

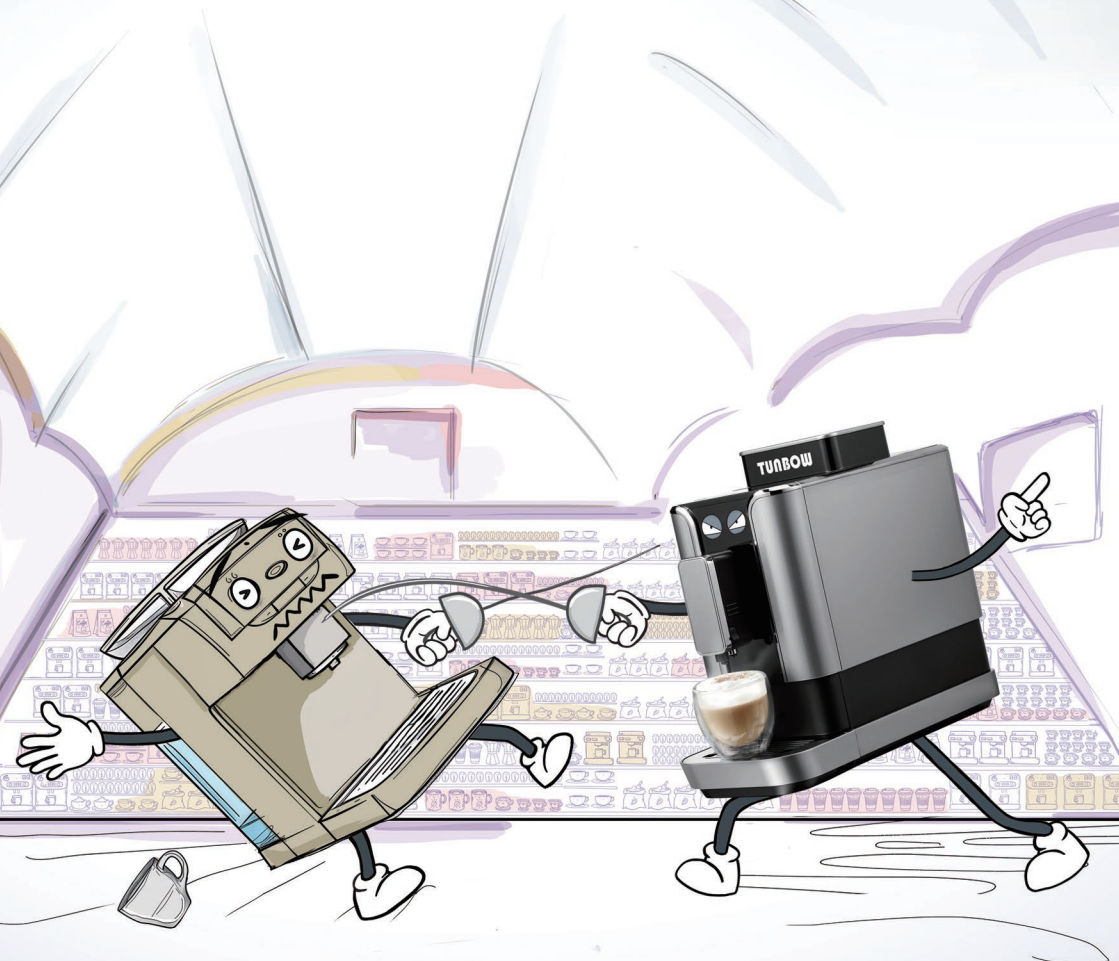


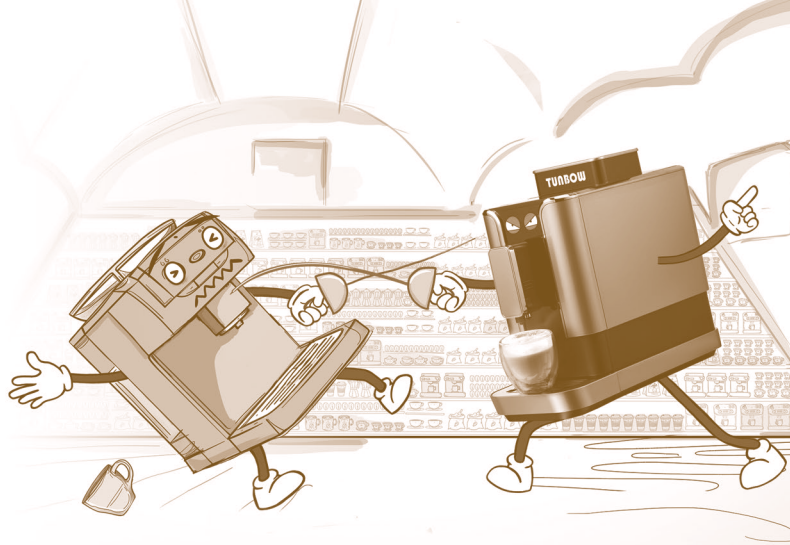
INTERIM REPORT 2024

登輝控股有限公司 Town Ray Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1692





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Wai Ming
(Chief Executive Officer)
Mr. Chiu Wai Kwong
Ms. Tang Mei Wah
Mr. Yu Kwok Wai

Non-executive Directors

Dr. Chan Kam Kwong Charles
(Chairman)
Ms. Cheng Yuk Sim Connie
*(also known as
Ms. Cheng Yuk Yee Connie)*

Independent Non-executive Directors

Mr. Choi Chi Leung Danny
Mr. Chan Shing Jee
Ms. Chan Tak Yi
Ms. Leung Lai Yee Edwina

BOARD COMMITTEES

Audit Committee

Ms. Chan Tak Yi *(Chairperson)*
Mr. Choi Chi Leung Danny
Mr. Chan Shing Jee
Ms. Leung Lai Yee Edwina

Remuneration Committee

Mr. Chan Shing Jee *(Chairperson)*
Mr. Choi Chi Leung Danny
Ms. Chan Tak Yi
Ms. Leung Lai Yee Edwina

Nomination Committee

Mr. Choi Chi Leung Danny *(Chairperson)*
Mr. Chan Shing Jee
Ms. Chan Tak Yi
Ms. Leung Lai Yee Edwina

COMPANY SECRETARY

Mr. Chiu Wai Kwong

AUTHORISED REPRESENTATIVES

Mr. Chan Wai Ming
Mr. Chiu Wai Kwong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Workshop A, 25th Floor
Reason Group Tower
No. 403 Castle Peak Road – Kwai Chung
Kwai Chung
New Territories
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands



CORPORATE INFORMATION

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

LEGAL ADVISER

(As to Hong Kong law)

ONC Lawyers
19/F, Three Exchange Square
8 Connaught Place
Central
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

COMPANY'S WEBSITE

www.townray.com

STOCK CODE

1692



MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

Town Ray Holdings Limited (the “**Company**”, or “**Town Ray**”, together with its subsidiaries, collectively, the “**Group**”) is an advanced product developer, industrial designer, manufacturer, and supplier for a broad range of mid-to-high-end electrothermic household appliances to internationally renowned brands in overseas markets, covering over 30 countries and regions, with many of the Group’s customers being reputable and well-developed international brands. The Group’s electrothermic household products are grouped into two categories, namely (i) garment care appliances, including steam generator irons, garment steamers and steam irons; and (ii) cooking appliances, including coffee machines, steam cooking appliances and other cooking appliances.

BUSINESS REVIEW

In the first half of 2024, Town Ray navigated through a challenging economic landscape marked by geopolitical tensions, persistent inflation, military conflicts between Russia and Ukraine affecting consumers’ demand, and disruptions to logistics stemming from the military hostilities in the Middle East region. European retailers experienced a drop in consumers’ spending, including in electrothermic household products, as inflation led to a shrink in purchasing power and compelled households to prioritise essential purchases. This resulted in certain customers of the Group taking destocking measures, which led to a decrease in demand for the Group’s electrothermic household appliances during the six months ended 30 June 2024 (the “**Period**”).

Unlike the exchange rate of the Renminbi (“**RMB**”) against the US dollar (“**USD**”) experiencing a substantial and continuous decline in the six months ended 30 June 2023, which resulted in a high-profit base for the six months ended 30 June 2023, the exchange rate of RMB against USD remained in a mild downward trend during the Period. As a result, the financial results for the Period do not benefit much from the depreciation of RMB against USD as compared to that for the six months ended 30 June 2023.

Despite the challenging macroeconomic conditions, Town Ray remained committed to its strategic initiatives, including customer diversification, continuous product innovation, production optimisation and stringent financial discipline. By the beginning of the third quarter of 2024, the Group observed that the destocking measures implemented by the said customers of the Group were substantially concluded, and discussions for new orders for existing and new models of the Group’s electrothermic household appliances have resumed, bringing an additional optimism for the second half of 2024.



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MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Town Ray maintains a cautious yet optimistic stance about the performance in the second half of 2024. This positive outlook is driven by stock replenishment orders from customers of the Group who have substantially completed destocking measures and placed orders for new models of the Group's electrothermic household appliances in the second half of 2024. Following the introduction of new models of the Group's electrothermic household appliances in the second half of last year, which showcased significant advancements in design aesthetics and functional versatility, the Group is set to deliver the first batch of these new products to its customers later this year. These new models, which are customised to meet target consumer preferences, have received enthusiastic and positive feedback from existing and new customers of the Group. By expanding the product portfolio, the brand customers of the Group are excited to rejuvenate their brand image, explore new markets, and embrace the return of long-suppressed consumer demand. Town Ray believes these new models will drive mid-term growth in its business. At the same time, the demand for traditional product lines remains stable, which allows the Group to maintain its advantage and presence in existing domains while exploring new territories in different product segments and geographic locations.

Customer diversification remains a pivotal strategic focus for the Group. While its current client base is predominantly European by geographical location, the Group is actively pursuing opportunities outside Europe to broaden its global reach. By expanding its market presence beyond Europe, the Group aims to cultivate a more geographically balanced portfolio and establish a resilient foundation for sustainable growth and market expansion.

In preparation for sustainable long-term growth, the Group has been continuously upgrading the automation level of its assembly lines in its production facilities in the People's Republic of China (the "PRC"). The Group expects to complete the automation projects on hand in 2025. Ongoing automation initiatives will continue in the following years. These upgrades in production facilities will significantly enhance product quality, reduce labour costs, and support the Group's ongoing business expansion. The automation initiatives underscore the Group's commitment to innovation and efficiency, positioning it to meet evolving market demands and maintain a competitive edge in the industry.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The total revenue of the Group decreased by approximately HK\$94.6 million or approximately 23.9% from approximately HK\$396.5 million for the six months ended 30 June 2023 to approximately HK\$301.9 million for the six months ended 30 June 2024. Such a decrease was mainly attributable to the decrease in the sales of cooking appliances during the Period, as a result of the customers' destocking measures as elaborated above.

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by approximately HK\$47.8 million or approximately 32.2% from approximately HK\$148.5 million for the six months ended 30 June 2023 to approximately HK\$100.7 million for the six months ended 30 June 2024. The gross profit margin of the Group decreased by approximately 4.1 percentage points from approximately 37.4% for the six months ended 30 June 2023 to approximately 33.3% for the six months ended 30 June 2024. The decreases in gross profit and gross profit margin were mainly attributable to the decrease in the sales of cooking appliances during the Period.

Other Income and Gain, Net

Other income and gain, net of the Group slightly increased from approximately HK\$9.1 million for the six months ended 30 June 2023 to approximately HK\$9.2 million for the six months ended 30 June 2024. Such an increase was mainly due to the receipt of government grants of approximately HK\$0.1 million during the Period.

Selling and Distribution Expenses

Selling and distribution expenses of the Group decreased by approximately HK\$0.8 million from approximately HK\$8.0 million for the six months ended 30 June 2023 to approximately HK\$7.2 million for the six months ended 30 June 2024. Such a decrease was mainly due to the decrease in advertising and promotion expenses of approximately HK\$0.9 million from approximately HK\$1.9 million for the six months ended 30 June 2023 to approximately HK\$1.0 million for the six months ended 30 June 2024 due to the absence of advertising and promotion fees payable to an independent service provider during the Period.



MANAGEMENT DISCUSSION AND ANALYSIS

General and Administrative Expenses

General and administrative expenses of the Group increased by approximately HK\$1.3 million from approximately HK\$43.5 million for the six months ended 30 June 2023 to approximately HK\$44.8 million for the six months ended 30 June 2024. Such an increase was mainly due to the increase in employee benefit expense (including directors' remuneration) of approximately HK\$1.2 million from approximately HK\$28.2 million for the six months ended 30 June 2023 to approximately HK\$29.4 million for the six months ended 30 June 2024.

Finance Costs

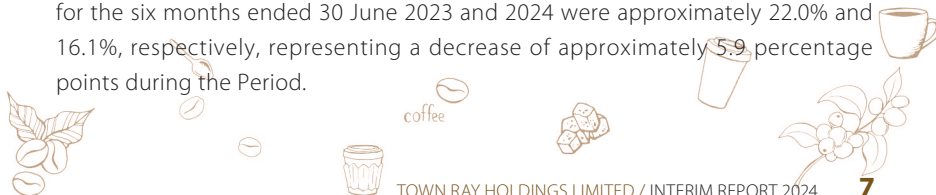
Finance costs of the Group decreased by approximately HK\$0.4 million from approximately HK\$1.4 million for the six months ended 30 June 2023 to approximately HK\$1.0 million for the six months ended 30 June 2024. Such a decrease was due to the decrease in approximately HK\$0.3 million in interest expense on lease liabilities and approximately HK\$0.1 million in interest expense on bank loans for operations during the Period.

Income Tax Expense

With the profit before tax of the Group decreased by approximately HK\$48.8 million from approximately HK\$105.8 million for the six months ended 30 June 2023 to approximately HK\$57.0 million for the six months ended 30 June 2024, the income tax expense of the Group decreased by approximately HK\$10.0 million from approximately HK\$18.5 million for the six months ended 30 June 2023 to approximately HK\$8.5 million for the six months ended 30 June 2024. The effective tax rates for the six months ended 30 June 2023 and 2024 were approximately 17.5% and 14.9%, respectively, representing a decrease of approximately 2.6 percentage points during the Period.

Net Profit

As a result of the foregoing, the net profit of the Group decreased by approximately HK\$38.8 million, or approximately 44.4%, from approximately HK\$87.3 million for the six months ended 30 June 2023 to approximately HK\$48.5 million for the six months ended 30 June 2024. The net profit margin of the Group for the six months ended 30 June 2023 and 2024 were approximately 22.0% and 16.1%, respectively, representing a decrease of approximately 5.9 percentage points during the Period.



MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group has capital commitments in respect of purchases of property, plant and equipment, which had been contracted but not provided for in the interim condensed consolidated financial information, in the total amount of approximately HK\$16.3 million (as at 31 December 2023: approximately HK\$1.5 million), of which approximately HK\$7.5 million will be settled through the net proceeds (the **"Net Proceeds"**) raised from the share offer (the **"Share Offer"**) of the Company for the listing (the **"Listing"**) of its shares on The Stock Exchange of Hong Kong Limited (the **"Stock Exchange"**) in 2019 and the remaining balance to be settled through internal resources of the Group. Save as disclosed above, the Group did not have other capital commitments for the Period.

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE EXPOSURE

The Group undertakes certain transactions denominated in foreign currencies, mainly USD and RMB. Hence, exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. During the Period, the Group did not have any financial instruments for hedging purposes or any foreign currency investments which were hedged by currency borrowings and other hedging instruments. However, the management monitors foreign exchange exposure closely to keep the net exposure at an acceptable level.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Except for the commitments in note 13 to the interim condensed consolidated financial information and the paragraph headed "Capital Commitments" above in this interim report, the Group did not have any specific plans for material investments and capital assets as at 30 June 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

GEARING RATIO

As at 30 June 2024, the gearing ratio of the Group (calculated by the total of interest-bearing bank borrowings divided by total equity) was approximately 5.9% (as at 31 December 2023: approximately 6.2%). Such a decrease was mainly due to the decrease in interest-bearing bank borrowings of the Group during the Period.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group operates a conservative set of funding and treasury policies to preserve the value of the Group's assets and ensure that no unnecessary risk is taken with respect to the Group's assets. No financial instrument other than cash and bank deposits were held by the Group during the Period.

The Group has principally funded the liquidity and capital requirements through capital contributions from the shareholders of the Company ("**Shareholder(s)**"), bank borrowings and net cash generated from operating activities. As at 30 June 2024, the Group had cash and cash equivalents of approximately HK\$157.0 million (as at 31 December 2023: approximately HK\$187.7 million). Most of the Group's cash and bank deposits were denominated in USD and RMB. As at 30 June 2024, the current ratio of the Group was approximately 1.6 times (as at 31 December 2023: approximately 2.5 times). The financial resources presently available to the Group include cash and cash equivalents, bank borrowings and the Net Proceeds. The directors (the "**Directors**") of the Company are of the view that the Group has sufficient working capital for its future requirements. There was no change in the capital structure of the Group during the Period. During the Period, the Group did not hold or sell any treasury shares.



MANAGEMENT DISCUSSION AND ANALYSIS

DEBTS AND CHARGES ON ASSETS

The total interest-bearing bank borrowings of the Group amounted to approximately HK\$19.8 million as at 30 June 2024 (as at 31 December 2023: approximately HK\$21.4 million). As at 30 June 2024, the Group had pledged deposits of approximately HK\$1.5 million (as at 31 December 2023: approximately HK\$0.1 million) in support of the issue of five letters of credit by two banks and there were mortgage loans of approximately HK\$19.3 million (as at 31 December 2023: approximately HK\$20.5 million) secured by properties of the Group, which had a carrying value of approximately HK\$72.7 million (as at 31 December 2023: approximately HK\$74.3 million) in total. Other than the above, there was no charge made or subsisting on assets of the Group as at 30 June 2024.

The maturity profile of the bank borrowings of the Group as at each respective period end was as follows:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within one year	3,056	3,090
In the second year	2,487	2,750
In the third to fifth years, inclusive	7,462	7,462
Beyond five years	6,840	8,084
Total	19,845	21,386

All bank borrowings made by the Group were denominated in Hong Kong Dollar and none of the bank borrowings were at a fixed interest rates. As at 30 June 2024, all bank borrowings of the Group were at floating interest rates with reference to the Hong Kong Interbank offered Rate (HIBOR).



MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS AND UNCERTAINTIES

The followings are some principal risks and uncertainties faced by the Group, which may materially adversely affect its business, financial condition or results of operations:

- (i) The Group's business and operations may be seriously affected by the outbreak of an epidemic or other public health incidents, which may cause lockdown, travel restrictions and suspension of work in the PRC, Hong Kong or elsewhere;
- (ii) There has been an ongoing military conflicts between Russia and Ukraine and in the Middle East region, which may affect the European or even the global's supply chain and logistics, consumers' sentiment and demand, raw materials and production prices, interest rates and inflation rates. Such ongoing conflicts may cause a negative impact on the sales and performance of the Group;
- (iii) The Group's sales are subject to changes in consumer preferences and other macroeconomic factors that affect consumer spending patterns. If the Group fails to design and develop products with acceptable quality, or falls behind its competitors in improving its product quality or product variety, the Group's operating results and financial condition may be adversely affected;
- (iv) The Group relies on a few major customers and its performance will be materially and adversely affected if the Group's relationship with any one of them deteriorates;
- (v) The Group's business and financial position may be adversely affected if it is not able to continue servicing the European market effectively or if there is any adverse change in the macroeconomic situation or economic downturn in Europe;
- (vi) The Group's results of operations could be adversely affected if it fails to keep pace with customer demands and preferences on product design, research and development and manufacturing of its products; and



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MANAGEMENT DISCUSSION AND ANALYSIS

- (vii) The Group may not be successful in the development of new initiatives or improvement in the quality of its existing products.

For further information, please refer to the detailed discussion on the risk factors in the section headed “Risk factors” in the prospectus (the “**Prospectus**”) of the Company dated 15 October 2019.

SIGNIFICANT INVESTMENTS HELD

Except for the Company's investment in various subsidiaries, the Company did not hold any significant investments as at 30 June 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had a total of 1,089 full-time employees (as at 31 December 2023: 993). The Group has developed its human resources policies and procedures to determine individual remuneration with reference to factors such as qualifications, experience, performance, merits, responsibilities of each individual, market conditions, etc. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, staff are also entitled to other staff benefits such as continuing education subsidies, provident fund contributions, medical insurance coverage, annual leave, discretionary bonus and share options which may be granted under the share option scheme (the “**Share Option Scheme**”) adopted by the Company at the annual general meeting held on 25 May 2023. The Group also provides induction and other on-the-job trainings to employees on a regular basis. The total staff costs (excluding directors' remuneration) incurred by the Group during the Period was approximately HK\$54.4 million (during the six months ended 30 June 2023: approximately HK\$56.2 million).



MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE SHARE OFFER

The Net Proceeds from the issue of 100,000,000 new ordinary shares of the Company at HK\$1.30 each by way of the Share Offer received by the Company in relation to the Listing of its shares on the Stock Exchange on 25 October 2019 (the “**Listing Date**”) were approximately HK\$90.7 million, after deducting the underwriting fees and related expenses. From the Listing Date to 31 December 2023, the Company utilised approximately HK\$73.9 million of the Net Proceeds. The amount of unutilised Net Proceeds brought forward to the beginning of the Period from the year ended 31 December 2023 were approximately HK\$16.8 million. Below table sets out the status of application of the Net Proceeds during the Period:

	Total planned use of Net Proceeds HK\$ million	Actual use of Net Proceeds from the Listing Date to 30 June 2024 HK\$ million	Net Proceeds utilised during the Period HK\$ million	Remaining balance of Net Proceeds as at 30 June 2024 HK\$ million	Expected timeline for the intended use
(A) Upgrading production facilities and enhancing production capacity	50.4	50.4	-	-	-
(B) Strengthening product design and development capabilities and increasing product offerings	31.6	21.9	3.9	9.7	By December 2024
(C) Strengthening customer base	3.0	3.0	-	-	-
(D) Upgrading information technology systems	5.7	3.3	0.8	2.4	By June 2025
Total	90.7	78.6	4.7	12.1	



MANAGEMENT DISCUSSION AND ANALYSIS

From the Listing Date to 30 June 2024, the Company utilised approximately HK\$78.6 million of the Net Proceeds and the unutilised Net Proceeds as at 30 June 2024 amounted to approximately HK\$12.1 million. The Company has used the Net Proceeds and intends to use the remaining balance of the Net Proceeds in accordance with the proposed application set out in the section headed “Future plans and use of proceeds” in the Prospectus. However, there has been a further delay in the use of the Net Proceeds allocated for upgrading information technology systems during the Period, since additional time was required to review and analyse the compatibility and functions of different proposals of the new information technology systems prepared by vendors. It is expected that the remaining balance of the Net Proceeds allocated to upgrading information technology systems will be fully utilised by 30 June 2025.



CORPORATE GOVERNANCE AND OTHER INFORMATION

PURPOSE, MISSION AND VALUES

The Group is a leading product developer, industrial designer, manufacturer, and supplier for a broad range of electrothermic household appliances catering to the diverse needs of customers in overseas markets. The Group's mission is to be the top provider of advanced electrothermic household appliances. Guided by the Group's five core values of "Best Design", "Best Value", "Best Quality", "Best Communication" and "Best Service", the Group strives to provide its customers with innovative and quality products. To achieve this, the Group's strategy involves upgrading its production facilities and enhancing its production capacity, strengthening its product design and development capabilities and increasing its product offerings, strengthening its customer base and upgrading its information technology systems.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company believes that an effective corporate governance framework is fundamental to maintaining and promoting investors' confidence, safeguarding interests of Shareholders and other stakeholders and enhancing Shareholders' value. The Company has adopted the Corporate Governance Code (the "**CG Code**") under Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. In the opinion of the Directors, the Company has complied with all the applicable code provisions set out in the CG Code during the Period and up to the date of this interim report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. After having made specific enquiry of all Directors, each of the Directors confirmed that he/she has fully complied with the required standards set out in the Model Code during the Period and up to the date of this interim report.



CORPORATE GOVERNANCE AND OTHER INFORMATION

THE BOARD

Board Composition

As at the date of this interim report, the Board comprises ten members, consisting of four executive Directors, two non-executive Directors and four independent non-executive Directors.

Executive Directors

Mr. Chan Wai Ming (*Chief Executive Officer*)

Mr. Chiu Wai Kwong

Ms. Tang Mei Wah

Mr. Yu Kwok Wai

Non-executive Directors

Dr. Chan Kam Kwong Charles (*Chairman*)

Ms. Cheng Yuk Sim Connie

(also known as Ms. Cheng Yuk Yee Connie)

Independent non-executive Directors

Mr. Choi Chi Leung Danny

Mr. Chan Shing Jee

Ms. Chan Tak Yi

Ms. Leung Lai Yee Edwina

CHANGE IN INFORMATION OF DIRECTORS

As disclosed in the Company's circular dated 28 May 2024 and the Company's announcement dated 21 June 2024, Mr. Chan Ping Yim ("**Mr. PY Chan**") did not offer himself for re-election and retired as an independent non-executive Director upon the conclusion of the Company's annual general meeting held on 21 June 2024 (the "**AGM**"). Upon the conclusion of the AGM, Mr. PY Chan retired as an independent non-executive Director.

Pursuant to Rule 13.51B of the Listing Rules, the biographical details of the Directors are supplemented as follows:



CORPORATE GOVERNANCE AND OTHER INFORMATION

Mr. Chan Shing Jee (陳承志先生), has been a director of The Yuen Yuen Institute since February 2024. He has been a director and deputy finance director of Hong Kong Federation of Tai Shan Associations since March 2024. He has also been a vice chairperson and a governance committee member of Yan Chai Hospital since April 2024.

Ms. Chan Tak Yi (陳德宜女士), has been the chairperson of the audit committee of the Board (the **"Audit Committee"**) since the conclusion of the AGM.

COMPLIANCE WITH THE LAWS AND REGULATIONS

As the production of the Group mainly takes place in the PRC, the Group's business is subject to the relevant PRC national and local environmental laws and regulations, such as the Environmental Protection Law of the PRC. These laws and regulations govern a broad range of environmental matters, including the discharge of wastewater and the disposal of hazardous wastes. A summary of the environmental protection laws and regulations applicable to the Group is set out in the section headed "Regulatory Overview" in the Prospectus. The Group recognises the importance of compliance with regulatory requirements and the risks of non-compliance with the applicable laws and regulations. During the Period and up to the date of this interim report, the Group has, in all material aspects, complied with the relevant laws and regulations that have a significant impact on the business and operations of the Group. There was no material breach or non-compliance with the applicable laws and regulations by the Group during the Period and up to the date of this interim report.

RESULTS AND DIVIDENDS

The Group's profit during the Period and the Group's financial position as at 30 June 2024 are set out in the interim condensed consolidated financial information on pages 28 to 48 of this interim report.

The Board resolved to declare an interim dividend of HK11.0 cents per share (the **"Interim Dividend"**), totalling approximately HK\$39.5 million for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately HK\$53.9 million), to Shareholders whose names appear on the register of members of the Company (the **"Register of Members"**) at the close of business on Friday, 13 September 2024 as the record date.



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CORPORATE GOVERNANCE AND OTHER INFORMATION

CLOSURE OF REGISTER OF MEMBERS

To ascertain the identity of the Shareholders who are entitled to receive the Interim Dividend, the Register of Members will be closed from Wednesday, 11 September 2024 to Friday, 13 September 2024, both dates inclusive, the period during which no transfer of shares will be effected. The Interim Dividend is expected to be paid to the qualifying Shareholders on Monday, 23 September 2024. To qualify for receiving the Interim Dividend, all completed share transfer documents accompanied by the relevant share certificates must be 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 not later than 4:30 p.m. on Tuesday, 10 September 2024.

CHARITABLE CONTRIBUTIONS

Charitable contributions made by the Group during the Period amounted to approximately HK\$91,000.

SHARE OPTION SCHEME

The Company has a Share Option Scheme which was approved and adopted by the Shareholders at the annual general meeting of the Company held on 25 May 2023 (the "**Adoption Date**"). No option has been granted, exercised, cancelled, or lapsed under the Share Option Scheme since the Adoption Date and up to the date of this interim report.

As at 1 January 2024 and 30 June 2024, the total number of shares of the Company which may be allotted and issued upon exercise of all options available for grant under the general scheme limit of the Share Option Scheme was both 35,900,000 shares, representing approximately 10.0% of the total number of shares in issue as at 1 January 2024 and 30 June 2024, respectively. The service provider sublimit under the Share Option Scheme was both 1.0% of the total number of shares in issue, i.e., 3,590,000 shares as at 1 January 2024 and 30 June 2024, respectively.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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



CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS

(i) Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 30 June 2024, interests or short positions of the Directors and 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 (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director/ chief executive	Capacity/ nature of interest	Number of ordinary shares of the Company held (Note 1)	Approximate percentage of shareholding
Dr. Chan Kam Kwong Charles ("Dr. Chan")	Interest in a controlled corporation (Note 2)	213,640,000 (L)	59.51%
	Interest of spouse (Note 3)	6,806,000 (L)	1.90%
Ms. Cheng Yuk Sim Connie ("Ms. Cheng")	Interest in a controlled corporation (Note 2)	213,640,000 (L)	59.51%
	Beneficial owner	6,806,000 (L)	1.90%
Mr. Chan Wai Ming	Beneficial owner	5,000,000 (L)	1.39%
Mr. Chiu Wai Kwong	Beneficial owner	5,000,000 (L)	1.39%
Ms. Tang Mei Wah	Beneficial owner	5,000,000 (L)	1.39%
Mr. Yu Kwok Wai	Beneficial owner	5,000,000 (L)	1.39%

Notes:

- The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such shares.
- 213,640,000 shares of the Company are owned by Modern Expression Limited ("Modern Expression"), which is wholly owned by Dr. Chan and Ms. Cheng jointly. Under the SFO, each of Dr. Chan and Ms. Cheng is deemed to be interested in all the shares owned by Modern Expression.
- Ms. Cheng is the spouse of Dr. Chan. Under the SFO, Dr. Chan is deemed to be interested in all the shares in which Ms. Cheng is interested.



CORPORATE GOVERNANCE AND OTHER INFORMATION

(ii) Interest in associated corporations of the Company

As at 30 June 2024, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Name of associated corporation	Capacity/nature	Number of shares held in associated corporation (Note 1)	Approximate percentage of shareholding in associated corporation
Dr. Chan	Modern Expression	Interest held jointly with another person (Note 2)	1 (L)	100%
Ms. Cheng	Modern Expression	Interest held jointly with another person (Note 2)	1 (L)	100%

Notes:

- The letter "L" denotes a person's/corporation's "long position" (as defined under Part XV of the SFO) in such shares.
- Modern Expression is wholly owned by Dr. Chan and Ms. Cheng jointly. Dr. Chan and Ms. Cheng are spouses.



CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executive of the Company had 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) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

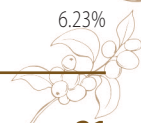
(iii) Substantial Shareholders' and other persons' interests and short positions in shares, underlying shares and debentures

So far as the Directors are aware, as at 30 June 2024, the following persons (other than the Directors and chief executive of the Company) had or deemed or taken to have an interest and/or short positions in the shares, underlying shares or debentures of the Company which were required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Person/corporation	Capacity/ nature of interest	Number of ordinary shares of the Company held (Note 1)	Approximate percentage of shareholding in the Company
Modern Expression	Beneficial owner	213,640,000 (L)	59.51%
Capital Fortress Limited ("Capital Fortress")	Beneficial owner	29,000,000 (L)	8.08%
Mr. Leung Yat Cheong Albert ("Mr. Leung")	Interest in a controlled corporation (Note 2)	29,000,000 (L)	8.08%
Ms. Chan Ying Yuk Purple ("Ms. Chan")	Interest of spouse (Note 3)	29,000,000 (L)	8.08%
Bestresult Assets Limited ("Bestresult Assets")	Beneficial owner	22,360,000 (L)	6.23%
Ms. Li Siu Lan ("Ms. Li")	Interest in a controlled corporation (Note 4)	22,360,000 (L)	6.23%
Mr. Lo Kam-Wing Raymond ("Mr. Lo")	Interest of spouse (Note 5)	22,360,000 (L)	6.23%



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CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. The letter "L" denotes a person's/corporation's "long position" (as defined under Part XV of the SFO) in such shares.
2. Capital Fortress is wholly owned by Mr. Leung. Under the SFO, Mr. Leung is deemed to be interested in all the shares owned by Capital Fortress.
3. Ms. Chan is the spouse of Mr. Leung. Under the SFO, Ms. Chan is deemed to be interested in all the shares in which Mr. Leung is interested.
4. Bestresult Assets is wholly owned by Ms. Li. Under the SFO, Ms. Li is deemed to be interested in all the shares owned by Bestresult Assets.
5. Mr. Lo is the spouse of Ms. Li. Under the SFO, Mr. Lo is deemed to be interested in all the shares in which Ms. Li is interested.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other persons (other than the Directors and chief executive of the Company) who had or deemed or taken to have any interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Period and up to the date of this interim report, none of the Directors or their close associates (as defined under the Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this interim report, there were no transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company, its holding company, or any of its subsidiaries was a party and in which a Director of the Company or his/her connected entities had a material interest, whether directly or indirectly, subsisted during the Period and up to the date of this interim report.



CORPORATE GOVERNANCE AND OTHER INFORMATION

CONNECTED TRANSACTIONS

On 10 May 2024, the Group entered into the following tenancy agreements which constituted connected transactions under Chapter 14A of the Listing Rules:

(i) Tenancy Agreement I

Town Ray Electrical (Huizhou) Limited (“**Town Ray (Huizhou)**”), an indirect wholly owned subsidiary of the Company, as tenant entered into the tenancy agreement (the “**Tenancy Agreement I**”) with Tunbow Electrical (Huizhou) Limited* (東保利電業(惠州)有限公司) (“**Tunbow (Huizhou)**”), a connected person of the Company, as landlord in relation to the leasing of the Dunzilipian (Jiangbei 84) Community, Qingtang Village, Xiaojinkou Town, Huicheng District, Huizhou City, Guangdong Province, the PRC, with a total gross floor area of 85,036.10 square metres (the “**Property I**”), for renewing the existing tenancy agreement in respect of the same premises entered into by the same parties (the “**Property I Existing Tenancy Agreement**”) which will be expiring on 31 December 2024, and the leasing of the Dunzilipian (Jiangbei 85) Community, Qingtang Village, Xiaojinkou Town, Huicheng District, Huizhou City, Guangdong Province, the PRC, with a total gross floor area of 5,171.01 square metres (the “**Property II**”) for a term of three years from 1 January 2025 to 31 December 2027 at an aggregate monthly rent of RMB1,172,692.43;

(ii) Tenancy Agreement II

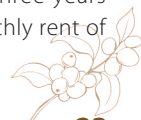
Town Ray (Huizhou), an indirect wholly owned subsidiary of the Company, as tenant entered into the tenancy agreement (the “**Tenancy Agreement II**”) with Tunbow (Huizhou) as landlord in relation to the leasing of Property II for a term of six months from 1 July 2024 to 31 December 2024 at a monthly rent of RMB67,223.13; and

(iii) Tenancy Agreement III

Town Ray (Huizhou), an indirect wholly owned subsidiary of the Company, as tenant entered into the tenancy agreement (the “**Tenancy Agreement III**”) with Tunbow Electronics (Huizhou) Limited * (東保達電子(惠州)有限公司) (“**Tunbow Electronics (Huizhou)**”), a connected person of the Company, as landlord in relation to the leasing of the Dunzilipian (Jiangbei 85) Community, Qingtang Village, Xiaojinkou Town, Huicheng District, Huizhou City, Guangdong Province, the PRC, with a total gross floor area of 15,581.76 square metres (the “**Property III**”) for a term of three years and six months from 1 July 2024 to 31 December 2027 at a monthly rent of RMB202,562.88.



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CORPORATE GOVERNANCE AND OTHER INFORMATION

The Property I, II and III are currently used for the production warehouse, manufacturing plant and related operation, dormitory, factory facilities and ancillary office of the Group.

Tunbow (Huizhou), the landlord under the Tenancy Agreement I and Tenancy Agreement II, is a company established in Huizhou City, Guangdong Province, the PRC with limited liability on 5 December 2005 and principally engages in the business of properties holding. Tunbow (Huizhou) is wholly owned by Tunbow Electrical (BVI) Limited, which is in turn wholly owned by Tunbow Investments (BVI) Limited. Tunbow Investments (BVI) Limited is owned as to approximately 78.23% by Modern Expression, which is in turn wholly owned by Dr. Chan and Ms. Cheng (both being non-executive Directors) jointly. Therefore, Tunbow (Huizhou) is an associate of Dr. Chan and Ms. Cheng, and is a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

Tunbow Electronics (Huizhou), the landlord under the Tenancy Agreement III, is a company established in Huizhou City, Guangdong Province, the PRC with limited liability on 5 December 2005 and principally engages in the business of properties holding. Tunbow Electronics (Huizhou) is wholly owned by Tunbow Electronics (BVI) Limited, which is in turn wholly owned by Tunbow Investments (BVI) Limited. Tunbow Investments (BVI) Limited is owned as to approximately 78.23% by Modern Expression, which is in turn wholly owned by Dr. Chan and Ms. Cheng (both being non-executive Directors) jointly. Therefore, Tunbow Electronics (Huizhou) is an associate of Dr. Chan and Ms. Cheng, and is a connected person of the Company under Rule 14A.07(4) of the Listing Rules.



CORPORATE GOVERNANCE AND OTHER INFORMATION

In accordance with HKFRS 16 “Leases”, the Group was required to recognise right-of-use assets from the commencement date of the Tenancy Agreement I, Tenancy Agreement II and Tenancy Agreement III (the **“Tenancy Agreements”**) in its consolidated statement of financial position. Hence, the Tenancy Agreements and the transactions contemplated thereunder were regarded as acquisitions of right-of-use assets from the commencement date of the Tenancy Agreements by the Group, which were aggregated under Rule 14.22 of the Listing Rules as if one transaction, and after aggregation, constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules and a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules. The total consideration of the connected transactions under the Tenancy Agreements was approximately HK\$56.4 million, which was calculated with reference to the aggregate rental payments and discounted by a discount rate. For details, please refer to the announcement of the Company dated 10 May 2024 and the circular of the Company dated 28 May 2024.

The Tenancy Agreements and the transactions contemplated thereunder were approved by the independent Shareholders at the AGM.

The Property I Existing Tenancy Agreement was entered into on 30 September 2021 between Tunbow (Huizhou) as landlord and Town Ray (Huizhou) as tenant over the Property I at a monthly rent of RMB1,020,433.20 for a term of three years commencing from 1 January 2022 and expiring on 31 December 2024 for the production and related operations of the Group. The transactions contemplated under the Property I Existing Tenancy Agreement constituted a discloseable transaction under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules at the time when it was entered into, subject to reporting, announcement, circular and independent Shareholders’ approval requirements. The Property I Existing Tenancy Agreement and the transactions contemplated thereunder were approved by the independent Shareholders at an extraordinary general meeting on 8 December 2021. For details, please refer to the announcement of the Company dated 30 September 2021 and the circular of the Company dated 18 November 2021. Immediately upon the expiry of the Property I Existing Tenancy Agreement, it will be renewed and replaced by the Tenancy Agreement I commencing from 1 January 2025.



unofficial name for identification only



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CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, the Group did not enter into any other non-exempted connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules during the Period.

RELATED PARTY TRANSACTIONS

The significant related party transactions entered into by the Group during the Period are set out in note 14 to the interim condensed consolidated financial information in this interim report. Save as disclosed above in the paragraph headed "Connected Transactions" in this interim report, none of the related party transactions constitute non-fully exempted connected transactions or continuing connected transactions, which required reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material events for disclosure subsequent to 30 June 2024 and up to the date of this interim report.

REVIEW BY AUDIT COMMITTEE

The Audit Committee was established on 3 October 2019 with specific written terms of reference which clearly sets out with its authority and duties.

The Audit Committee is mainly responsible for (i) making recommendations to the Board on the appointment, re-appointment and removal of external auditor; (ii) reviewing the financial statements and providing material advice in respect of financial reporting; (iii) overseeing the financial reporting process, internal controls, risk management systems and audit process of the Group; and (iv) overseeing the Company's continuing connected transactions. Details of the authority and duties of the Audit Committee are set out in the Audit Committee's terms of reference, which is available on the websites of the Stock Exchange and the Company.



CORPORATE GOVERNANCE AND OTHER INFORMATION

The Audit Committee comprises four independent non-executive Directors, namely Ms. Chan Tak Yi (Chairperson), Mr. Choi Chi Leung Danny, Mr. Chan Shing Jee and Ms. Leung Lai Yee Edwina. The composition of the Audit Committee meets the requirements of Rule 3.21 of the Listing Rules.

The unaudited interim condensed consolidated financial information of the Group for the Period has not been audited or reviewed by auditor, but has been reviewed by the Audit Committee, who is of the opinion that the unaudited interim condensed consolidated financial information of the Group for the Period has complied with the applicable accounting standards, the Listing Rules, and that adequate disclosures have been made.

APPRECIATION

On behalf of the Board, I would like to extend my gratitude to the management and all of our staff for their dedication and commitment, as well as our business partners, customers and Shareholders for their continuous support to the Group.

On behalf of the Board

Town Ray Holdings Limited

Chan Kam Kwong Charles

Chairman and non-executive Director

Hong Kong, 23 August 2024



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
REVENUE	4	301,933	396,551
Cost of sales		(201,268)	(248,067)
Gross profit		100,665	148,484
Other income and gain, net	4	9,183	9,145
Selling and distribution expenses		(7,231)	(8,065)
General and administrative expenses		(44,770)	(43,482)
Other expenses, net		176	1,117
Finance costs		(998)	(1,394)
PROFIT BEFORE TAX	5	57,025	105,805
Income tax expense	6	(8,492)	(18,467)
PROFIT FOR THE PERIOD		48,533	87,338
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		HK13.52 cents	HK24.33 cents



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	48,533	87,338
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(1,365)	(7,943)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	47,168	79,395



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	79,690	78,130
Right-of-use assets		117,104	70,648
Deposits paid for purchases of items of property, plant and equipment		12,630	1,970
Prepayments		159	212
Deferred tax assets		2,702	2,364
Total non-current assets		212,285	153,324
CURRENT ASSETS			
Inventories		115,187	60,100
Trade receivables	10	135,520	67,040
Prepayments, deposits and other receivables		26,247	9,016
Tax recoverable		61	61
Pledged deposits		1,534	88
Cash and cash equivalents		157,033	187,719
Total current assets		435,582	324,024
CURRENT LIABILITIES			
Trade payables	11	124,947	42,855
Other payables and accruals		107,154	43,531
Interest-bearing bank borrowings	12	19,845	21,386
Lease liabilities		13,083	12,501
Tax payable		10,629	8,898
Total current liabilities		275,658	129,171
NET CURRENT ASSETS		159,924	194,853
TOTAL ASSETS LESS CURRENT LIABILITIES		372,209	348,177



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	30 June	31 December
	2024	2023
Notes	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES		
Accrual	240	412
Lease liabilities	31,907	–
Deferred tax liabilities	2,425	3,087
Total non-current liabilities	34,572	3,499
Net assets	337,637	344,678
EQUITY		
Issued capital	3,590	3,590
Reserves	334,047	341,088
Total equity	337,637	344,678

Chan Wai Ming

Director

Chiu Wai Kwong

Director



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Note	Share		Capital	Share-	Statutory	Exchange	Retained	Total	
		Issued capital	premium account	Merger reserve	contribution reserve	based payment reserve	reserve funds			fluctuation reserve
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2023		3,590	73,524	10,000	63,000	10,050	14,695	(12,304)	187,371	349,926
Profit for the period		-	-	-	-	-	-	87,338	87,338	
Other comprehensive loss for the period:										
Exchange differences on translation of foreign operations		-	-	-	-	-	(7,943)	-	(7,943)	
Total comprehensive income for the period		-	-	-	-	-	(7,943)	87,338	79,395	
Final 2022 dividend	7	-	-	-	-	-	-	(69,287)	(69,287)	
At 30 June 2023 (unaudited)		3,590	73,524	10,000	63,000	10,050	14,695	(20,247)	205,422	360,034
At 1 January 2024		3,590	73,524	10,000	63,000	10,050	14,695	(16,621)	186,440	344,678
Profit for the period		-	-	-	-	-	-	48,533	48,533	
Other comprehensive loss for the period:										
Exchange differences on translation of foreign operations		-	-	-	-	-	(1,365)	-	(1,365)	
Total comprehensive income for the period		-	-	-	-	-	(1,365)	48,533	47,168	
Final 2023 dividend	7	-	-	-	-	-	-	(54,209)	(54,209)	
At 30 June 2024 (unaudited)		3,590	73,524*	10,000*	63,000*	10,050*	14,695*	(17,986)*	180,764*	337,637

* These reserve accounts comprise the consolidated reserves of HK\$334,047,000 (31 December 2023: HK\$341,088,000) in the interim condensed consolidated statement of financial position as at 30 June 2024.



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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
NET CASH FLOWS FROM OPERATING ACTIVITIES	12,472	144,024
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,381	2,521
Purchases of items of property, plant and equipment	(9,599)	(7,701)
(Increase)/decrease in deposits paid for purchases of items of property, plant and equipment	(10,660)	395
Proceeds from disposal of items of property, plant and equipment	1	7
Additions to right-of-use assets	(15,162)	–
Increase in pledged deposits	(1,446)	(735)
Increase in a non-pledged time deposit with original maturity of more than three months when acquired	–	(19,593)
Net cash flows used in investing activities	(33,485)	(25,106)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings	17,412	1,200
Repayment of bank borrowings	(18,953)	(1,972)
Principal portion of lease payments	(6,147)	(5,954)
Dividend paid	–	(69,287)
Interest paid	(998)	(1,394)
Net cash flows used in financing activities	(8,686)	(77,407)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
	(29,699)	41,511
Cash and cash equivalents at beginning of period	187,719	148,920
Effect of foreign exchange rate changes, net	(987)	(6,162)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	157,033	184,269



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	89,360	60,537
Non-pledged time deposits with original maturity of less than three months when acquired	67,673	123,732
Non-pledged time deposit with original maturity of more than three months when acquired	-	19,593
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	157,033	203,862
Non-pledged time deposit with original maturity of more than three months when acquired	-	(19,593)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	157,033	184,269



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

1. CORPORATE INFORMATION

Town Ray Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at Workshop A, 25th Floor, Reason Group Tower, No. 403 Castle Peak Road — Kwai Chung, Kwai Chung, New Territories, Hong Kong.

During the period, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the manufacture and sale of electrothermic household appliances.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company is Modern Expression Limited (“Modern Expression”), a company incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

The interim condensed consolidated financial information has been prepared under the historical cost convention. The financial information is presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.



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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of electrothermic household appliances. Information reported to the Group's chief operating decision maker for the purpose of making decisions about resource allocation and performance assessment is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Europe	270,240	340,155
Asia	24,002	44,073
United States	3,347	12,063
Others	4,344	260
Total revenue	301,933	396,551

The revenue information above is based on the locations of the customers.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

(b) Non-current assets

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Hong Kong	101,544	81,844
Chinese Mainland	108,039	69,116
Total non-current assets	209,583	150,960

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about major customers

Revenue from external customers contributing over 10% of the total revenue of the Group is as follows:

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Customer A	84,257	164,359
Customer C	64,691	N/A*
Customer B	42,986	42,523

* Less than 10% of revenue



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

4. REVENUE, OTHER INCOME AND GAIN, NET

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	301,933	396,551

Revenue from contracts with customers

Disaggregated revenue information

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Types of goods		
Sale of electrothermic household appliances	301,847	393,749
Sale of tooling	86	2,802
Total	301,933	396,551
Timing of revenue recognition		
Goods transferred at a point in time	301,933	396,551

An analysis of other income and gain, net is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	3,381	2,521
Consultancy income	1,891	2,448
Rental income	23	–
Government subsidies*	149	–
Foreign exchange differences, net	3,475	3,559
Others	264	617
Total other income and gain, net	9,183	9,145

* There are no unfulfilled conditions or contingencies relating to these subsidies.



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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	201,268	248,067
Depreciation of property, plant and equipment*	7,651	7,219
Depreciation of right-of-use assets*	7,345	7,290
Lease payments not included in the measurement of lease liabilities	10	24
Reversal of impairment of trade receivables, net^	(182)	(1,125)
(Reversal of write-down)/write-down of inventories to net realisable value*	(2,664)	4,549

* The cost of sales for the period included depreciation charge of property, plant and equipment of HK\$5,716,000 (six months ended 30 June 2023: HK\$5,451,000), depreciation charge of right-of-use assets of HK\$5,438,000 (six months ended 30 June 2023: HK\$5,538,000) and reversal of write-down of inventories to net realisable value of HK\$2,664,000 (six months ended 30 June 2023: write-down of inventories to net realisable value of HK\$4,549,000).

^ Included in "Other expenses, net" in the interim condensed consolidated statement of profit or loss.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current — Hong Kong		
Charge for the period	5,849	12,793
Current — Chinese Mainland		
Charge for the period	3,826	8,934
(Overprovision)/underprovision in prior periods	(187)	892
Deferred	(996)	(4,152)
Total tax charge for the period	8,492	18,467



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

7. DIVIDENDS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividend recognised as distribution during the period:		
Final 2023 — HK15.1 cents		
(2022: HK19.3 cents) per ordinary share	54,209	69,287
Dividend proposed after the end of the reporting period:		
Proposed interim 2024 — HK11.0 cents		
(2023: HK15.0 cents) per ordinary share	39,490	53,850

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$48,533,000 (six months ended 30 June 2023: HK\$87,338,000), and the weighted average number of ordinary shares of 359,000,000 (six months ended 30 June 2023: 359,000,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment with an aggregate cost of HK\$9,599,000 (six months ended 30 June 2023: HK\$7,701,000).



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

10. TRADE RECEIVABLES

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables	135,769	67,471
Impairment	(249)	(431)
Net carrying amount	135,520	67,040

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to four months for major customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Within 30 days	74,742	25,904
31 to 90 days	52,580	26,124
Over 90 days	8,198	15,012
Total	135,520	67,040



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Within 30 days	48,355	11,330
31 to 90 days	74,805	26,775
Over 90 days	1,787	4,750
Total	124,947	42,855

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 60 days.

12. INTEREST-BEARING BANK BORROWINGS

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Portions of bank loans due for repayment within one year or on demand – secured	2,488	2,488
Portions of bank loan due for repayment within one year or on demand – unsecured	568	602
Portions of bank loans due for repayment after one year which contain repayment on demand clause – secured	16,789	18,033
Portions of bank loan due for repayment after one year which contains repayment on demand clause – unsecured	–	263
Total	19,845	21,386



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

13. COMMITMENTS

- (a) The Group had the following contractual commitments at the end of the reporting period:

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Leasehold improvements	878	130
Plant and machinery	4,242	136
Furniture, fixtures and equipment	1,208	20
Moulds	9,924	1,259
Total	16,252	1,545

- (b) The Group has lease contracts that have not yet commenced as at 30 June 2024. The future lease payments for these non-cancellable lease contracts are HK\$3,392,000 due within one year and HK\$8,481,000 due in the second to fifth years, inclusive.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

14. RELATED PARTY TRANSACTIONS

- (a) In addition to the balances, arrangements and transactions detailed elsewhere in this financial information, the Group had the following material transactions with related parties during the period:

		Six months ended 30 June	
		2024	2023
Note		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
東保利電業(惠州)有限公司 ("Tunbow (Huizhou)")*:			
Lease payments	(i)	6,416	6,565
Tunbow Charity Foundation Limited^:			
Charitable contribution		-	600

* These related companies are controlled by Modern Expression.

^ The directors of this charity are Dr. Chan Kam Kwong Charles and Ms. Cheng Yuk Sim Connie, directors and controlling shareholders of the Company.

Note:

- (i) The lease payments were charged by a related company at a monthly fixed amount as detailed in note 14(b).



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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

14. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other transactions with related parties:

On 30 September 2021, the Group entered into a tenancy agreement with Tunbow (Huizhou) for the lease of premises for a term of 3 years ending 31 December 2024 at a monthly rent of RMB1,020,433 (inclusive of value-added tax). On 10 May 2024, the tenancy agreement was renewed for another term of 3 years ended 31 December 2027 at a monthly rent of RMB1,105,469 (inclusive of value-added tax).

(c) Compensation of key management personnel of the Group

Remuneration for key management personnel of the Group, including directors' and chief executive's remuneration, is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	9,264	9,110
Post-employment benefits	102	101
Total compensation paid to key management personnel	9,366	9,211

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals, and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

16. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the Board of Directors on 23 August 2024.

