr. Lam Cheung Chuen, Mr. Chu Yat Pang Terry and Dr. Lui Sun Wing. Throughout the year ended 31 December 2025, the Company has met the Listing Rule requirements of having the majority of the Remuneration Committee members being independent non-executive Directors as well as having the Committee chaired by an independent non-executive Director.

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

During the year ended 31 December 2025, the Remuneration Committee has held one meeting (the attendance record of each Committee member is set out in section A7 above), in which the Committee members have reviewed the existing remuneration policy and structure of the Company and the remuneration packages of Directors and senior management of the Company and made relevant recommendations to the Board. The Remuneration Committee has also reviewed and recommended to the Board on the adoption of the Company's new share option scheme (which was approved for adoption by the Shareholders at the AGM held on 13 June 2025).

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

Details of the remuneration of each Director for the year ended 31 December 2025 are set out in note 38 to the financial statements contained in this annual report.

#### **B4. Nomination Committee**

The Nomination Committee comprises a total of six members, being two executive Directors, Chairman Hung (chairman of the Committee) and Ms. Hung Sui Lam, and the four independent non-executive Directors, Mr. Lam Cheung Chuen, Mr. Chu Yat Pang Terry, Mr. Lee Kwan Hung Eddie and Dr. Lui Sun Wing. Throughout the year ended 31 December 2025, the Company has met the Listing Rule provision, which requires the majority of a nomination committee being independent non-executive directors and the committee chairman being the chairman of the board or an independent non-executive director. The Company has also met the code provision B.3.5 of the CG Code, which requires an issuer to appoint at least one director of a different gender to the nomination committee.

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

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

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

During the year ended 31 December 2025, the Nomination Committee has held one meeting (the attendance record of each Committee member is set out in section A7 above) in which the Committee members have (i) reviewed the existing structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group; (ii) recommended the reappointment of the retiring Directors standing for re-election at the AGM held on 13 June 2025; and (iii) assessed the independence of the existing independent non-executive Directors.

### Board Diversity Policy

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

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

As at the date of this annual report, the Board comprises seven Directors, one of whom is female. While the Board considers that its current composition provides a balanced mix of skills and experience appropriate for the Group's business, the Company remains committed to further enhancing Board diversity in line with evolving corporate governance best practices. To this end and as set out in section A5 above, the Board has identified a female candidate to join the Board, subject to the Shareholders' approval at the 2026 AGM. This proposed appointment reflects the Board's proactive approach to broadening gender representation and ensuring that a diverse range of perspectives continues to drive the Group's strategic development.

Although the Board has not set any measurable objectives to implement the Board Diversity Policy, the Nomination Committee will continue to review the Board Diversity Policy annually and monitor the progress of diversity to ensure the Board maintains an optimal and effective composition.

### Workforce Diversity Policy and Gender Ratio in the Workforce

The Company values gender diversity across all levels of the Group. The Company has adopted a Workforce Diversity Policy which outlines the Company's approach and commitment to inclusion and diversity in the workforce (including senior management) and it applies to all Group companies. The Company endeavours to ensure that its workforce has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy. In addition, the Company is committed to establishing and maintaining a diversified, inclusive and supportive workplace where individual differences are respected and all employees are valued, treated with dignity and treated fairly with equal access to opportunities. The gender ratio in the workforce of the Group (without any senior management) as at 31 December 2025 was 46:54 (female: male). The Company considers the above gender ratio satisfactory. Although the Company has not set any measurable objectives to implement the Workforce Diversity Policy, the Nomination Committee will review the implementation and the effectiveness of the Policy annually.

### **Director Nomination Policy**

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

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

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

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

The Nomination Committee has followed the Director Nomination Policy in nominating the two candidates to serve as independent non-executive Directors, as set out in section A5 above.

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

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

## **C. DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS**

The Directors have acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025.

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

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

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 December 2025 is set out in the section headed "Independent Auditor's Report" in this annual report.

#### **D. RISK MANAGEMENT AND INTERNAL CONTROLS**

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

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

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

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. The management, in coordination with department heads, assess the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress. The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2025.

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

During the year ended 31 December 2025, the Board, as supported by the Audit Committee as well as the report from the management and the internal audit findings, reviewed the effectiveness of the Group's risk management and internal control systems, including the financial, operational and compliance controls, and considered that such systems are effective and adequate.

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

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

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

## **E. COMPANY SECRETARY**

The secretary of the Company is Mr. Tse Chung Shing, who is also an executive Director and the chief financial officer of the Company. Mr. Tse fulfils the qualification requirements laid down in the Listing Rules. Biographical details of Mr. Tse are set out in the section headed "Biographies of Directors and Senior Management" of this annual report. For the year ended 31 December 2025, Mr. Tse has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

## **F. EXTERNAL AUDITOR'S REMUNERATION**

The fees paid to PricewaterhouseCoopers, the Company's external auditor, in respect of audit and non-audit services for the year ended 31 December 2025 are set out below:

<b>Type of services provided by the external auditor</b>	<b>Approximate fees paid/ payable HK\$'000</b>
Audit services — audit fee for the year ended 31 December 2025	2,622
Non-audit services	
— Interim review fee for the six months ended 30 June 2025	722
— Tax and other advisory services	1,033
<b>TOTAL:</b>	<b>4,377</b>

## G. SHAREHOLDERS' RIGHTS

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

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

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

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

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

## H. CONSTITUTIONAL DOCUMENTS

The Company has not made any changes to the Articles during the year ended 31 December 2025. The latest version of the Articles is available on the websites of the Company and the Stock Exchange.

## I. DEED OF NON-COMPETITION

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

## **J. POLICIES RELATING TO SHAREHOLDERS**

### **J1. Dividend Policy**

The Company has in place a dividend policy (the “Dividend Policy”), which aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the Shareholders. The Company intends to strike a balance between maintaining sufficient capital to develop and operate the business of the Group and rewarding the Shareholders. According to the Dividend Policy, the Board will take into account the following key factors of the Group when deciding whether to declare, recommend or pay any dividend:

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

The Dividend Policy does not stipulate a pre-determined dividend payout ratio. Notwithstanding the foregoing, the Board has historically referenced a benchmark payout ratio of approximately 30% of the Group’s annual net profits, while aiming to maintain a steady dividend rate per share to reward Shareholders for their long-term support. To achieve this stability, the Board may exercise its discretion to adjust the actual payout ratio in a particular year, especially during periods of profit fluctuations, to avoid material variation in the dividend rate per share.

It is confirmed that all dividend decisions made by the Board during the year were made in accordance with the Dividend Policy; and any declaration and payment of dividends under the Dividend Policy is subject to the Board’s determination that the same would be in the best interests of the Group and the Shareholders as a whole.

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

## J2. Shareholders' Communication Policy

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

### (a) Corporate Communication

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

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

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

### (c) Corporate Website

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

### (d) Shareholders' Meetings

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

**(e) Shareholders' Enquiries***(i) Enquiries about Shareholdings*

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

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

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

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

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

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

# DIRECTORS' REPORT

The Board is pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

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

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated financial statements on pages 73 to 147.

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

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

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

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

## BUSINESS REVIEW

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

## COMPLIANCE WITH LAWS AND REGULATIONS

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

1. the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
2. the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
3. the Companies Act, Cap. 22 of the Cayman Islands; and
4. the Listing Rules.

If there is any non-compliance with the above rules and regulations, it will affect the Group's operations, development and financial performance. During the year ended 31 December 2025, the Group complied with all the relevant laws and regulations in the Cayman Islands and Hong Kong that have a significant impact on the Group.

## ENVIRONMENTAL POLICY AND PERFORMANCE

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

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

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 9 June 2026 to Friday, 12 June 2026 (both days inclusive) for the purpose of determining the right to attend and vote at the 2026 AGM. In order to be qualified for attending and voting at the 2026 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong time) on Monday, 8 June 2026.

Conditional on the passing of the resolution approving the declaration of the proposed final dividend at the 2026 AGM, the register of members of the Company will also be closed from Wednesday, 24 June 2026 to Friday, 26 June 2026 (both days inclusive) for the purpose of determining the entitlement to the proposed final dividend for the year ended 31 December 2025. In order to be qualified for the proposed final dividend (subject to the approval of the shareholders at the 2026 AGM), unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at the address stated above for registration not later than 4:30 p.m. (Hong Kong time) on Tuesday, 23 June 2026. The ex-dividend date will be Monday, 22 June 2026.

### **FIVE-YEAR FINANCIAL SUMMARY**

A summary of the results, assets and liabilities of the Group for the last five financial years ended 31 December 2025 is set out in the section headed "Five-year Financial Summary" on page 148 of this annual report.

### **SHARE CAPITAL**

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

### **SHARE PREMIUM AND RESERVES**

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

### **DISTRIBUTABLE RESERVES**

As at 31 December 2025, the reserves of the Company available for distribution to Shareholders amounted to approximately HK\$330,304,000 (2024: HK\$332,037,000).

### **DONATIONS**

Charitable donations made by the Group during the year ended 31 December 2025 amounted to HK\$1,469,000 (2024: HK\$2,011,000).

### **PROPERTY, PLANT AND EQUIPMENT**

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

### **INVESTMENT PROPERTIES**

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

### **BORROWINGS**

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

## INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) for the benefit of the Directors is currently in force and was in force throughout the year ended 31 December 2025.

## EQUITY-LINKED AGREEMENTS

During the year under review, other than the share option scheme adopted by the Company on 23 November 2015 (the "2015 Share Option Scheme") as set out in the section headed "2015 Share Option Scheme" below, the share option scheme adopted by the Company on 13 June 2025 (the "2025 Share Option Scheme") as set out in the section headed "2025 Share Option Scheme" below, and the Ten Pao Electronic (Huizhou) Share Award Scheme adopted by Ten Pao Electronic (Huizhou) on 28 February 2024 as set out in the section headed "Ten Pao Electronic (Huizhou) Share Award Scheme" below, the Company has not entered into any equity-linked agreement.

## 2015 SHARE OPTION SCHEME

The Company adopted the 2015 Share Option Scheme, which fell within the ambit of, and was 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), on 23 November 2025. The purpose of the 2015 Share Option Scheme was to recognise and acknowledge the contributions the eligible participants (the "2015 Share Option Scheme Eligible Participants") have had or may have made to the Group. The 2015 Share Option Scheme provided the 2015 Share Option Scheme Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivating the 2015 Share Option Scheme 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 2015 Share Option Scheme Eligible Participants whose contributions were or would be beneficial to the long-term growth of the Group.

2015 Share Option Scheme Eligible Participants included: (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, would contribute or had contributed to the Group.

The maximum number of shares in respect of which options may be granted (including shares in respect of which options, whether exercised or still outstanding, have already been granted, but excluding shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the 2015 Share Option Scheme) under the 2015 Share Option Scheme should not exceed 100,000,000 shares, being approximately 9.71% of the total number of issued shares of the Company as at the date of this annual report. Since the adoption of the 2015 Share Option Scheme, a total of 19,348,000 share options had been granted, of which 456,000 share options were exercised and 18,892,000 share options were lapsed in accordance with the terms of the 2015 Share Option Scheme. Accordingly, the total number of shares available for grant under the 2015 Share Option Scheme as at 1 January 2025 was 99,544,000, being approximately 9.66% of the total number of issued shares of the Company as at the date of this annual report, and, since the 2015 Share Option Scheme expired on 23 November 2025, the total number of shares available for grant under the 2015 Share Option Scheme as at 31 December 2025 was nil.

The total number of shares of the Company issued and to be issued upon exercise of the options granted under the 2015 Share Option Scheme (including exercised, cancelled and outstanding options) to each 2015 Share Option Scheme Eligible Participant in any 12-month period should not, without Shareholders' approval, exceed 1% of the shares of the Company in issue. Where the 2015 Share Option Scheme Eligible Participant was an independent non-executive Director or a substantial Shareholder (as defined in Chapter 1 of the Listing Rules), independent Shareholders' approval was required for grants of options (including exercised, cancelled and outstanding options) to any of them in excess of 0.1% of the issued shares of the Company over a 12-month period.

The offer of a grant of share options under the 2015 Share Option Scheme should be accepted within 30 days from the date of offer upon payment of a consideration of HK\$1 by the grantee.

The 2015 Share Option Scheme was effective for a period of 10 years from 23 November 2015, the date of its adoption, and expired on 23 November 2025, and the Company shall no longer grant any share options under the 2015 Share Option Scheme, while the share options granted thereunder and not yet exercised, if any, shall continue to be exercisable during the respective exercise period. The period during which an option may be exercised was determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Options may be vested over such period(s) as determined by the Board in its absolute discretion subject to compliance with the requirements under any applicable laws, regulations or rules.

The exercise price of share options under the 2015 Share Option Scheme was determined by the Board, but should not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day; (ii) the average closing price of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company.

No movement of share options under the 2015 Share Option Scheme for the year ended 31 December 2025 is shown in this annual report since (i) there were no outstanding share options thereunder as at 1 January 2025; and (ii) there was no grant of share options thereunder during the year ended 31 December 2025.

## 2025 SHARE OPTION SCHEME

The 2025 Share Option Scheme was conditionally adopted by the Company on 13 June 2025 (the "Adoption Date"). The purpose of the 2025 Share Option Scheme is to enable the Company to grant share options to eligible participants (the "2025 Share Option Scheme Eligible Participants") as incentives or rewards for their contribution or potential contribution to the Group and to provide the 2025 Share Option Scheme Eligible Participants an opportunity to have a personal stake in the Company with the view to motivating them to optimise their performance efficiency for the benefit of the Group.

2025 Share Option Scheme Eligible Participants include any directors or any employees of the Company or of any of its subsidiaries from time to time. The Board shall have the absolute discretion to determine whether a person is qualified to be (or, where applicable, continues to qualify to be) a 2025 Share Option Scheme Eligible Participant. When determining the eligibility of a 2025 Share Option Scheme Eligible Participant, careful consideration on various criteria will be made in assessing his/her contribution to the long-term growth of the Group so as to serve the purpose of the 2025 Share Option Scheme, including, among others, the seniority, position, expertise, professional qualification, performance, time commitment, responsibilities and length of service of the person with the Group. No share options have been granted since the conditional adoption of the 2025 Share Option Scheme and up to the date of this annual report. The total number of options available for grant under the 2025 Share Option Scheme and other schemes as at the Adoption Date and 31 December 2025 was 103,038,896, which represents 10% of the Company's shares in issue (excluding any treasury shares) as at the date of this annual report.

Where any grant of option to a 2025 Share Option Scheme Eligible Participant would result in the shares issued and to be issued (including any treasury shares which may be transferred, as applicable) in respect of all options and awards granted under the 2025 Share Option Scheme and other schemes involving the grant of awards or options over shares of the Company to such 2025 Share Option Scheme Eligible Participant (excluding any options and awards lapsed in accordance with the terms of the 2025 Share Option Scheme and other schemes) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the shares in issue (excluding any treasury shares) as at the date of such grant, such grant shall be subject to the following requirements:

- (a) approval of the Shareholders in general meeting with such 2025 Share Option Scheme Eligible Participant and his or her close associates (or associates if such 2025 Share Option Scheme Eligible Participant is a connected person of the Company) abstaining from voting;
- (b) the Company shall send a circular to its Shareholders disclosing the identity of such 2025 Share Option Scheme Eligible Participant, the number and terms of the further options to be granted (and those options and awards granted to such 2025 Share Option Scheme Eligible Participant in the 12-month period), the purpose of granting further options to such 2025 Share Option Scheme Eligible Participant and an explanation as to how the terms of the further options serve such purpose;
- (c) the number and terms of the further options to be granted to such 2025 Share Option Scheme Eligible Participant shall be fixed before the Shareholders' approval mentioned in (a) above; and
- (d) for the purpose of calculating the minimum exercise price in respect of the further options to be so granted to such 2025 Share Option Scheme Eligible Participant, the date of the Board meeting for proposing such grant of further options shall be taken as the date of the offer of such options.

## Directors' Report

Any grant of options to a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of such options). Where any grant of options to an independent non-executive Director or a substantial Shareholder of the Company or any of their respective associates would result in the shares issued and to be issued (including any treasury shares which may be transferred, as applicable) in respect of all options and awards granted under the 2025 Share Option Scheme or other schemes (excluding any options and awards lapsed in accordance with the terms of the schemes) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Company's shares in issue (excluding any treasury shares), such further grant of options shall be approved by the Shareholders in general meeting. The Company shall send a circular to its Shareholders containing such information as required under the applicable laws and Rule 17.04(5) of the Listing Rules. The relevant grantee, his or her associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting. The Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

Subject to the terms and conditions of the 2025 Share Option Scheme, the Board shall be entitled at any time on a business day within a period of ten (10) years commencing on 16 June 2025 to make an offer or offers to any 2025 Share Option Scheme Eligible Participant(s) as the Board may in its absolute discretion select.

An offer of the grant of an option shall be deemed to have been accepted when the Company receives a duplicate offer letter or an acceptance letter duly signed from the grantee together with a remittance of HK\$1.00 (or such other nominal sum in any currency as the Board may determine) in favour of the Company as consideration for the grant thereof. Such remittance shall in no circumstances be refundable. Once accepted, the option shall be deemed to have been granted as from the date on which it was offered to the relevant Eligible Participant. The last date by which an offer shall be accepted shall be determined by the Board but shall not be later than 28 days from the date of the offer, except that for any offer which is made within the last three business days before the expiry of the life of the 2025 Share Option Scheme, the offer shall remain open for acceptance on a business day by the Eligible Participant concerned for a period of no longer than the remaining life of the 2025 Share Option Scheme. No offer shall be capable of or open for acceptance after the expiry of ten (10) years from 16 June 2025.

The period during which an option granted under the 2025 Share Option Scheme may be exercised is determined by the Board in its absolute discretion, save that no option shall be exercised more than 10 years from the grant date.

The vesting period of the options shall not be less than 12 months except in the following circumstances:

- (i) grants of "make-whole" options to new joiners to replace the share options they forfeited when leaving their previous employers;
- (ii) grants that are made in batches during a year for administrative and compliance reasons; or
- (iii) grants of options with a mixed or accelerated vesting schedule such as where the options may vest evenly over a period of 12 months.

The exercise price of share options under the 2025 Share Option Scheme is determined by the Board and shall be at least the higher of: (a) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer; (b) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer; and (c) if applicable, the nominal value of the Company's shares on the date of offer.

The basis of the exercise price complies with the requirements of the Listing Rules and is consistent with the purpose of the 2025 Share Option Scheme, and it encourages the selected 2025 Share Option Scheme Eligible Participants to contribute to the development of the Group to bring about an increase in market price of the shares, so that they can further capitalise on the benefits of the options and the exercise price.

The 2025 Share Option Scheme is valid and effective for a period of 10 years from 16 June 2025, being the effective date of the 2025 Share Option Scheme, and the remaining life was approximately 9.2 years as at the date of this annual report.

No movement of share options under the 2025 Share Option Scheme for the year ended 31 December 2025 is shown in this annual report since no share options have been granted since the Adoption Date and up to the date of this annual report.

The number of shares that may be issued in respect of options granted under all schemes of the Company during the year ended 31 December 2025 divided by the weighted average number of shares of the Company in issue (excluding treasury shares) for the year is nil.

### **TEN PAO ELECTRONIC (HUIZHOU) SHARE AWARD SCHEME**

On 28 February 2024, the board of directors of Ten Pao Electronic (Huizhou), an indirect wholly-owned subsidiary of the Company, resolved to propose (i) the adoption of the Ten Pao Electronic (Huizhou) Share Award Scheme and (ii) the conditional grant of award shares to (a) Ms. Yang Bingbing ("Ms. Yang"), the chief executive officer and a director of Ten Pao Electronic (Huizhou); and (b) Mr. Hong Guangdai ("Mr. G.D. Hong"), a then 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) 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.

## Directors' Report

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

The maximum number of equity available for issue under the Ten Pao Electronic (Huizhou) Share Award Scheme shall not exceed 10% of the total 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 annual report.

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

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

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

The Ten Pao Electronic (Huizhou) Share Award Scheme will remain in force for a period of 10 years from 8 April 2024, being the date of adoption of the Ten Pao Electronic (Huizhou) Share Award Scheme and the remaining life was approximately 8.0 years as at the date of this annual report.

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

Eligible participant	Date of award	Vesting date	Purchase price	Vested award shares on the vesting date	Unvested award shares as at 1 January 2025	Granted during the Year	Vested during the Year	Lapsed during the Year	Cancelled during the Year	Unvested award shares as at 31 December 2025
Yang Bingbing <sup>1</sup>	(conditional grant) 28 February 2024 <sup>2</sup>	On the date of grant <sup>3</sup>	RMB1.00 per registered capital of Ten Pao Electronic (Huizhou)	RMB8,700,000 registered capital of Ten Pao Electronic (Huizhou)	—	—	—	—	—	—
Hong Guangdai <sup>2</sup>	(conditional grant) 28 February 2024 <sup>3</sup>	On the date of grant <sup>3</sup>	RMB1.00 per registered capital of Ten Pao Electronic (Huizhou)	RMB2,000,000 registered capital of Ten Pao Electronic (Huizhou)	—	—	—	—	—	—
Employee participants <sup>4</sup>	8 August 2024	On the date of grant	RMB1.55 per registered capital of Ten Pao Electronic (Huizhou)	RMB10,710,000 registered capital of Ten Pao Electronic (Huizhou)	—	—	—	—	—	—

Notes:

- Ms. Yang Bingbing is the chief executive officer and a director of Ten Pao Electronic (Huizhou).
- Mr. Hong Guangdai was a director of Ten Pao Electronic (Huizhou) and the younger brother of Chairman Hung. During the year ended 31 December 2025, since Mr. Hong Guangdai has resigned from Ten Pao Electronic (Huizhou), the registered capital of Ten Pao Electronic (Huizhou) of RMB2,000,000 already vested to him was repurchased by Dazhou Ten Pao Innovation Technology Co., Ltd. ("Ten Pao Dazhou"), the Company's subsidiary, pursuant to the terms of the Ten Pao Electronic (Huizhou) Share Award Scheme
- This is subject to the Ten Pao Electronic (Huizhou) Share Award Scheme being effective on 8 April 2024.
- These consist of 88 full-time employees of Ten Pao Electronic (Huizhou) Group. During the year ended 31 December 2025, out of the registered capital already vested to these eligible participants, a total of RMB540,000 registered capital was repurchased from those eligible participants who have ceased to be the employees of Ten Pao Electronic (Huizhou) Group by Ten Pao Dazhou pursuant to the terms of the Ten Pao Electronic (Huizhou) Share Award Scheme.

Since the adoption of the Ten Pao Electronic (Huizhou) Share Award Scheme, an aggregate registered capital of RMB21,410,000 of Ten Pao Electronic (Huizhou), representing approximately 7.96% of the total registered capital of Ten Pao Electronic (Huizhou), have been granted, of which RMB2,540,000 registered capital was repurchased from the eligible participants by Ten Pao Dazhou during the year ended 31 December 2025, which will not be subject to any new grant pursuant to the terms of the Ten Pao Electronic (Huizhou) Share Award Scheme. Accordingly, the total number of equity currently available for issue under the Ten Pao Electronic (Huizhou) Share Award Scheme amounted to RMB3,336,341, being approximately 1.24% of the total registered capital of Ten Pao Electronic (Huizhou) as at 1 January 2025, 31 December 2025 and the date of this annual report.

The registered capital that may be issued in respect of awards granted under all schemes of Ten Pao Electronic (Huizhou) during the year ended 31 December 2025 divided by the weighted average registered capital of Ten Pao Electronic (Huizhou) in issue for the year is nil.

### PRE-EMPTIVE RIGHTS

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

### MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, the percentage of the Group's turnover attributable to the Group's largest customer and the five largest customers in aggregate were 15.1% and 59.8% respectively (2024: 16.5% and 66.0% respectively).

During the year ended 31 December 2025, the percentage of the Group's purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate were 2.8% and 10.9% respectively (2024: 5.4% and 13.9% respectively).

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

### RETIREMENT BENEFIT SCHEMES

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

### DIRECTORS

The Directors during the year ended 31 December 2025 and up to the date of this annual report were:

#### Executive Directors

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

#### Independent Non-executive Directors

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

In accordance with clause 84 of the Articles, Chairman Hung, Mr. Chu Yat Pang Terry and Mr. Lee Kwan Hung Eddie shall retire from the Board by rotation at the 2026 AGM. Chairman Hung, being eligible, will offer himself for re-election at the 2026 AGM. Mr. Chu Yat Pang Terry and Mr. Lee Kwan Hung Eddie have been acting as independent non-executive Directors since 23 November 2015. Since the Company intends to deal with the relevant rule under the Listing Rules relating to the tenure of the independent non-executive directors, both Mr. Chu Yat Pang Terry and Mr. Lee Kwan Hung Eddie will retire and will not offer themselves for re-election at the 2026 AGM.

In view of the retirement of Mr. Chu and Mr. Lee at the 2026 AGM, the Board, after considering the recommendation of the Nomination Committee, has proposed to appoint Mr. Cheung Chin Hoo and Ms. Ferheen Mahomed as independent non-executive Directors. The said proposed appointment is subject to the passing of two separate ordinary resolutions by the Shareholders at the 2026 AGM and will take effect, if approved, from the conclusion of the 2026 AGM. Details of the aforementioned retirement and proposed appointment of independent non-executive Directors are to be set out in the announcement of the Company dated 27 April 2026 and included in the Company's circular dated 28 April 2026.

### **DIRECTORS' SERVICE CONTRACTS**

None of the Directors offering for re-election at the 2026 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

### **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

### **DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE**

Save for the contracts described under the paragraph headed "Connected Transactions and Continuing Connected Transactions" below and note 36 "Related Party Transactions" to the consolidated financial statements, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or his/her connected entity or a controlling Shareholder (or any of its subsidiaries) had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2025 or at any time during the year ended 31 December 2025.

### **DIRECTORS' RIGHTS TO PURCHASE SHARE OR DEBENTURES**

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

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

### Connected transaction

Save for the continuing connected transactions as disclosed below, during the year ended 31 December 2025, the Group has not carried out any connected transactions that are not exempt from annual reporting requirement under Chapter 14A of the Listing Rules.

### Continuing connected transactions

The Group has entered into the following continuing connected transactions:

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

#### 2025 Tenancy Agreements

On 31 December 2024, the Group entered into the following tenancy agreements, namely, the 2025 Sky Fortune Tenancy Agreement, the 2025 Golden Lake Tenancy Agreement and the 2025 Tiannengyuan Charging Tenancy Agreement (collectively, the "2025 Tenancy Agreements"):

#### 2025 Sky Fortune Tenancy Agreement

Date:	31 December 2024
Location:	Room 610-11, 6/F, Kwong Sang Hong Centre, No. 151-153 Hoi Bun Road, Kwun Tong, Hong Kong
Lessor:	Sky Fortune Enterprises Limited (天祥企業有限公司) ("Sky Fortune")
Lessee:	Ten Pao Precision Electronics Company Limited (天寶精密電子有限公司) ("Ten Pao Precision"), an indirect wholly-owned subsidiary of the Company
Monthly rental:	HK\$50,000
Term:	1 January 2025 to 31 December 2025 (both days inclusive)
Usage:	Office premises

The annual cap of rent payable by Ten Pao Precision to Sky Fortune for the year ended 31 December 2025 was HK\$600,000. The rental under the 2025 Sky Fortune Tenancy Agreement was paid on a monthly basis and was determined after arm's length negotiations with reference to (i) the historical rent paid for the year ended 31 December 2024; and (ii) the prevailing market rent for comparable properties of similar type, age and location.

The actual transaction amount under the 2025 Sky Fortune Tenancy Agreement during the year ended 31 December 2025 was HK\$600,000.

Since approximately 96.67% and 3.33% of the issued share capital of Sky Fortune are held by Chairman Hung, an executive Director and a controlling Shareholder, and Ms. Yeh Chin Lian, the spouse of Chairman Hung, respectively, Sky Fortune is an associate of Chairman Hung and therefore a connected person of the Company and the leasing of properties pursuant to the 2025 Sky Fortune Tenancy Agreement constituted a continuing connected transaction of the Company.

**2025 Golden Lake Tenancy Agreement**

Date:	31 December 2024
Location:	Flat 15, 6/F, Kwong Sang Hong Centre, No. 151-153 Hoi Bun Road, Kwun Tong, Hong Kong
Lessor:	Golden Lake (HK) Co., Limited (錦湖(香港)有限公司) ("Golden Lake")
Lessee:	Ten Pao International Limited (天寶國際興業有限公司) ("Ten Pao International"), an indirect wholly-owned subsidiary of the Company
Monthly rental:	HK\$44,000
Term:	1 January 2025 to 31 December 2025 (both days inclusive)
Usage:	Office premises

The annual cap of rent payable by Ten Pao International to Golden Lake for the year ended 31 December 2025 was HK\$528,000. The rental under the 2025 Golden Lake Tenancy Agreement was paid on a monthly basis and was determined after arm's length negotiations with reference to (i) the historical rent paid for the year ended 31 December 2024; and (ii) the prevailing market rent for comparable properties of similar type, age and location.

The actual transaction amount under the 2025 Golden Lake Tenancy Agreement during the year ended 31 December 2025 was HK\$528,000.

Since 98% and 2% of the issued share capital of Golden Lake are held by Chairman Hung, an executive Director and a controlling Shareholder, and Ms. Yeh Chin Lian, the spouse of Chairman Hung, respectively, Golden Lake is an associate of Chairman Hung and therefore a connected person of the Company and the leasing of properties pursuant to the 2025 Golden Lake Tenancy Agreement constituted a continuing connected transaction of the Company.

**2025 Tiannengyuan Charging Tenancy Agreement**

Date:	31 December 2024
Location:	(1) Factory and dormitory located at Mujintou Zone, Xinmindahuyuan Village, Shuikou Street Office, Huicheng District, Huizhou City, the PRC* (中國惠州市惠城區水口街道辦事處新民大湖園村木錦頭地段的工廠及宿舍)  (2) Factory No.1 and Factory No. 2 located at Mujintou Zone, Xinmindahuyuan Village, Shuikou Street Office, Huicheng District, Huizhou City, the PRC* (中國惠州市惠城區水口街道辦事處新民大湖園村木錦頭地段的一號工廠及二號工廠)
Lessor:	Huizhou Tiannengyuan Charging Technology Co., Ltd.* (惠州天能源充電技術有限公司) ("Tiannengyuan Charging")
Lessee:	Huizhou Ten Pao Chuangneng Technology Co., Ltd.* (惠州市天寶創能科技有限公司) ("Ten Pao Chuangneng"), an indirect wholly-owned subsidiary of the Company
Monthly rental:	RMB550,000 (equivalent to approximately HK\$604,945)
Term:	1 January 2025 to 31 December 2025 (both days inclusive)
Usage:	Production facilities and staff quarters

\* For identification purpose only

The annual cap of rent payable by Ten Pao Chuangneng to Tiannengyuan Charging for the year ended 31 December 2025 was RMB6,600,000 (equivalent to approximately HK\$7,259,340). The rental under the 2025 Tiannengyuan Charging Tenancy Agreement was paid on a monthly basis and was determined after arm's length negotiations with reference to (i) the historical rent paid for the year ended 31 December 2024; and (ii) the prevailing market rent with comparable properties; and (iii) the exchange rate movement of RMB and HKD during the lease term.

The actual transaction amount under the 2025 Tiannengyuan Charging Tenancy Agreement during the year ended 31 December 2025 was RMB6,412,000 (equivalent to approximately HK\$6,992,000).

As 100% of the issued share capital of Tiannengyuan Charging is held by Ten Power Charging Technology Limited and 100% of the issued share capital of Ten Power Charging Technology Limited is held by Ease Bright Holdings Limited, which is a company wholly-owned by Chairman Hung, an executive Director and a controlling Shareholder, Tiannengyuan Charging is an associate of Chairman Hung and therefore a connected person of the Company and the leasing of properties pursuant to the 2025 Tiannengyuan Charging Tenancy Agreement constituted a continuing connected transaction for the Company.

To aggregate the transactions of leasing of properties by the Group from the associates of Chairman Hung under Rules 14A.81 to 14A.83 of the Listing Rules, the aggregate actual amount of rent paid to the associates of Chairman Hung as mentioned above by the Group for the 2025 Tenancy Agreements was HK\$8,120,000 for the year ended 31 December 2025.

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

### 2026 Tenancy Agreements

The 2025 Tenancy Agreements expired on 31 December 2025.

Since the Directors considered that leasing the existing properties under the 2025 Tenancy Agreements would minimise the costs of relocation and prevent interruption of the Group's production, on 31 December 2025, the Group entered into the following tenancy agreements, namely, the 2026 Sky Fortune Tenancy Agreement, the 2026 Golden Lake Tenancy Agreement and the 2026 Tiannengyuan Charging Tenancy Agreement (collectively, the "2026 Tenancy Agreements"):

**2026 Sky Fortune Tenancy Agreement**

Date:	31 December 2025
Location:	Room 610-11, 6/F, Kwong Sang Hong Centre, No. 151-153 Hoi Bun Road, Kwun Tong, Hong Kong
Lessor:	Sky Fortune
Lessee:	Ten Pao Precision
Monthly rental:	HK\$50,000
Term:	1 January 2026 to 31 December 2026 (both days inclusive)
Usage:	Office premises

The aggregate amount of rent payable by Ten Pao Precision to Sky Fortune for the year ending 31 December 2026 will not exceed HK\$600,000. The rental payable under the 2026 Sky Fortune Tenancy Agreement is payable on a monthly basis and was determined after arm's length negotiations with reference to (i) the historical rent paid of HK\$600,000 for the year ended 31 December 2025; and (ii) the prevailing market rent for comparable properties of similar type, age and location.

For details of the connected relationships of the parties and the nature of the connected person's interest in relation to the 2026 Sky Fortune Tenancy Agreement, please refer to the paragraph headed "2025 Tenancy Agreements — 2025 Sky Fortune Tenancy Agreement" in this section.

**2026 Golden Lake Tenancy Agreement**

Date:	31 December 2025
Location:	Flat 15, 6/F, Kwong Sang Hong Centre, No. 151-153 Hoi Bun Road, Kwun Tong, Hong Kong
Lessor:	Golden Lake
Lessee:	Ten Pao International
Monthly rental:	HK\$44,000
Term:	1 January 2026 to 31 December 2026 (both days inclusive)
Usage:	Office premises

The aggregate amount of rent payable by Ten Pao International to Golden Lake for the year ending 31 December 2026 will not exceed HK\$528,000. The rental payable under the 2026 Golden Lake Tenancy Agreement is payable on a monthly basis and was determined after arm's length negotiations with reference to (i) the historical rent paid of HK\$528,000 under the 2025 Golden Lake Tenancy Agreement for the year ended 31 December 2025; and (ii) the prevailing market rent for comparable properties of similar type, age and location.

For details of the connected relationships of the parties and the nature of the connected person's interest in relation to the 2026 Golden Lake Tenancy Agreement, please refer to the paragraph headed "2025 Tenancy Agreements — 2025 Golden Lake Tenancy Agreement" in this section.

## 2026 Tiannengyuan Charging Tenancy Agreement

Date:	31 December 2025
Location:	(1) Factory and dormitory located at Mujintou Zone, Xinmindahuyuan Village, Shuikou Street Office, Huicheng District, Huizhou City, the PRC* (中國惠州市惠城區水口街道辦事處新民大湖園村木錦頭地段的工廠及宿舍)
	(2) Factory No.1 and Factory No. 2 located at Mujintou Zone, Xinmindahuyuan Village, Shuikou Street Office, Huicheng District, Huizhou City, the PRC* (中國惠州市惠城區水口街道辦事處新民大湖園村木錦頭地段的一號工廠及二號工廠)
Lessor:	Tiannengyuan Charging
Lessee:	Ten Pao Chuangneng
Monthly rental:	RMB550,000 (equivalent to approximately HK\$599,280)
Term:	1 January 2026 to 31 December 2026 (both days inclusive)
Usage:	Production facilities and staff quarters

The aggregate amount of rent payable by Ten Pao Chuangneng to Tiannengyuan Charging for the year ending 31 December 2026 will not exceed RMB6,600,000 (equivalent to approximately HK\$7,191,360). The rental payable under the 2026 Tiannengyuan Charging Tenancy Agreement is payable on a monthly basis and was determined after arm's length negotiations with reference to (i) the rent paid to Tiannengyuan Charging in respect of the leased properties under the 2025 Tiannengyuan Charging Tenancy Agreement of RMB6,600,000 (equivalent to approximately HK\$7,191,360) for the year ended 31 December 2025; (ii) the prevailing market rent with comparable properties; and (iii) the exchange rate movement of RMB and HKD during the lease term.

For details of the connected relationships of the parties and the nature of the connected person's interest in relation to the 2026 Tiannengyuan Charging Tenancy Agreement, please refer to the paragraph headed "2025 Tenancy Agreements — 2025 Tiannengyuan Charging Tenancy Agreement" in this section.

To aggregate the transactions of leasing of properties by the Group from the associates of Chairman Hung under Rules 14A.81 to 14A.83 of the Listing Rules, the aggregate amount of rent payable to the associates of Chairman Hung pursuant to the 2026 Tenancy Agreements by the Group for the year ending 31 December 2026 will not exceed approximately HK\$8,319,360 (subject to the exchange rate movement of RMB and HKD during the lease term).

As one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the annual caps for the 2026 Tenancy Agreements are more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the 2026 Tenancy Agreements in aggregate are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details of the 2026 Tenancy Agreements, please refer to the Company's announcement dated 31 December 2025.

\* For identification purpose only

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

**2024 Golden Ocean Copper Framework Purchase Agreement**

On 31 December 2023, the Company entered into the 2024 Golden Ocean Copper 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 ("DC") cables and copper wires to the Group to be used in its products for sales from 1 January 2024 to 31 December 2026 (both days inclusive).

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

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

- (i) the historical transaction amount paid to Golden Ocean Copper under the 2021 Golden Ocean Copper Framework Purchase Agreement for the year ended 31 December 2023 in the amount of approximately HK\$80,551,000 as compared to the Group's revenue recorded for the year ended 31 December 2023 in the amount of approximately HK\$4.82 billion, and the historical transaction amount paid to Golden Ocean Copper under the 2024 Golden Ocean Copper Framework Purchase Agreement for the period from 1 January 2024 to 30 June 2024 in the amount of approximately HK\$46.2 million, which represents an increase of over 20% as compared to the same period in 2023. Despite a decrease in the Group's revenue from the year ended 31 December 2021 to 2023, the Company anticipates that there will be a growth in orders for the Group's products for the three years ending 31 December 2024, 2025 and 2026, as (i) the Group's revenue was affected by the COVID-19 pandemic and global economic downturn during 2021 to 2023, which is expected to gradually recover; and (ii) more orders were received from customers during the period from 1 January 2024 to 30 June 2024 as compared with the same period in 2023 as the customers improved their inventory levels due to economic recovery and expected sales improvement;
- (ii) the projected budget of costs for the three years ending 31 December 2024, 2025 and 2026 due to the surge in the demand of the DC cables and copper wires in light of the anticipated growth in the businesses of the Group, which is mainly attributable to:
  - (a) the growth in orders in the business segments of power supply units for consumer products and smart chargers and controllers for industrial power supply. The Group has production facilities in Dazhou, Sichuan which gives the Group great geographical and logistical advantages to receive and fulfil more orders from clients in the telecommunications sector, as Dazhou is in close proximity to the main production centers of a number of telecommunications equipment clients. Furthermore, the Group maintains a good cooperative relationship with its customers for the business segment of smart chargers and controllers for industrial power supply, which consist of international enterprises with solid fundamentals, high risk-bearing capabilities and well-established distribution channels. The Group's good relationship with its customers also contributed to the growth in this business segment. As a result, the total monetary amount of DC cables and copper wires used increased by approximately 57.0% for the six months ended 30 June 2024 as compared to the same period in 2023;

- (b) the enhanced production capacity of Group as a result of its active expansion of production network and automation of its production systems. During the year ended 31 December 2023, the Group strengthened strategic inventory deployment and logistics supply chain management, upgraded the configuration of intelligent manufacturing automation equipment and streamlined operational structures to achieve long-term cost reduction and efficiency improvement goals. In addition, during the year ended 31 December 2023, the first phase of the Huizhou Intelligent Manufacturing Industrial Park has been completed and production equipment has been gradually moved to the new site. It is expected that the relocation will be completed in an orderly manner from 2024 to early 2025. The Group has also continued to expand its overseas production capacity during 2023 by implementing its production plan for the Mexico factory, which will provide supportive auxiliary manufacturing supply to its overseas customers. With enhanced production capacity, as of 30 June 2024, the utilisation rate of the annual cap for the year ended 31 December 2024 has reached approximately 92.4% of the existing annual cap of HK\$50.0 million; and
- (c) the Group's continued investment in the new energy industry which has also driven the demand for core charging modules of charging piles, various energy storage products and automotive electronics, with an aim to generate stable and positive performance for the Group. For the year ended 31 December 2023, the revenue contribution from the new energy business continued to grow significantly, increasing by 20.4% year-on-year, accounting for 15.8% of its total revenue. The Company expects the new energy business to maintain similar growth rates for the three years ending 31 December 2024, 2025 and 2026 as the Group continues its rapid expansion under this business segment, which will result in an annual increase in demand for the DC cables and copper wires in the new energy business by over 10% during the same period. Under vigorous policy support and increasing public awareness of environmental protection, the new energy vehicle industry is becoming increasingly mature and the demand is growing. For instance, as stated in the 14th Five-Year Plan, the Central Government emphasised on the fundamental role of consumption in economic development and promotion of consumption activities as an important pillar of the national economy. In addition, the National Development and Reform Commission of the People's Republic of China published The Implementation Opinions of the National Development and Reform Commission and other Departments on Strengthening the Integration and Interaction of New Energy Vehicles and Power Grids (《國家發展改革委等部門有關加強新能源汽車與電網融合互動的實施意見》) in December 2023 and announced earlier that it is actively expanding the consumption of new energy vehicles, strengthening promotion activities to bring new energy vehicles to rural areas, and accelerating the construction of a high quality charging infrastructure system to continuously optimise and improve the coverage of its charging network, thus providing strong support for the development of the new energy vehicle industry. This has also driven the demand for core charging modules of charging piles, various energy storage products and automotive electronics. The Group has also formulated three new energy product application areas centering on charging modules, energy storage and automotive electronics as the core product strategy, which will result in a more efficient business development roadmap;

- (iii) the Group's additional demand for the DC cables and copper wires due to the anticipated launch of its new industrial power supply products in the fourth quarter of 2024. Over 10 new models of power tools chargers are expected to be introduced for the three years ending 31 December 2024, 2025 and 2026 in response to customers' need. As industrial power supply products generally have higher power-generating performance than switching power supply units for consumer products, the increase in demand of such products is expected to increase the demand of the DC cables and copper wires for the three years ending 31 December 2024, 2025 and 2026; and
- (iv) the rise of the cost of DC cables and copper wires due to the continuous increase in the unit price of copper materials since January 2024, which has increased by approximately 19% up to May 2024, and the use of copper materials or components in all the Group's products.

The actual amount of transactions under the 2024 Golden Ocean Copper Framework Purchase Agreement for the year ended 31 December 2025 was HK\$94,814,000.

Since 100% of the issued share capital of Golden Ocean Copper is held by Year Industries Limited, which is wholly-owned by Ms. Yeh Chin Lian, the spouse of Chairman Hung, Golden Ocean Copper is an associate of Chairman Hung and therefore a connected person of the Company and the transactions pursuant to the 2024 Golden Ocean Copper Framework Purchase Agreement constituted continuing connected transactions of the Company.

As one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) calculated with reference to the 2024 Revised Annual Caps exceeds 5%, the transactions contemplated under the 2024 Golden Ocean Copper Framework Purchase Agreement (as amended by the 2024 Supplemental Agreement) are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The 2024 Revised Annual Caps were approved by the independent Shareholders by way of an ordinary resolution at the extraordinary general meeting of the Company held on 23 August 2024. For details of the 2024 Golden Ocean Copper Framework Purchase Agreement, please refer to the announcement of the Company dated 31 December 2023. For details of the 2024 Supplemental Agreement, please refer to the announcement of the Company dated 11 July 2024 and the circular of the Company dated 2 August 2024.

### **Annual review of the continuing connected transactions**

The independent non-executive Directors have reviewed the above continuing connected transactions for the year ended 31 December 2025 and confirmed that the transactions have been entered into:

- a. in the ordinary and usual course of business of the Group;
- b. on normal commercial terms or better; and
- c. according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to perform certain procedures in respect of the continuing connected transactions set out above in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions for the year ended 31 December 2025.

### RELATED PARTY TRANSACTIONS

Details of the material related party transactions undertaken by the Group in its normal course of business are set out in note 36 to the consolidated financial statements. Those related party transactions, which constituted connected transactions/continuing connected transactions under the Listing Rules, are set out in the paragraph headed "Connected Transactions and Continuing Connected Transactions" on pages 56 to 64 in compliance with Chapter 14A of the Listing Rules.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2025, none of the Directors is interested in any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

### NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

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

The Company has received confirmation from the Controlling Shareholders of their compliance with the terms of the Deed. The Controlling Shareholders declared that they fully complied with the Deed for the year ended 31 December 2025. The independent non-executive Directors have reviewed the confirmation from the Controlling Shareholders and concluded that the terms of the Deed were complied with and were effectively enforced during the year ended 31 December 2025.

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

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

As at 31 December 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), as recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### Long position in shares of the Company

Name of Director	Capacity	Note	Number of ordinary shares interested	Approximate percentage* of the Company's issued share capital
Chairman Hung	Beneficial owner		19,555,980	1.90%
	Interest of a controlled corporation	1	354,883,279	34.44%
	Founder of a discretionary trust	2	313,614,262	30.44%
		Total	688,053,521	66.78%
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 shares of the Company interested divided by the number of the Company's issued shares as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2025, the following corporations or persons (other than a Director or the chief executive of the Company) had an interest or a short position in the shares or underlying shares of the Company, as recorded in the register of the Company required to be kept under Section 336 of the SFO or as the Company was aware:

### Long position in shares of the Company

Name of Shareholder	Capacity	Note	Number of ordinary shares interested	Approximate percentage* of the Company's issued share capital
Even Joy Holdings Limited	Beneficial owner	1	354,883,279	34.44%
TinYing Investments Limited	Beneficial owner	1	313,614,262	30.44%
TinYing Holdings Limited	Interest of a controlled corporation	1	313,614,262	30.44%
Vistra Trust (BVI) Limited	Trustee of a discretionary trust	1	313,614,262	30.44%
FIDELITY CHINA SPECIAL SITUATIONS PLC	Beneficial owner		79,996,000	7.76%
FIL Limited	Interest of controlled corporations	2	79,976,000	7.76%
Pandanus Partners L.P.	Interest of controlled corporations	2	79,976,000	7.76%
Pandanus Associates Inc.	Interest of controlled corporations	2	79,976,000	7.76%

#### Notes:

- 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".
- According to the disclosure of interest notice filed by Pandanus Associates Inc. ("Pandanus") on 9 August 2021, the interests of these shares are directly or indirectly held by FIL Limited ("FIL"). FIL is 37.01% controlled by Pandanus Partners L.P. ("Pandanus L.P."), which is in turn wholly-owned by Pandanus. By virtue of the SFO, Pandanus and Pandanus L.P. are deemed to be interested in these shares of which FIL has interests.

\* The percentage represents the number of shares of the Company interested divided by the number of the Company's issued shares as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, other than the Directors and the chief executive of the Company whose interests are set out in the above paragraph headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures", no person had any interest or short position in the shares or underlying shares of the Company recorded in the register of the Company required to be kept pursuant to Section 336 of the SFO.

### **SUFFICIENCY OF PUBLIC FLOAT**

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

### **INDEPENDENT AUDITOR**

The consolidated financial statements for the year ended 31 December 2025 have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the 2026 AGM. A resolution for the re-appointment of PricewaterhouseCoopers as the independent auditor of the Company will be proposed at the 2026 AGM.

On behalf of the Board

**Hung Kwong Yee**

*Chairman & Chief Executive Officer*

Hong Kong, 20 March 2026

# INDEPENDENT AUDITOR'S REPORT

## To the Shareholders of Ten Pao Group Holdings Limited

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

### OPINION

#### What we have audited

The consolidated financial statements of Ten Pao Group Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 73 to 147, comprise:

- the consolidated balance sheet as at 31 December 2025;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

#### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### BASIS FOR OPINION

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

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

#### Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### KEY AUDIT MATTERS

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

**KEY AUDIT MATTERS (CONTINUED)**

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

**Key Audit Matter****How our audit addressed the Key Audit Matter*****Assessment of the expected credit losses on trade receivables***

Assessment of the expected credit losses on trade receivables

Refer to Note 3.1(c) — Credit risk, Note 4.1(a) — Impairment of trade receivables and Note 20(c) — Allowance for impairment of trade receivables.

As at 31 December 2025, gross trade receivables amounted to HK\$1,397,439,000, which represented approximately 25% of the total assets of the Group. Management has estimated the expected credit losses ("ECL") on trade receivables and a loss allowance of HK\$6,421,000 was made against the gross trade receivables as at 31 December 2025.

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

We considered this area a key audit matter due to the magnitude of the balance of trade receivables as well as the significant judgments and estimates involved in the estimation of the related ECL given the complexity of the methodology and subjectivity of significant assumptions used.

We obtained an understanding of the management's internal control and assessment process over the estimation of the ECL on trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity and subjectivity.

We assessed the appropriateness of the ECL provisioning methodology adopted by management based on our understanding on the Group's business, credit control process and the credit risk characteristics of the customers and our testing, on a sample basis, the accuracy of aging analysis of trade receivables.

We evaluated the reasonableness of the judgments that management made in grouping various customers by assessing credit risk characteristics.

We assessed the relevance of the key factors used to calculate the estimated default rates and loss rates.

We evaluated the financial position of customers on a sample basis by checking to relevant information and evaluated the appropriateness of management's assessment of forward looking information with reference to our understanding of the Group's business and industry and external macroeconomic data.

We checked the mathematical accuracy of the calculation of ECL.

Based on the above, we considered that the significant judgments and estimates made by management, and the methodology and significant assumptions used in relation to the assessment of the ECL on trade receivables were supportable by available evidence.

## OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Tsz Fai (practising certificate number: P08101).

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 20 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended 31 December	
		2025 HK\$'000	2024 HK\$'000
<b>Revenue</b>	5	<b>5,558,643</b>	5,385,748
Cost of sales	7	<b>(4,547,061)</b>	(4,337,594)
<b>Gross profit</b>		<b>1,011,582</b>	1,048,154
Other income	6	<b>22,889</b>	21,268
Other gains — net	6	<b>35,266</b>	44,041
Selling expenses	7	<b>(166,337)</b>	(178,310)
Administrative expenses	7	<b>(480,135)</b>	(506,220)
Net impairment reversal/(losses) on financial assets	3.1(c)	<b>731</b>	(10,310)
<b>Operating profit</b>		<b>423,996</b>	418,623
Finance income	9	<b>15,043</b>	17,099
Finance expenses	9	<b>(12,845)</b>	(8,673)
Finance income — net	9	<b>2,198</b>	8,426
<b>Profit before income tax</b>		<b>426,194</b>	427,049
Income tax expense	10	<b>(45,823)</b>	(43,455)
<b>Profit for the year</b>		<b>380,371</b>	383,594
<b>Profit for the year attributable to:</b>			
Owners of the Company		<b>380,627</b>	383,898
Non-controlling interests		<b>(256)</b>	(304)
		<b>380,371</b>	383,594
<b>Earnings per share</b>			
— basic and diluted per share	11	<b>HK 36.9 cents</b>	HK 37.3 cents

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December		
	Note	2025 HK\$'000	2024 HK\$'000
<b>Profit for the year</b>		<b>380,371</b>	383,594
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		<b>49,855</b>	(45,928)
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income		—	8,647
		<b>49,855</b>	(37,281)
<b>Total comprehensive income for the year attributable to :</b>			
Owners of the Company		<b>430,482</b>	346,617
Non-controlling interests		<b>(256)</b>	(304)
		<b>430,226</b>	346,313

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

# CONSOLIDATED BALANCE SHEET

	Note	As at 31 December	
		2025 HK\$'000	2024 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Land use rights	12	4,977	4,436
Property, plant and equipment	13	1,450,898	1,253,639
Right-of-use assets	14	133,038	180,949
Investment properties	15	5,700	6,300
Intangible assets	16	51,744	47,010
Deferred income tax assets	31	83,215	67,196
Financial assets at fair value through profit or loss	22	111,403	109,527
Long-term receivables	23	77,819	—
Prepayments for the purchase of property, plant and equipment and others		13,586	9,567
		<b>1,932,380</b>	1,678,624
<b>Current assets</b>			
Inventories	19	954,846	1,036,941
Trade and other receivables	20	1,650,537	1,577,347
Amounts due from related parties	36(c)	1,351	1,708
Derivative financial assets		—	192
Restricted bank deposits	24	702,104	786,735
Cash and cash equivalents	21	282,369	328,104
		<b>3,591,207</b>	3,731,027
<b>Total assets</b>		<b>5,523,587</b>	5,409,651
<b>EQUITY</b>			
Share capital	25	10,304	10,304
Share premium	25	162,426	162,426
Other reserves	27	403,547	294,157
Retained earnings		1,604,831	1,388,833
		<b>2,181,108</b>	1,855,720
Non-controlling interests		(3,396)	(4,125)
<b>Total equity</b>		<b>2,177,712</b>	1,851,595

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

## Consolidated Balance Sheet

	Note	As at 31 December	
		2025 HK\$'000	2024 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities — non-current	14	33,017	42,821
Deferred income tax liabilities	31	97,162	104,234
Deferred government grants	29	41,815	30,180
		<b>171,994</b>	177,235
<b>Current liabilities</b>			
Trade and other payables	30	2,268,484	2,623,657
Contract liabilities		40,325	44,652
Amounts due to related parties	36(d)	38,684	35,786
Dividend payable		12	13
Income tax liabilities		19,587	14,392
Lease liabilities — current	14	10,582	11,580
Short-term bank borrowings	28	796,207	647,739
Current portion of non-current bank borrowings	28	—	3,002
		<b>3,173,881</b>	3,380,821
<b>Total liabilities</b>		<b>3,345,875</b>	3,558,056
<b>Total equity and liabilities</b>		<b>5,523,587</b>	5,409,651

The financial statements on pages 73 to 147 were approved by the Board of Directors on 20 March 2026 and were signed on its behalf.

**Mr. Hung Kwong Yee**  
Director

**Mr. Tse Chung Shing**  
Director

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Other Reserves												Total Equity
	Share Capital	Share Premium	Statutory Reserves	Capital Reserves	FVOCI	Exchange Reserves	Share Options	Share Award Schemes	Retained Earnings	Non-controlling Interests	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January 2025	10,304	162,426	70,477	328,825	—	(128,743)	5,468	18,130	294,157	1,388,833	1,855,720	(4,125)	1,851,595
<b>Comprehensive income</b>													
Profit for the year	—	—	—	—	—	—	—	—	—	380,627	380,627	(256)	380,371
<b>Other comprehensive income</b>													
Currency translation difference	—	—	—	—	—	49,855	—	—	49,855	—	49,855	—	49,855
<b>Total comprehensive income</b>	—	—	—	—	—	49,855	—	—	49,855	380,627	430,482	(256)	430,226
<b>Contributions by and distributions to owners of the company recognised directly in equity</b>													
Dividends (Note 32)	—	—	—	—	—	—	—	—	—	(125,707)	(125,707)	—	(125,707)
<b>Total contributions by and distributions to owners of the Company for the year</b>	—	—	—	—	—	—	—	—	—	(125,707)	(125,707)	—	(125,707)
<b>Transaction with owners</b>													
Capital Contributed by non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	1,422	1,422
Share award scheme — value of services (Note 26)	—	—	—	—	—	—	—	27,547	27,547	—	27,547	—	27,547
Dividends paid to grantee of share award scheme	—	—	—	—	—	—	—	—	—	(6,934)	(6,934)	—	(6,934)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(437)	(437)
Appropriation to statutory reserves	—	—	31,988	—	—	—	—	—	31,988	(31,988)	—	—	—
<b>Transaction with owners, recognised directly in equity</b>	—	—	31,988	—	—	—	—	27,547	59,535	(38,922)	20,613	985	21,598
Balance at 31 December 2025	10,304	162,426	102,465	328,825	—	(78,888)	5,468	45,677	403,547	1,604,831	2,181,108	(3,396)	2,177,712

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

## Consolidated Statement of Changes in Equity

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

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2025 HK\$'000	2024 HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	33(a)	406,210	860,707
Interest paid		(12,845)	(8,673)
Interest income		21,087	17,099
Income tax paid		(61,039)	(55,481)
<b>Net cash generated from operating activities</b>		<b>353,413</b>	813,652
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(326,202)	(388,231)
Purchase of intangible assets		(7,979)	(4,511)
Proceeds from disposal of property, plant and equipment	33(b)	15,512	44,143
Loans to third parties		(82,248)	—
Additions of financial assets at fair value through profit or loss		—	(14,680)
Proceeds from disposal of financial assets at fair value through profit or loss		—	4,520
Grants from government related to assets		15,187	—
<b>Net cash used in investing activities</b>		<b>(385,730)</b>	(358,759)
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings		1,428,700	743,474
Repayments of bank borrowings		(1,299,947)	(736,050)
Capital injection from non-controlling interests		1,422	—
Payments related to payables under the share award scheme		(5,235)	—
Dividends paid to non-controlling interests in subsidiaries		(437)	—
Dividends paid to grantee of share award scheme		(6,934)	(11,605)
Dividends paid to the Company's shareholders		(125,707)	(152,497)
Decrease/(increase) in restricted bank deposits		15,597	(109,179)
Principal elements of lease payments		(19,640)	(10,576)
<b>Net cash used in financing activities</b>		<b>(12,181)</b>	(276,433)
Net (decrease)/increase in cash and cash equivalents		(44,498)	178,460
Cash and cash equivalents at beginning of the year		328,104	150,476
Effects of exchange rate changes on cash and cash equivalents		(1,237)	(832)
<b>Cash and cash equivalents at end of the year</b>		<b>282,369</b>	328,104
<b>Analysis of balance of cash and cash equivalents:</b>			
Cash at bank and cash in hand		282,369	328,104

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

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

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

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

These financial statements are presented in Hong Kong dollars (HK\$), unless otherwise stated, and have been approved for issue by the Board of Directors of the Company on 20 March 2026.

## 2 BASIS OF PREPARATION

### 2.1 Compliance with HKFRS and HKCO

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

HKFRSs comprise the following authoritative literature:

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

### 2.2 Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the derivative financial instruments, the financial assets at fair value through profit or loss (“FVPL”) and investment properties, which are carried at fair value according to HKFRS accounting standards.

## 2 BASIS OF PREPARATION (CONTINUED)

### 2.3 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2025:

- Amendments to HKAS 21 — Lack of Exchangeability;

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

### 2.4 New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group, are set out below:

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

These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions, except for certain presentation adjustment might be raised due to the adoption of HKFRS18.

## 2 BASIS OF PREPARATION (CONTINUED)

### 2.4 New standards and interpretations not yet adopted (Continued)

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

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

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

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

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

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

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

### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by senior management of the Group approved by the board of directors.

##### (a) Foreign exchange risk

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

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

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

	2025 HK\$'000	2024 HK\$'000
<b>Assets</b>		
USD	299,400	655,039
HK\$	673,649	56
<b>Total</b>	<b>973,049</b>	655,095
<b>Liabilities</b>		
USD	185,061	180,670
HK\$	50,038	—
<b>Total</b>	<b>235,099</b>	180,670

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### (a) Foreign exchange risk (Continued)

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

	2025		2024	
	Increase/(decrease) in profit before income tax if exchanges rates change by		Increase/(decrease) in profit before income tax if exchanges rates change by	
	5.0%	-5.0%	5.0%	-5.0%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
USD	(5,717)	5,717	(32,752)	32,752
HK\$	(31,181)	31,181	(3)	3

##### (b) Price risk

The Group's exposure to equity securities price risk arises from investments held by the group and classified in the statement of financial position at FVPL.

To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the board.

The sensitivity analysis is performed by management to assess the exposure of the Group's financial results to equity price risk of these equity securities measured at FVTPL at the end of each reporting period. If prices of the respective instruments held by the Group had increased/decreased by 10% as at 31 December 2025, with all other variable held constant, pre-tax profit would increase/decrease approximately HKD11,140,000, as a result of gains/losses on financial instruments classified as FVPL.

##### (c) Credit risk

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

###### (i) Risk management and Security

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

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### (c) Credit risk (Continued)

###### (i) Risk management and Security (Continued)

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

As at 31 December 2025, the Group's credit risk was concentrated to the extent that its five largest customers accounted for 45% (2024: 59%) of the total trade receivables.

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

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

###### (ii) Impairment of trade receivables

Trade receivables

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

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

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### (c) Credit risk (Continued)

##### (ii) Impairment of trade receivables (Continued)

Trade receivables (Continued)

On that basis, the loss allowance as at 31 December 2025 and 31 December 2024 was determined as follows:

	As at 31 December	
	2025	2024
Expected loss rate	0.46%	0.48%
Gross carrying amount (HK\$'000)	1,397,439	1,458,997
Loss allowance (HK\$'000)	6,421	6,959

The closing loss allowances for trade receivables as at 31 December 2025 reconcile to the opening loss allowances as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Opening loss allowance at 1 January</b>	<b>6,959</b>	5,844
(Decrease)/Increase in trade receivables impairment allowance recognised in profit or loss during the year	(731)	1,357
Currency translation difference	193	(242)
<b>At 31 December</b>	<b>6,421</b>	6,959

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

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

##### (iii) Cash and cash equivalents and restricted bank deposits

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

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### (c) Credit risk (Continued)

###### (iv) *Other receivables and long term receivables*

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

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

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

No additional loss allowance (2024: HK\$8,953,000) was recognised in profit or loss in relation to the impaired other receivables.

The Group made no write-off of other receivables during the year ended 31 December 2025 (2024: Nil).

###### (v) *Amounts due from related parties*

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

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

The entity made no disposal of its debt investment measured at fair value through profit or loss in 2025. The entity disposed of its debt investment measured at fair value through profit or loss in 2024.

##### (d) Liquidity risk

The Group maintains prudent liquidity risk management by maintaining sufficient cash and bank balances. The Group's liquidity risk is further mitigated through the availability of financing through its own cash resources and the availability of banking facilities to meet its financial commitments. There are loan covenant terms for certain bank borrowings. The Group has complied with the financial covenants of its borrowing facilities during the financial year ended 31 December 2025 (31 December 2024: not applicable). In the opinion of the directors, the Group does not have any significant liquidity risk.

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### (d) Liquidity risk (Continued)

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

	On demand HK\$'000	3 months or less HK\$'000	3 months to 1 year HK\$'000	Over 1 year HK\$'000	Total HK\$'000	Carrying amounts (liabilities) HK\$'000
<b>At 31 December 2025</b>						
Bank borrowings	—	472,939	325,483	—	798,422	796,207
Trade and other payables (excluding non-financial liabilities)	1,917,746	—	—	—	1,917,746	1,917,746
Amounts due to related parties	38,684	—	—	—	38,684	38,684
Lease liabilities	—	3,713	8,393	33,297	45,403	43,599
<b>Total</b>	<b>1,956,430</b>	<b>476,652</b>	<b>333,876</b>	<b>33,297</b>	<b>2,800,255</b>	<b>2,796,236</b>
	On demand HK\$'000	3 months or less HK\$'000	3 months to 1 year HK\$'000	Over 1 year HK\$'000	Total HK\$'000	Carrying amounts (liabilities) HK\$'000
<b>At 31 December 2024</b>						
Bank borrowings	—	349,843	312,468	—	662,311	650,741
Trade and other payables (excluding non-financial liabilities)	2,240,699	—	—	—	2,240,699	2,240,699
Amounts due to related parties	35,786	—	—	—	35,786	35,786
Lease liabilities	—	3,677	10,119	48,731	62,527	54,401
<b>Total</b>	<b>2,276,485</b>	<b>353,520</b>	<b>322,587</b>	<b>48,731</b>	<b>3,001,323</b>	<b>2,981,627</b>

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### (e) Cash flow and fair value interest rate risk

The Group's market risk arises mainly from interest rate risk of short-term bank. Bank borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Bank borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements and may consider hedging interest rate risk should the need arise. If the interest rate for variable rate borrowings had been 1% higher for the year ended 31 December 2025 with all other variables being held constant, the Group's profit before tax would have been lower by HK\$41,918 (2024: HK\$25,510).

#### 3.2 Capital risk management

As at 31 December 2024 and 2025, changes in interest rates within an expected range had no material impact on the interest income of restricted bank deposits and cash and cash equivalents.

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

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

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

The gearing ratios at 31 December 2025 and 2024 was as follows:

	2025 HK\$'000	2024 HK\$'000
Total borrowings	<b>796,207</b>	650,741
Total equity	<b>2,177,712</b>	1,851,595
Gearing ratio	<b>37%</b>	35%

Gearing ratio has increased to 37% as at 31 December 2025, which is mainly due to the increase in total borrowings.

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Fair value estimation

##### (a) Fair value hierarchy

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

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

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2025 and 2024.

	As at 31 December 2025			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Recurring fair value measurements</b>				
Financial assets at fair value through profit or loss — non-current	—	—	111,403	111,403
	As at 31 December 2024			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Recurring fair value measurements</b>				
Financial assets at fair value through profit or loss — non-current	—	—	109,527	109,527
Derivative financial instruments — current	—	192	—	192

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Fair value estimation (Continued)

##### (a) Fair value hierarchy (Continued)

###### (i) Financial instruments in level 1

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

###### (ii) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

###### (iii) Financial instruments in level 3

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

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

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

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

	Unlisted equity investments HK\$'000	Insurance for the Controlling Shareholder HK\$'000	Total HK\$'000
<b>Balance as at 1 January 2025</b>	<b>109,527</b>	—	<b>109,527</b>
Fair value change	(789)	—	(789)
Currency translation differences	2,665	—	2,665
<b>Closing balance as at 31 December 2025</b>	<b>111,403</b>	—	<b>111,403</b>
<b>Balance as at 1 January 2024</b>	81,506	3,395	84,901
Fair value change	15,293	—	15,293
Additions	14,680	—	14,680
Disposal	—	(3,395)	(3,395)
Currency translation differences	(1,952)	—	(1,952)
<b>Closing balance as at 31 December 2024</b>	<b>109,527</b>	—	<b>109,527</b>

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Fair value estimation (Continued)

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

###### (i) Valuation processes

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

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

###### (ii) Valuation inputs and relationships to fair value

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

Description	Fair value at		Unobservable inputs	Range of inputs (probability-weighted average)		Relationship of unobservable inputs to fair value
	31 December 2025 HK\$'000	31 December 2024 HK\$'000		2025	2024	
<b>Unlisted equity investments</b>						
Investment 1	8,408	8,683	DLOM	30.76%	22.36%	The higher the DLOM, the lower the fair value;
Investment 2-6	66,429	65,227	DLOM	25.65%– 30.76%	N/A	The higher the DLOM, the lower the fair value.
Investment 7-8	36,565	35,617	Offered quotes	N/A	HK\$10.80– HK\$137.13	The higher the offered quotes, the higher the fair value.
			Offered quotes	HK\$66.52– HK\$92.51	HK\$51.90– HK\$89.91	The higher the offered quotes, the higher the fair value;
Total	111,403	109,527				

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

### 4.1 Critical accounting estimates and assumptions

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

#### (a) Impairment of trade receivables

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

#### (b) Allowance for inventories

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

#### (c) Fair value of derivatives and other financial instruments

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

#### (d) Useful lives of property, plant and equipment

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

#### (e) Income taxes and deferred taxation

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

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

### 4.1 Critical accounting estimates and assumptions (Continued)

#### (e) Income taxes and deferred taxation (Continued)

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

#### (f) Impairment of goodwill

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

## 5 SEGMENT INFORMATION

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

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

	Smart chargers and controllers HK\$'000	Telecommuni- cation HK\$'000	New energy business HK\$'000	Media and entertainment HK\$'000	Lighting HK\$'000	Others HK\$'000	Total HK\$'000
<b>31 December 2025</b>							
<b>Revenue</b>							
Revenue from external customers							
— At a point in time	2,158,831	1,319,419	942,702	465,879	418,576	253,236	5,558,643
Segment gross profit results	520,504	174,932	72,497	92,230	105,176	46,243	1,011,582
Other income							22,889
Other gains — net							35,266
Selling expenses							(166,337)
Administrative expenses							(480,135)
Finance income — net							2,198
Net impairment reversal on financial assets							731
<b>Profit before income tax</b>							<b>426,194</b>

**5 SEGMENT INFORMATION (CONTINUED)**

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

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

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

**Revenue from external customers**

	2025 HK\$'000	2024 HK\$'000
Mainland China (excluding Hong Kong)	<b>2,702,870</b>	2,956,598
Asia (excluding Mainland China)	<b>1,575,569</b>	1,245,239
Europe	<b>610,212</b>	628,525
US	<b>353,302</b>	298,916
Africa	<b>278,642</b>	233,419
Others	<b>38,048</b>	23,051
	<b>5,558,643</b>	5,385,748

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

## 5 SEGMENT INFORMATION (CONTINUED)

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

	2025 HK\$'000	2024 HK\$'000
Mainland China (excluding Hong Kong)	1,403,344	1,287,750
Vietnam	151,140	131,535
Hungary	62,865	59,129
Hong Kong	5,952	10,032
Others	36,642	13,455
	<b>1,659,943</b>	<b>1,501,901</b>

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

	2025 HK\$'000	2024 HK\$'000
<b>Revenue</b>		
Sales of goods	5,558,643	5,385,748

Revenue of approximately HK\$832,015,000 (2024: HK\$914,662,000) are derived from a single external customer. These revenues are mainly attributable to the new energy business segment (2024: the new energy business segment).

### (e) Accounting policies of revenue recognition

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

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

#### (i) Sales of goods in the PRC and overseas

Revenue from the sales of goods directly to the customers is recognised at the point that the control of the inventory have passed to the customers, which is primarily upon the acceptance of the products by the customers. The customers have full discretion over the products and there is no unfulfilled obligation that could affect the customers' acceptance of the products. The rights to receive consideration for transferring goods to the customer (and such rights depend on factors other than the passage of time) are recognized as assets. The Group's obligation to transfer products to customers for consideration received is presented as contract liabilities.

**6 OTHER INCOME AND OTHER GAINS — NET****(a) Other income**

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

**(b) Other gains — net**

	2025 HK\$'000	2024 HK\$'000
Fair value changes on derivative financial instruments	(192)	(1,531)
Fair value changes on financial assets at fair value through profit or loss	(789)	8,758
Fair value changes on investment properties ( <i>Note 15</i> )	(600)	(800)
Net foreign exchange gains	7,315	12,394
Government grants	11,737	23,529
Gain/(loss) on disposal of property, plant and equipment and land use rights ( <i>Note 33(b)</i> )	12,018	(3,191)
Others	5,777	4,882
	<b>35,266</b>	44,041

## 7 EXPENSES BY NATURE

	2025 HK\$'000	2024 HK\$'000
Raw materials and consumables used (excluding research and development expenses)	3,712,215	3,939,543
Employee benefit expenses (excluding research and development expenses) ( <i>Note 8</i> )	730,983	635,679
Research and development expenses		
— Employee benefit expenses ( <i>Note 8</i> )	142,458	159,273
— Raw materials, consumables used and others	45,840	46,202
— Depreciation and amortisation	16,541	19,953
Depreciation, amortisation and impairment charges (excluding research and development expenses)	146,186	165,924
Changes in inventories of finished goods and work in progress	84,392	(220,167)
Reversal of allowance for impairment of inventory ( <i>Note 19</i> )	(7,970)	(14,187)
Auditors' remuneration		
— Audit services	2,622	2,641
— Non-audit services	1,755	1,654
Other expenses	318,511	285,609
<b>Total cost of sales, selling expenses and administrative expenses</b>	<b>5,193,533</b>	<b>5,022,124</b>

**8 EMPLOYEE BENEFIT EXPENSE**

	2025 HK\$'000	2024 HK\$'000
Wages and bonus	710,428	673,202
Pension costs — defined contribution plans (a)	55,322	36,486
Other social security costs	27,174	24,216
Others allowances and benefits	52,970	42,918
Share award scheme	27,547	18,130
	<b>873,441</b>	794,952

**(a) Retirement benefits obligation**

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

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

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

The Company is not allowed to use the forfeited contributions (if any) to reduce the existing level of contributions to the Group's defined contributions schemes. During the years ended 31 December 2024 and 2025, the Group had no forfeited contributions under its defined contribution schemes which was used to reduce the existing level of contributions.

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

**(b) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group include 1 director during the year ended 31 December 2025 (2024: 1), whose emoluments are reflected in the analysis presented in Note 38. The emoluments paid to the remaining 4 individuals during the year ended 31 December 2025 (2024: 4) are as follows:

	2025 HK\$'000	2024 HK\$'000
Wages, salaries, allowance and other benefits	12,083	15,203
Share award scheme	20,775	11,361
Contributions to pension plans	61	55
	<b>32,919</b>	26,619

**8 EMPLOYEE BENEFIT EXPENSE (CONTINUED)****(b) Five highest paid individuals (Continued)**

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

	2025	2024
<b>Emolument bands</b>		
HK\$2,000,000–HK\$3,000,000	—	2
HK\$3,000,001–HK\$4,000,000	2	—
HK\$4,000,001–HK\$5,000,000	—	—
HK\$5,000,001–HK\$6,000,000	—	1
HK\$6,000,001–HK\$7,000,000	1	—
HK\$7,000,001–HK\$8,000,000	—	—
HK\$8,000,001–HK\$9,000,000	—	—
HK\$16,000,001–HK\$17,000,000	—	1
HK\$19,000,001–HK\$20,000,000	1	—

**9 FINANCE INCOME — NET**

	2025 HK\$'000	2024 HK\$'000
<b>Finance income:</b>		
Interest income	15,043	17,099
<b>Finance expenses:</b>		
Interest on bank borrowings	(11,592)	(7,111)
Interest expenses on lease liabilities ( <i>Note 14</i> )	(1,253)	(1,562)
	(12,845)	(8,673)
<b>Finance income — net</b>	<b>2,198</b>	8,426

**10 INCOME TAX EXPENSE**

	2025 HK\$'000	2024 HK\$'000
Current income tax		
— PRC corporate income tax ("CIT")	33,047	19,963
— Hong Kong profits tax	20,898	35,382
— Vietnam corporate income tax	12,289	10,449
Subtotal	66,234	65,794
Deferred income tax ( <i>Note 31</i> )	(20,411)	(22,339)
	45,823	43,455

**(a) Cayman Islands income tax**

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

**(b) Hong Kong profits tax**

Subsidiaries in Hong Kong are subject to 16.5% income tax rate before 2018. Under the current Hong Kong Inland Revenue Ordinance, from the year of assessment 2018/2019 onwards, the subsidiaries in Hong Kong are subject to profits tax at the rate of 8.25% on assessable profits up to HK\$2,000,000, and 16.5% on any part of assessable profits over HK\$2,000,000. The payments of dividends by these companies to their shareholders are not subject to any Hong Kong withholding tax.

**(c) PRC CIT**

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

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

Ten Pao Electronic (Huizhou) Co., Ltd., Dazhou Ten Pao Jin Hu Electronic Co., Ltd., Shanxi Huifeng Electronic Technology Co., Ltd., Huizhou Ten Pao Chuangneng Technology Co., Ltd. and Ten Pao Precision Technology (Huizhou) Co., Ltd. are recognised as "New and High Technology Enterprises" and enjoy a preferential CIT rate of 15%. Their CIT rate for the year ended 31 December 2025 was 15% (2024: 15%).

## 10 INCOME TAX EXPENSE (CONTINUED)

### (d) PRC withholding income tax

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

Ten Pao Electronic (Samoa) Co., Ltd. has become a resident of the Hong Kong Special Administrative Region under the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" for the years ended 31 December 2025 and 2024.

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

No provision for income tax in BVI and Samoa has been made as the Group has no income assessable to income tax in BVI and Samoa during the year (2024: Nil).

### (f) Vietnam corporate income tax

The subsidiaries incorporated in Vietnam are subject to income tax at a rate of 20%. Under the laws and regulations of Vietnam, Giga Electronics (Vietnam) Company Limited is entitled to an exemption from income tax for two years ended 31 December 2022 and a 50% reduction for the four years from 1 January 2023. Thus, Giga Electronics (Vietnam) Company Limited enjoyed a lower profits tax rate of 10% for the year ended 31 December 2025 (2024: 10%).

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

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

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

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

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

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

**(b) Diluted earnings per share**

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

**12 LAND USE RIGHTS**

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

	2025 HK\$'000	2024 HK\$'000
<b>Opening net book amount as at 31 December</b>	<b>4,436</b>	4,734
Exchange differences	541	(298)
<b>Closing net book amount</b>	<b>4,977</b>	4,436

As at 31 December 2025, the Group's interests in land use rights represent freehold land in Hungary.

## Notes to the Financial Statements

## 13 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Plant and machineries HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Electronic equipment HK\$'000	Construction in progress HK\$'000	Lease hold improvements HK\$'000	Total HK\$'000
<b>Year ended 31 December 2024</b>								
Opening net book amount	81,801	318,545	4,095	4,547	129,991	500,491	70,677	1,110,147
Currency translation differences	(3,890)	(9,106)	(123)	(113)	(1,731)	(11,781)	(2,774)	(29,518)
Additions	—	100,425	690	1,165	10,776	229,015	45,299	387,370
Disposals	—	(28,675)	(468)	(874)	(10,368)	(6,949)	—	(47,334)
Transfer from construction in progress	333,341	30,428	—	—	—	(368,614)	4,845	—
Depreciation	(4,685)	(70,041)	(1,296)	(1,203)	(13,008)	—	(46,802)	(137,035)
Impairment charge	—	(6,383)	—	—	—	—	(23,608)	(29,991)
<b>Closing net book amount</b>	<b>406,567</b>	<b>335,193</b>	<b>2,898</b>	<b>3,522</b>	<b>115,660</b>	<b>342,162</b>	<b>47,637</b>	<b>1,253,639</b>
<b>At 31 December 2024</b>								
Cost	500,090	816,859	23,195	10,423	251,305	342,162	318,382	2,262,416
Accumulated depreciation	(93,523)	(447,856)	(20,297)	(6,808)	(135,509)	—	(247,137)	(951,130)
Impairment	—	(33,810)	—	(93)	(136)	—	(23,608)	(57,647)
<b>Net book amount</b>	<b>406,567</b>	<b>335,193</b>	<b>2,898</b>	<b>3,522</b>	<b>115,660</b>	<b>342,162</b>	<b>47,637</b>	<b>1,253,639</b>
<b>Year ended 31 December 2025</b>								
Opening net book amount	406,567	335,193	2,898	3,522	115,660	342,162	47,637	1,253,639
Currency translation differences	18,225	10,660	43	47	1,473	4,735	1,400	36,583
Additions	—	68,011	1,407	2,021	14,241	209,929	6,445	302,054
Disposals	—	(2,601)	(28)	(741)	(124)	—	—	(3,494)
Transfer from construction in progress	257,757	81,470	608	—	12,272	(356,897)	4,790	—
Depreciation	(25,734)	(78,631)	(1,238)	(1,003)	(13,972)	—	(15,910)	(136,488)
Impairment charge	—	(1,396)	—	—	—	—	—	(1,396)
<b>Closing net book amount</b>	<b>656,815</b>	<b>412,706</b>	<b>3,690</b>	<b>3,846</b>	<b>129,550</b>	<b>199,929</b>	<b>44,362</b>	<b>1,450,898</b>
<b>At 31 December 2025</b>								
Cost	779,332	947,030	24,867	11,073	277,807	199,929	279,565	2,519,603
Accumulated depreciation	(122,517)	(510,874)	(21,177)	(7,227)	(148,257)	—	(235,203)	(1,045,255)
Impairment	—	(23,450)	—	—	—	—	—	(23,450)
<b>Net book amount</b>	<b>656,815</b>	<b>412,706</b>	<b>3,690</b>	<b>3,846</b>	<b>129,550</b>	<b>199,929</b>	<b>44,362</b>	<b>1,450,898</b>

**13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

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

	2025 HK\$'000	2024 HK\$'000
Cost of sales	67,907	65,847
Selling expenses	11,466	13,818
Administration expenses	58,511	57,370
	<b>137,884</b>	137,035

**(a) Accounting policies of property, plant and equipment**

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

Buildings	20–50 years
Leasehold improvements	Shorter of remaining term of the lease and estimated useful lives of assets
Plant and machineries	3–10 years
Furniture and fixtures	5–7 years
Electronic equipment	3–10 years
Motor vehicles	4–10 years

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

## 14 LEASE

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

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

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

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

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

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

	2025 HK\$'000	2024 HK\$'000
<b>Opening net book amount as at 31 December</b>	<b>180,949</b>	191,690
Currency translation differences	3,540	(463)
Additions	8,043	5,988
Disposals	(38,219)	—
Depreciation and amortisation	(21,275)	(16,266)
<b>Closing net book amounts</b>	<b>133,038</b>	180,949

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

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

	2025 HK\$'000	2024 HK\$'000
<b>Depreciation and amortisation charge of right-of-use assets</b>		
Land use rights	2,828	2,915
Buildings	18,447	13,351
	<b>21,275</b>	16,266
Interest expenses ( <i>Note 9</i> )	1,253	1,562
Expenses relating to short-term leases (included in cost of sales, selling expenses and administrative expenses) ( <i>Note 7</i> )	11,536	20,938

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

**15 INVESTMENT PROPERTIES**

	2025 HK\$'000	2024 HK\$'000
At fair value		
<b>Opening balance at 1 January</b>	6,300	7,100
Fair value changes ( <i>Note 6</i> )	(600)	(800)
<b>Closing balance at 31 December</b>	5,700	6,300

As at 31 December 2025, the Group had no unprovided contractual obligations for future repairs and maintenance (2024 Nil).

The valuation of the Group's investment properties was performed by the valuer, Dudley Surveyors (Hong Kong) Limited, to determine the fair value of the investment properties as at 31 December 2025 and 2024.

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

The Group's investment properties are all at level 3 valuation. There were no transfers between Level 1, 2, and 3 during the year (2024: Nil).

As at 31 December 2025, the Group's bank borrowings were secured over investment properties with the carrying amounts of HK\$ nil (2024: HK\$6,300,000) (Note 28(b)).

## 16 INTANGIBLE ASSETS

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

	Patents HK\$'000	Computer software HK\$'000	Goodwill HK\$'000	Total HK\$'000
<b>At 31 December 2025</b>				
Opening net book amount	<b>6</b>	<b>11,466</b>	<b>35,538</b>	<b>47,010</b>
Currency translation differences	—	<b>234</b>	<b>89</b>	<b>323</b>
Additions	—	<b>7,979</b>	—	<b>7,979</b>
Amortisation charge	<b>(1)</b>	<b>(3,567)</b>	—	<b>(3,568)</b>
<b>Closing net book amount</b>	<b>5</b>	<b>16,112</b>	<b>35,627</b>	<b>51,744</b>
<b>At 31 December 2025</b>				
Cost	<b>3,564</b>	<b>46,718</b>	<b>35,627</b>	<b>85,909</b>
Accumulated amortisation	<b>(3,559)</b>	<b>(30,606)</b>	—	<b>(34,165)</b>
<b>Net book amount</b>	<b>5</b>	<b>16,112</b>	<b>35,627</b>	<b>51,744</b>

- (a) Amortisation was included in administrative expenses. There was no impairment charge during the year (2024: Nil).

## 16 INTANGIBLE ASSETS (CONTINUED)

### (b) Impairment tests for goodwill

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

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

The discount rate used for value-in-use calculations is 15% (2024: 15%).

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

If the discount rate had increased 1% points, the Group would still have recognised no impairment loss.

### (c) Accounting policies of goodwill

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

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

## Notes to the Financial Statements

**17 SUBSIDIARIES**

The following is a list of the principal subsidiaries at 31 December 2025, all of which are limited liability companies:

Company name	Place of incorporation	Registered/Issued and paid-up capital	Equity interest held 2025	Principal activities/ Place of operation
<b>Directly owned:</b>				
Goldasia Group Limited	BVI	USD50,000/USD1	100%	Investment holding/Hong Kong ("HK")
<b>Indirectly owned:</b>				
Ten Pao Precision Electronics Company Limited	HK	HK\$2,000,000/ HK\$1,000,000	100%	Investment holding/HK
Ten Pao International Limited	HK	HK\$5,000,000/ HK\$4,000,000	100%	Investment holding and trading of power supply devices and raw materials/HK
Huizhou Jinhui Industrial Development Co., Ltd. <sup>#</sup>	PRC	RMB50,000,000/ RMB50,000,000	100%	Manufacture and trading of power supply devices/PRC
Ten Pao Electronic (Huizhou) Co., Ltd. <sup>@</sup>	PRC	HK\$276,000,000/ HK\$276,000,000	92%*	Manufacture and trading of power supply devices/PRC
Ten Pao Electronics Hungary Kft.	Hungary	EUR€2,500,000/ EUR€2,500,000	100%	Manufacture and trading of power supply devices/ Hungary
Shenzhen MODO Innovation Technology Co., Ltd. <sup>#</sup>	PRC	RMB3,000,000/ RMB3,000,000	100%	Trading of audio devices and power supply devices/PRC
Dazhou Ten Pao Jin Hu Electronic Co., Ltd. <sup>#</sup>	PRC	RMB10,640,000/ RMB10,640,000	100%	Manufacture and trading of power supply devices/PRC

**17 SUBSIDIARIES (CONTINUED)**

<b>Company name</b>	<b>Place of incorporation</b>	<b>Registered/Issued and paid-up capital</b>	<b>Equity interest held 2025</b>	<b>Principal activities/ Place of operation</b>
Huizhou Ten Pao Chuangneng Technology Co., Ltd. <sup>#</sup>	PRC	RMB150,000,000/ RMB86,717,000	100%	Manufacture and trading of power supply devices/PRC
Giga Electronics (Vietnam) Company Limited	Vietnam	VND45,922,019,500/ VND45,922,019,500	100%	Manufacture and trading of power supply devices/ Vietnam
Ten Pao Precision Technology (Huizhou) Co., Ltd. <sup>#</sup>	PRC	HK\$100,000,000/ HK\$100,000,000	100%	Manufacture and trading of power supply devices/PRC
Ten Pao International, Inc.	United States	US\$800,000/ US\$800,000	100%	Manufacture and trading of power supply devices/United States
Ten Pao Industrial Company Limited	HK	HK\$300,000/ HK\$300,000	100%	Investment holding/HK
Huizhou Chuangeng Tiancheng Trading Co., Ltd. <sup>#</sup>	PRC	RMB1,000,000/ RMB1,000,000	100%	Trading of power supply devices/PRC
Hunan Huifeng Electronic Technology Co., Ltd. <sup>#</sup>	PRC	RMB10,000,000/ RMB1,000,000	100%	Manufacture and trading of power supply devices/PRC
Shanxi Huifeng Electronic Technology Co., Ltd. <sup>#</sup>	PRC	RMB10,000,000/ RMB300,000	100%	Manufacture and trading of power supply devices/PRC
Shenzhen Ten Pao Weichuang Technology Development Co., Ltd. <sup>#</sup>	PRC	RMB3,000,000/ RMB3,000,000	100%	Manufacture and trading of power supply devices/PRC
Zhengbo Investment Limited	BVI	US\$50,000/US\$50,000	85%	Investment holding/HK
Goodwin Technology (Vietnam) Company Limited	Vietnam	US\$2,000,000/ US\$2,000,000	85%	Manufacture and trading of power supply devices/ Vietnam

<sup>#</sup> Registered as wholly foreign owned enterprises under PRC law.

<sup>®</sup> Registered as company limited by shares (foreign investments, not yet listed) under PRC law.

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



## 19 INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	396,749	400,376
Work in progress	175,924	191,874
Finished goods	469,121	537,563
	<b>1,041,794</b>	1,129,813
Less: allowance for impairment	<b>(86,948)</b>	(92,872)
	<b>954,846</b>	1,036,941

The movements of allowance for impairment are analysed as follows:

	2025 HK\$'000	2024 HK\$'000
<b>At 1 January</b>	<b>92,872</b>	108,499
Currency translation difference	<b>2,046</b>	(1,440)
Reversal of impairment of inventory	<b>(7,970)</b>	(14,187)
<b>At 31 December</b>	<b>86,948</b>	92,872

The cost of inventories included in cost of sales during the year ended 31 December 2025 was HK\$3,712,215,000 (2024: HK\$3,939,543,000).

### (a) Accounting policies of Inventories

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

**20 TRADE AND OTHER RECEIVABLES**

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

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

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

**20 TRADE AND OTHER RECEIVABLES (CONTINUED)**

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

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

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

**(c) Allowance for impairment of trade receivables**

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

The Group had not written off allowance for impairment of trade receivables during the year (31 December 2024: Nil).

**(d) Fair value of trade receivables and other receivables**

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

**(e) Risk exposure**

As at 31 December 2025, the Group's maximum exposure to credit risk of trade and other receivables was the carrying values of each class of receivables mentioned above.

As at 31 December 2025, the Group had no bank borrowings secured over trade and other receivables (31 December 2024: HK\$332,282,000) (Note 28).

**21 CASH AND CASH EQUIVALENTS**

	2025 HK\$'000	2024 HK\$'000
Cash and bank balances	282,369	328,104

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

## 21 CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
RMB	113,895	98,415
USD	137,915	196,682
HK\$	17,601	26,324
Others	12,958	6,683
	<b>282,369</b>	328,104

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

	2025 HK\$'000	2024 HK\$'000
Cash and cash equivalents	282,369	328,104

## 22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$'000	2024 HK\$'000
Unlisted equity investments	111,403	109,527

Movement of FVPL is analysed as follows:

	2025 HK\$'000	2024 HK\$'000
<b>At beginning of year</b>	<b>109,527</b>	75,907
Additions	—	23,674
Disposal	—	(3,395)
Fair value change	<b>(789)</b>	15,293
Currency translation differences	<b>2,665</b>	(1,952)
<b>At end of year</b>	<b>111,403</b>	109,527

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

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

**23 LONG-TERM RECEIVABLES**

	<b>31 December 2025 (Audited)</b>	31 December 2024 (Audited)
Long-term receivables	<b>77,819</b>	—

During the year ended 31 December 2025, the Group provided certain loans to a third party, with a term of three years and an interest rate of 7% per annum. This loan receivable is measured at amortized cost. The interest income is recognized in profit or loss using the effective interest method

**24 RESTRICTED BANK DEPOSITS**

As at 31 December 2025, bank deposits amounting to HK\$702,104,000 (2024: HK\$584,942,000) are deposits held by the bank in a segregated account as security mainly for borrowings and bills from the banks (Note 28(b)).

As at 31 December 2025, the weighted average interest rates were 1.03% (2024: 2.05%).

**25 SHARE CAPITAL AND SHARE PREMIUM**

Ordinary shares, issued and fully paid:

	<b>Number of shares</b>	<b>Share capital HK\$'000</b>	<b>Share premium HK\$'000</b>	<b>Total HK\$'000</b>
<b>At 31 December 2024, 1 January 2025 and 31 December 2025</b>	<b>1,030,388,965</b>	<b>10,304</b>	<b>162,426</b>	<b>172,730</b>

**26 SHARE AWARD SCHEME**

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

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

## 26 SHARE AWARD SCHEME (CONTINUED)

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

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

Name	Purchase price per registered capital of Ten Pao Electronic (Huizhou) RMB	Balance as at 1 January 2025	Cancelled during the Period	Lapsed during the Period	Balance as at 31 December 2025
Ms. Yang Bingbing*	1.00	8,700,000	—	—	8,700,000
Mr. Hong Guangdai*	1.00	2,000,000	—	(2,000,000)	—
Certain employee participants <sup>#</sup>	1.55	10,710,000	—	(540,000)	10,170,000
		21,410,000	—	(2,540,000)	18,870,000

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

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

Fair value of the awarded shares at the grant date was determined through the income approach. The discount rate used is 13%. The fair value is recognised as an expense over the service period for which the award shares granted to the grantees. During the year ended 31 December 2025, a total of 2,540,000 restricted shares were repurchased by Dazhou Ten Pao Innovation Technology Co., Ltd a subsidiary of company, as certain participants withdraw from the scheme. The expenses arising from the award scheme net recognised during the year ended 31 December 2025 were HK\$27,547,000 (2024: HK\$18,130,000).

**27 OTHER RESERVES**

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

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

	Statutory Reserves HK\$'000	Capital reserves HK\$'000	Exchange reserves HK\$'000	Share options HK\$'000	Share award scheme HK\$'000	Total HK\$'000
<b>At 1 January 2025</b>	70,477	328,825	(128,743)	5,468	18,130	294,157
Transfer to statutory reserves	31,988	—	—	—	—	31,988
Share award scheme — value of services	—	—	—	—	27,547	27,547
Currency translation differences	—	—	49,855	—	—	49,855
<b>At 31 December 2025</b>	102,465	328,825	(78,888)	5,468	45,677	403,547

**(a) Statutory reserves**

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

## 28 BORROWINGS

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

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

**28 BORROWINGS (CONTINUED)**

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

	2025 HK\$'000	2024 HK\$'000
Restricted bank deposits ( <i>Note 24</i> )	584,099	584,942
Investment properties ( <i>Note 15</i> )	—	6,300
Trade and other receivables ( <i>Note 20(e)</i> )	—	332,282
	<b>584,099</b>	923,524

- (c) The carrying amounts of the borrowings at 31 December 2025 and 2024, respectively, are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
HK\$	25,000	15,000
RMB	771,207	603,672
USD	—	32,069
	<b>796,207</b>	650,741

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

	2025 HK\$'000	2024 HK\$'000
Borrowings at floating rates		
6 months or less	25,000	3,002
Borrowings at fixed rates	771,207	647,739
	<b>796,207</b>	650,741

**28 BORROWINGS (CONTINUED)**

(e) The borrowings are repayable as follows:

	2025 HK\$'000	2024 HK\$'000
Within 1 year	<b>796,207</b>	650,741

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

	2025	2024
Bank borrowings denominated in:		
HK\$	<b>4.21%</b>	4.20%
USD	—	3.18%
RMB	<b>0.86%</b>	2.18%

**29 DEFERRED GOVERNMENT GRANTS**

	2025 HK\$'000	2024 HK\$'000
Opening net book amount	<b>30,180</b>	36,778
Receipt of grants	<b>15,187</b>	—
Credited to consolidated statement of profit or loss	<b>(5,583)</b>	(5,360)
Currency translation differences	<b>2,031</b>	(1,238)
Closing net book amount	<b>41,815</b>	30,180

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

The deferred government grants will be included in other gains — net if they are revenue in nature or they will be amortised to other gains — net from the point at which the relevant assets are ready for use on a straight-line basis over the related assets' useful lives.

**30 TRADE AND OTHER PAYABLES**

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

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

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

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

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

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

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

## Notes to the Financial Statements

**31 DEFERRED INCOME TAX**

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

	2025 HK\$'000	2024 HK\$'000
Gross deferred tax assets:		
— to be recovered within 12 months	75,294	58,871
— to be recovered after 12 months	15,755	16,621
	<b>91,049</b>	75,492
Offsetting against deferred tax liabilities	<b>(7,834)</b>	(8,296)
Net deferred tax assets	<b>83,215</b>	67,196
Gross deferred tax liabilities:		
— to be settled after 12 months	104,996	112,530
Offsetting against deferred tax assets	<b>(7,834)</b>	(8,296)
Net deferred tax liabilities	<b>97,162</b>	104,234

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

Deferred income tax assets	Provisions HK\$'000	Unrealized gross margin and others HK\$'000	Total HK\$'000
<b>As at 1 January 2024</b>	40,913	12,064	52,977
Recognised in the profit or loss	626	23,410	24,036
Recognised in the other comprehensive income	—	—	—
Currency translation differences	(910)	(611)	(1,521)
<b>As at 31 December 2024</b>	40,629	34,863	75,492
<b>As at 1 January 2025</b>	<b>40,629</b>	<b>34,863</b>	<b>75,492</b>
Recognised in the profit or loss	<b>(1,956)</b>	<b>14,639</b>	<b>12,683</b>
Recognised in the other comprehensive income	—	—	—
Currency translation differences	<b>1,696</b>	<b>1,178</b>	<b>2,874</b>
<b>As at 31 December 2025</b>	<b>40,369</b>	<b>50,680</b>	<b>91,049</b>

**31 DEFERRED INCOME TAX (CONTINUED)**

Deferred income tax liabilities	Withholding income tax HK\$'000	Investment properties and others HK\$'000	Total HK\$'000
<b>At 1 January 2024</b>	111,938	—	111,938
Recognised in the profit or loss	(6,614)	8,912	2,298
Currency translation differences	(1,562)	(144)	(1,706)
<b>At 31 December 2024</b>	103,762	8,768	112,530
<b>At 1 January 2025</b>	<b>103,762</b>	<b>8,768</b>	<b>112,530</b>
Recognised in the profit or loss	<b>(7,035)</b>	<b>(693)</b>	<b>(7,728)</b>
Currency translation differences	—	<b>194</b>	<b>194</b>
<b>At 31 December 2025</b>	<b>96,727</b>	<b>8,269</b>	<b>104,996</b>

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

As at 31 December 2025, the Group did not recognise deferred income tax asset of HK\$5,477,000 (2024: HK\$4,103,000) in respect of the tax losses amounting to HK\$23,012,000 (2024: HK\$25,252,000), as their recoverability is uncertain.

**(a) Accounting policies of deferred income tax**  
**Inside basis differences**

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

**Outside basis differences**

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

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

**31 DEFERRED INCOME TAX (CONTINUED)**

(b) The tax losses not recognised deferred tax assets can be carried forward in future years. As at 31 December 2025 and 2024, the following table shows unused tax losses based on its expected expiry date:

	2025 HK\$'000	2024 HK\$'000
Expiring within 2 years (including 2 years)	4,217	4,531
Expiring within 3 years (including 3 years)	10,213	10,213
Expiring within 4 years (including 4 years)	4,103	4,103
Expiring after 4 years (excluding 4 years)	5,642	—
	<b>24,175</b>	18,847

**32 DIVIDENDS**

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

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

A final dividend of HK 6.6 cents per ordinary share, amounting to HK\$68,006,000 in respect of the year ended 31 December 2025 by way of cash with an option to elect to receive wholly or partly an allotment and issue of scrip shares in lieu of cash payment is to be proposed at the annual general meeting of the Company to be held on 12 June 2026 (2024: A final dividend of HK6.0 cents per ordinary share, amounting to HK\$61,823,000 in respect of the year ended 31 December 2024).

**33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOW****(a)** Reconciliation of profit before income tax to cash generated from operations:

	2025 HK\$'000	2024 HK\$'000
Profit before income tax	426,194	427,049
Adjustments for:		
Finance income — net ( <i>Note 9</i> )	(2,198)	(8,426)
Depreciation of property, plant and equipment ( <i>Note 13</i> )	136,488	137,035
Impairment of property, plant and equipment ( <i>Note 13</i> )	1,396	29,991
Amortisation of intangible assets ( <i>Note 16</i> )	3,568	2,585
Depreciation and amortisation of right-of-use assets ( <i>Note 14</i> )	21,275	16,266
(Gain)/loss on disposal of property, plant and equipment ( <i>Note 6</i> )	(12,018)	3,191
Fair value changes on derivative financial instruments ( <i>Note 6</i> )	192	1,531
Fair value changes on financial assets at fair value through profit or loss ( <i>Note 6</i> )	789	(8,758)
Reversal of allowance for impairment of inventory ( <i>Note     19</i> )	(7,970)	(14,187)
Allowance for trade and other receivables ( <i>Note 3.1(c)</i> )	(731)	10,310
Interest income	(6,044)	—
Fair value changes on investment properties ( <i>Note 15</i> )	600	800
Deferred government grant credited to profit and loss ( <i>Note 29</i> )	(5,583)	(5,360)
Changes in working capital:		
Inventories	88,019	(293,985)
Trade and other receivables	24,700	(360,256)
Due from related parties	—	52
Trade and other payables	(334,399)	920,186
Restricted bank deposits	69,034	—
Due to related parties	2,898	2,683
Cash generated from operations	406,210	860,707

**33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)**

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

	2025 HK\$'000	2024 HK\$'000
Net book amount disposed ( <i>Note 13</i> )	3,494	47,334
Gain/(loss) on disposals ( <i>Note 6</i> )	12,018	(3,191)
Proceeds from disposals	15,512	44,143

**(c) Non-cash financing transactions**

The Group had no non-cash financing transactions during the year (2024: Nil).

**(d) Net debt reconciliation**

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

	2025 HK\$'000	2024 HK\$'000
Cash and cash equivalents	282,369	328,104
Borrowings — repayable within one year	(796,207)	(650,741)
Lease liabilities	(43,599)	(54,401)
Net debt	(557,437)	(377,038)
Cash and cash equivalents	282,369	328,104
Gross debt — fixed interest rates	(771,207)	(647,739)
Gross debt — variable interest rates	(25,000)	(3,002)
Net debt	(513,838)	(322,637)

**33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)****(d) Net debt reconciliation (Continued)**

Net assets	Other assets		Liabilities from financing activities		Total
	Cash	Lease	Borrowing due within 1 year	Borrowing due after 1 year	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>As at 1 January 2024</b>	150,476	(58,392)	(652,330)	(2,569)	(562,815)
Cash flows	178,460	10,576	(9,993)	2,569	181,612
Acquisition — lease	—	(5,988)	—	—	(5,988)
Foreign exchange adjustments	(832)	(597)	11,582	—	10,153
Interest expense	—	1,562	7,111	—	8,673
Interest payments (presented as operating cash flows)	—	(1,562)	(7,111)	—	(8,673)
<b>As at 31 December 2024</b>	328,104	(54,401)	(650,741)	—	(377,038)
Cash flows	(44,498)	19,640	(128,753)	—	(153,611)
Acquisition — lease	—	(8,043)	—	—	(8,043)
Foreign exchange adjustments	(1,237)	(795)	(16,713)	—	(18,745)
Interest expense	—	1,253	11,592	—	12,845
Interest payments (presented as operating cash flows)	—	(1,253)	(11,592)	—	(12,845)
<b>As at 31 December 2025</b>	282,369	(43,599)	(796,207)	—	(557,437)

### 34 CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no significant contingent liabilities (2024:Nil).

### 35 COMMITMENTS

#### (a) Operating lease commitments

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

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

	2025 HK\$'000	2024 HK\$'000
Not later than one year	26	49

#### (b) Capital commitments

	2025 HK\$'000	2024 HK\$'000
In respect of the acquisitions of property, plant and equipment, contracted but not provided for	28,310	9,533

### 36 RELATED PARTY TRANSACTIONS

#### (a) Names and relationship

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

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

**36 RELATED PARTY TRANSACTIONS (CONTINUED)****(b) Transactions with related parties during the year****(i) Purchases of goods and services**

	2025 HK\$'000	2024 HK\$'000
<b>Purchase of goods</b>		
Golden Ocean	<b>94,783</b>	98,876

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

**(ii) Lease transactions**

	2025 HK\$'000	2024 HK\$'000
Tiannengyuan Charging	<b>6,992</b>	7,940
Huizhou Golden Ocean Wire	—	311
Sky Fortune	<b>600</b>	600
Golden Lake (HK)	<b>528</b>	528
	<b>8,120</b>	9,379

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

**(iii) Key management personnel compensation**

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

	2025 HK\$'000	2024 HK\$'000
Wages, salaries and bonuses	<b>48,145</b>	53,177
Share award scheme	<b>25,435</b>	17,547
Pension costs — defined contribution plans	<b>198</b>	177
	<b>73,778</b>	70,901

**36 RELATED PARTY TRANSACTIONS (CONTINUED)****(c) Balances due from related parties**

	2025		2024	
	Maximum balance outstanding during the year HK\$'000	HK\$'000	Maximum balance outstanding during the year HK\$'000	HK\$'000
Golden Ocean	396	—	386	386
Tiannengyuan Charging	1,163	1,163	1,134	1,134
Sky Fortune	100	100	100	100
Golden Lake (HK)	88	88	88	88
	<b>1,747</b>	<b>1,351</b>	1,708	1,708

The balances due from related parties were mainly denominated in RMB. They were unsecured, interest-free, trading in nature and repayable on demand. Their fair values approximate their carrying amounts at each of the year end date.

**(d) Balances due to related parties**

	2025 HK\$'000	2024 HK\$'000
Golden Ocean	38,373	35,483
Tiannengyuan Charging	311	303
	<b>38,684</b>	35,786

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

**37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY****Balance sheet of the Company**

	<b>As at 31 December</b>	
	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
<b>Assets</b>		
<b>Non-current assets</b>		
Investments in subsidiaries	<b>383,279</b>	383,279
<b>Current assets</b>		
Cash and cash equivalents	<b>498</b>	728
Other receivables	<b>96</b>	101
<b>Total assets</b>	<b>383,873</b>	384,108
<b>Equity attributable to owners of the company</b>		
Share capital	<b>10,304</b>	10,304
Share premium (a)	<b>525,826</b>	525,826
Share option reserve	<b>5,468</b>	5,468
Accumulated losses (a)	<b>(200,990)</b>	(199,257)
<b>Total equity</b>	<b>340,608</b>	342,341
<b>Liabilities</b>		
<b>Current liabilities</b>		
Other payables	<b>43,265</b>	41,767
<b>Total liabilities</b>	<b>43,265</b>	41,767
<b>Total equity and liabilities</b>	<b>383,873</b>	384,108

### 37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

#### Balance sheet of the Company (Continued)

Note (a) Reserve movement of the Company

	Accumulated losses HK\$'000	Share premium HK\$'000
<b>At 1 January 2025</b>	<b>(199,257)</b>	<b>525,826</b>
Profit for the year	123,974	—
Dividends payment	(125,707)	—
<b>At 31 December 2025</b>	<b>(200,990)</b>	<b>525,826</b>
<b>At 1 January 2024</b>	(191,603)	525,826
Profit for the year	144,843	—
Dividends payment	(152,497)	—
<b>At 31 December 2024</b>	(199,257)	525,826

### 38 BENEFITS AND INTERESTS OF DIRECTORS

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

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

For the year ended 31 December 2025:

Name of Directors	Fees HK\$'000	Salary HK\$'000	Discretionary bonus HK\$'000	Housing allowance HK\$'000	Estimated money value of other benefits HK\$'000	Remunerations paid or receivable in respect of accepting office as director HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking HK\$'000	Share options HK\$'000	Total HK\$'000
Mr. Hung Kwong Yee (i)	—	5,861	5,805	—	—	—	—	—	—	11,666
Mr. Tse Chung Shing (ii)	—	1,968	452	—	—	—	18	—	—	2,438
Ms. Hung Sui Lam (ii)	—	847	226	—	—	—	18	—	—	1,091
<b>Independent Non-executive Directors</b>										
Mr. Lam Cheung Chuen	—	396	—	—	—	—	—	—	—	396
Mr. Chu Yat Pang Terry	—	396	—	—	—	—	—	—	—	396
Mr. Lee Kwan Hung	—	396	—	—	—	—	—	—	—	396
Dr. Lui Sun Wing	—	396	—	—	—	—	—	—	—	396
	—	10,260	6,483	—	—	—	36	—	—	16,779

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

For the year ended 31 December 2024:

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

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

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

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

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

## 39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

### 39.1 Consolidation

#### Subsidiaries

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

#### Business combination

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

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

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

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

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

## **39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **39.2 Foreign currency translation**

#### **(a) Functional and presentation currency**

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

#### **(b) Transactions and balances**

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

#### **(c) Group companies**

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

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

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

### **39.3 Government grants**

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

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

## 39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 39.3 Government grants (Continued)

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

### 39.4 Property, plant and equipment

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

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

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

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

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

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

### 39.5 Impairment of non-financial assets

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

## **39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **39.6 Investments and other financial assets**

#### **(a) Classification**

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

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

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

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

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

#### **(b) Recognition and derecognition**

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

#### **(c) Measurement**

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

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

## 39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 39.6 Investments and other financial assets (Continued)

#### (c) Measurement (Continued)

##### *Debt instruments*

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains — net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains — net in the period in which it arises.

##### *Equity instruments*

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

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

#### (d) Impairment

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

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

## **39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **39.7 Current and deferred income tax**

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

#### **(a) Current income tax**

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

#### **(b) Offsetting**

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

### **39.8 Share-based payment**

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

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

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

### **39.9 Leases**

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

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

## 39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 39.9 Leases (Continued)

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

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

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

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

To determine the incremental borrowing rate, the Group:

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

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

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

## **39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **39.9 Leases (Continued)**

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

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

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

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

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

### **39.10 Separate financial statements**

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

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

## 39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 39.11 Segment reporting

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

### 39.12 Land use rights

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

### 39.13 Investment property

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

### 39.14 Intangible assets

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

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

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

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

#### (b) Goodwill

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

## **39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **39.15 Research and development expenditure**

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

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

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

### **39.16 Trade and other receivables**

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

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

### **39.17 Cash and cash equivalents**

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

### **39.18 Restricted bank deposits**

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

## 39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 39.19 Share capital

Ordinary shares are classified as equity.

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

### 39.20 Trade payables

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

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

### 39.21 Borrowings

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

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

### 39.22 Borrowing costs

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

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

### 39.23 Employee benefits

#### *Pension obligations*

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

## **39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **39.23 Employee benefits (Continued)**

#### *Housing funds, medical insurance and other social insurances*

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

### **39.24 Dividend distribution**

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

# FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31 December				2025 HK\$'000
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	
Results					
Revenue	6,362,670	5,481,355	4,823,452	5,385,748	<b>5,558,643</b>
Profit before income tax	456,977	351,778	387,879	427,049	<b>426,194</b>
Income tax expense	(68,462)	(55,247)	(59,677)	(43,455)	<b>(45,823)</b>
Profit for the year attributable to owners of the Company	378,616	296,902	328,856	383,898	<b>380,627</b>
Assets, Liabilities and Equity					
Total assets	4,165,694	3,890,424	4,319,552	5,409,651	<b>5,523,587</b>
Total liabilities	2,857,179	2,477,312	2,668,298	3,558,056	<b>3,345,875</b>
Total equity	1,308,515	1,413,112	1,651,254	1,851,595	<b>2,177,712</b>