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Town Ray Holdings Limited
登輝控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1692)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Revenue slightly decreased by approximately HK\$0.8 million or approximately 0.1% from approximately HK\$704.4 million for the year ended 31 December 2023 to approximately HK\$703.6 million for the year ended 31 December 2024.
- Gross profit decreased by approximately HK\$13.7 million or approximately 5.6% from approximately HK\$245.4 million for the year ended 31 December 2023 to approximately HK\$231.7 million for the year ended 31 December 2024.
- Gross profit margin decreased by approximately 1.9 percentage points from approximately 34.8% for the year ended 31 December 2023 to approximately 32.9% for the year ended 31 December 2024.
- Profit attributable to the equity holders of the Company for the year ended 31 December 2024 decreased by approximately HK\$14.6 million or approximately 11.9% from approximately HK\$122.2 million for the year ended 31 December 2023 to approximately HK\$107.6 million for the year ended 31 December 2024. The net profit margin for the years ended 31 December 2023 and 2024 were approximately 17.3% and 15.3%, respectively, representing a decrease of approximately 2.0 percentage points.
- Basic earnings per share was approximately HK29.97 cents for the year ended 31 December 2024 and approximately HK34.04 cents for the year ended 31 December 2023.
- The Board has resolved to recommend a final dividend of HK16.1 cents per ordinary share for the year ended 31 December 2024, which is subject to the approval of the Company's Shareholders at the 2025 AGM.

The board (the “**Board**”) of directors (the “**Directors**”) of Town Ray Holdings Limited (the “**Company**” or “**Town Ray**”) is pleased to present the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
REVENUE	4	703,593	704,417
Cost of sales		<u>(471,844)</u>	<u>(459,042)</u>
Gross profit		231,749	245,375
Other income and gain, net	4	18,657	14,471
Selling and distribution expenses		(15,588)	(17,213)
General and administrative expenses		(98,832)	(93,965)
Other expenses, net		(3,257)	679
Finance costs		<u>(2,312)</u>	<u>(2,587)</u>
PROFIT BEFORE TAX	5	130,417	146,760
Income tax expense	6	<u>(22,807)</u>	<u>(24,554)</u>
PROFIT FOR THE YEAR		<u>107,610</u>	<u>122,206</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		<u>HK29.97 cents</u>	<u>HK34.04 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE YEAR	107,610	122,206
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(3,547)</u>	<u>(4,317)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>104,063</u>	<u>117,889</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		85,256	78,130
Investment property		2,200	–
Right-of-use assets		116,009	70,648
Deposits paid for purchases of items of property, plant and equipment		11,259	1,970
Prepayments		206	212
Deferred tax assets		3,337	2,364
Total non-current assets		218,267	153,324
CURRENT ASSETS			
Inventories		100,128	60,100
Trade receivables	9	132,069	67,040
Prepayments, deposits and other receivables		27,125	9,016
Tax recoverable		153	61
Pledged deposits		820	88
Cash and cash equivalents		75,894	187,719
Total current assets		336,189	324,024
CURRENT LIABILITIES			
Trade payables	10	58,454	42,855
Other payables and accruals		49,411	43,531
Interest-bearing bank borrowings		39,975	21,386
Lease liabilities		16,168	12,501
Tax payable		1,604	8,898
Total current liabilities		165,612	129,171
NET CURRENT ASSETS		170,577	194,853
TOTAL ASSETS LESS CURRENT LIABILITIES		388,844	348,177
NON-CURRENT LIABILITIES			
Accrual		220	412
Lease liabilities		31,583	–
Deferred tax liabilities		1,999	3,087
Total non-current liabilities		33,802	3,499
Net assets		355,042	344,678
EQUITY			
Issued capital		3,590	3,590
Reserves		351,452	341,088
Total equity		355,042	344,678

NOTES

31 December 2024

1. CORPORATE INFORMATION

Town Ray Holdings Limited 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 year, 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, a company incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for an investment property which has been measured at fair value. The financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

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</i> (the “2020 Amendments”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised HKFRSs 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.
- (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. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

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*

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Europe	617,270	617,319
Asia	64,826	70,727
United States	11,114	13,069
Others	10,383	3,302
	<hr/>	<hr/>
Total revenue	703,593	704,417

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

(b) *Non-current assets*

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	100,243	81,844
Mainland China	114,687	69,116
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Total non-current assets	214,930	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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	173,238	N/A*
Customer B	165,102	243,544
Customer C	<u>87,730</u>	<u>79,492</u>

* Less than 10% of revenue

4. REVENUE, OTHER INCOME AND GAIN, NET

An analysis of revenue is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers	<u>703,593</u>	<u>704,417</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	4,743	6,132
Gross rental income	92	–
Consultancy income	6,465	4,381
Government subsidies*	1,004	135
Foreign exchange differences, net	5,240	2,720
Others	<u>1,113</u>	<u>1,103</u>
Total	<u>18,657</u>	<u>14,471</u>

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

5. PROFIT BEFORE TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of inventories sold	471,844	459,042
Depreciation of property, plant and equipment*	14,260	14,322
Depreciation of right-of-use assets*	16,782	14,413
Fair value loss of an investment property [^]	11	–
Impairment/(reversal of impairment) of trade receivables, net [^]	3,204	(694)
Write-down/(reversal of write-down) of inventories to net realisable value*	<u>(7,069)</u>	<u>14,913</u>

* The cost of sales for the year included depreciation charge of property, plant and equipment of HK\$10,511,000 (2023: HK\$10,643,000), depreciation charge of right-of-use assets of HK\$11,985,000 (2023: HK\$10,923,000) and reversal of write-down of inventories to net realisable value of HK\$7,069,000 (2023: write-down of inventories to net realisable value of HK\$14,913,000).

[^] Included in “Other expenses, net” in the consolidated statement of profit or loss.

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, 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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the year	14,469	14,547
Overprovision in prior years	(12)	(12)
Current — Mainland China		
Charge for the year	8,875	14,933
Underprovision in prior years	1,532	880
Deferred	<u>(2,057)</u>	<u>(5,794)</u>
Total tax charge for the year	<u>22,807</u>	<u>24,554</u>

7. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Final 2023 — HK15.1 cents (2022: HK19.3 cents) per ordinary share	54,209	69,287
Interim 2024 — HK11.0 cents (2023: HK15.0 cents) per ordinary share	<u>39,490</u>	<u>53,850</u>
Total	<u>93,699</u>	<u>123,137</u>
Dividend proposed after the end of the reporting period:		
Proposed final 2024 — HK16.1 cents (2023: HK15.1 cents) per ordinary share	<u>57,799</u>	<u>54,209</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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 year attributable to ordinary equity holders of the Company of HK\$107,610,000 (2023: HK\$122,206,000), and the weighted average number of ordinary shares of 359,000,000 (2023: 359,000,000) outstanding during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

9. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	135,704	67,471
Impairment	<u>(3,635)</u>	<u>(431)</u>
Net carrying amount	<u>132,069</u>	<u>67,040</u>

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	18,903	25,904
31 to 90 days	54,691	26,124
Over 90 days	58,475	15,012
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Total	132,069	67,040
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10. 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	13,231	11,330
31 to 90 days	43,056	26,775
Over 90 days	2,167	4,750
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Total	58,454	42,855
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The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 90 days.

BUSINESS REVIEW

The complex economic landscape of 2024 was shaped by several key trends: ongoing geopolitical tensions, the imposition of sanctions and trade protectionism, rapid technological advancements, and varying rates of economic recovery across regions. Ongoing geopolitical conflict between Russia and Ukraine and trade protectionism between the United States (the “U.S.”) and the People’s Republic of China (the “**PRC**”) continue to impact trade policies. These geopolitical dynamics have led to increased sanctions and trade tariffs, prompting a critical re-evaluation of global supply chains and necessitating agility and responsiveness from businesses. Meanwhile, the rapid pace of technological advancement, particularly in artificial intelligence (“**AI**”) and green technologies, has created new opportunities for growth and efficiency. Additionally, post-pandemic recovery has been uneven among different economies, which affects trade volumes and demand for goods across different areas. Inflationary pressures and shifting monetary policies further influence purchasing power and trade dynamics. Amid these challenges, Town Ray successfully maintained stable order volumes by diversifying its customer base, adopting advanced production technologies and adapting to the evolving demands of various regions.

Over the year ended 31 December 2024 (the “**Year**”), the Group embraced instrumental key internal initiatives to elevate production quality and streamline operations, such as extensive employee training programmes, the integration of automation technologies in production, and the adoption of Industry 4.0 principles. These initiatives were put in place to enhance the Group’s competitive edge and solidify its market position during the Year.

PROSPECTS

Looking ahead to 2025, the business environment remains complex, yet Town Ray is cautiously optimistic about the new opportunities emerging amidst these challenges. The market landscape shows signs of improvement, offering potential for expansion and growth. While recent trade tariff increases give rise to a re-evaluation of the Group’s strategy for the U.S. market, Town Ray is actively exploring alternative regions, including the Middle East, Southeast Asia, and the PRC, to capitalise on the untapped growth opportunities. The Group’s efforts to diversify markets have expanded its sales spectrum, enabling it to reach a broader audience and strengthen its global market presence. In 2025, Town Ray expects these strategic initiatives to positively impact sales as they are fully implemented.

Town Ray remains steadfast in its commitment to product development, focusing on enhanced quality, aesthetic design, superior materials, and advanced technologies while preserving its core competitive advantages. A highlight of 2025 will be Town Ray launching its 4th generation fully automatic coffee machines featuring a new brewing system, marking a significant milestone in its product line. This series includes several models designed to deliver premium coffee quality and cater for diverse consumer segments, which ensures Town Ray meets its customers' preferences and needs. Each model showcases innovative features and cutting-edge technology, reflecting Town Ray's dedication to excellence and innovation. These coffee machines embody superior craftsmanship and integrate user-friendly functionalities that elevate the coffee-making experience. The response from the customer base has been positive. This advancement underscores Town Ray's ability to deliver products that resonate with consumers and reinforces its position as a market leader.

Town Ray is also dedicated to integrating diverse advanced technologies across its product lines and operational processes, reinforcing its commitment to innovation and operational efficiency. Town Ray is streamlining workflows and improving operational efficiency by enhancing its office administration systems and manufacturing operations management solutions, which enable real-time data collection and analysis for informed decision-making. Additionally, Town Ray is upgrading its communication facilities to ensure seamless internal and external communications, which fosters collaboration and agility in response to market demands.

AI plays a pivotal role in Town Ray's technological advancements, optimising manufacturing processes and enhancing customer engagement. By predicting consumer preferences, improving product recommendations, and refining service delivery, Town Ray aims to elevate overall customer satisfaction. Automation and robotic process automation are being implemented to reduce manual intervention, improve accuracy, and enhance operational efficiency. Furthermore, 3D simulation technology allows the Group to visualise and test product designs before production, minimising errors and ensuring optimal quality.

As Town Ray approaches 2025, the Group will continue to delivering innovative, high-quality products while championing sustainability and operational excellence. Its strategic initiatives, underpinned by a strong commitment to technological advancement and market diversification, position Town Ray for sustained growth and long-term success. The Group will stay agile and responsive to the changes and pursue fruitful and sustainable values for its customers and Shareholders by leveraging its expertise, excellent management and execution.

FINANCIAL REVIEW

Revenue

The total revenue of the Group slightly decreased by approximately HK\$0.8 million or approximately 0.1% from approximately HK\$704.4 million for the year ended 31 December 2023 to approximately HK\$703.6 million for the year ended 31 December 2024. Such a decrease was mainly attributable to the decrease in the sales of garment care appliances, which was offset by the increase in the sales of cooking appliances during the Year.

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by approximately HK\$13.7 million or approximately 5.6% from approximately HK\$245.4 million for the year ended 31 December 2023 to approximately HK\$231.7 million for the year ended 31 December 2024. The gross profit margin of the Group decreased by approximately 1.9 percentage points from approximately 34.8% for the year ended 31 December 2023 to approximately 32.9% for the year ended 31 December 2024. The decrease in gross profit and gross profit margin was mainly attributable to the increase in raw material costs and direct labour costs during the Year.

Other Income and Gain, Net

Other income and gain, net of the Group increased by approximately HK\$4.2 million from approximately HK\$14.5 million for the year ended 31 December 2023 to approximately HK\$18.7 million for the year ended 31 December 2024. Such an increase was mainly due to the following factors: (i) the increase in exchange gain of approximately HK\$2.5 million, (ii) the increase in consultancy income of approximately HK\$2.1 million; and (iii) the increase in the receipt of government subsidies of approximately HK\$0.9 million during the Year, which was partially offset by the decrease in bank interest income of approximately HK\$1.4 million, resulted from the combined effect of lower deposit interest rates and a decrease in bank deposits during the Year.

Selling and Distribution Expenses

Selling and distribution expenses of the Group decreased by approximately HK\$1.6 million from approximately HK\$17.2 million for the year ended 31 December 2023 to approximately HK\$15.6 million for the year ended 31 December 2024. Such a decrease was mainly due to the decrease in advertising and promotion expenses and staff costs during the Year. The advertising and promotion expenses decreased by approximately HK\$1.2 million from approximately HK\$3.2 million for the year ended 31 December 2023 to approximately HK\$2.0 million for the year ended 31 December 2024, which was due to the absence of advertising and promotion fees payable to an independent service provider during the Year while such fee was recorded for the year ended 31 December 2023. The staff costs decreased by approximately HK\$0.5 million from approximately HK\$10.9 million for the year ended 31 December 2023 to approximately HK\$10.4 million for the year ended 31 December 2024.

General and Administrative Expenses

General and administrative expenses of the Group increased by approximately HK\$4.8 million from approximately HK\$94.0 million for the year ended 31 December 2023 to approximately HK\$98.8 million for the year ended 31 December 2024. Such an increase was mainly due to the following factors: (i) the increase in employee benefit expenses (including directors' remuneration) of approximately HK\$1.6 million from approximately HK\$62.9 million for the year ended 31 December 2023 to approximately HK\$64.5 million for the year ended 31 December 2024; (ii) the increase in depreciation on right-of-use assets of approximately HK\$1.3 million from approximately HK\$3.5 million for the year ended 31 December 2023 to approximately HK\$4.8 million for the year ended 31 December 2024; and (iii) the increase in legal and professional fee of approximately HK\$1.3 million from approximately HK\$2.5 million for the year ended 31 December 2023 to approximately HK\$3.8 million for the year ended 31 December 2024.

Other Expenses, Net

Other expenses, net of the Group increased by approximately HK\$3.9 million to approximately HK\$3.3 million for the year ended 31 December 2024. Such an increase was mainly due to the increase in the impairment of trade receivables, net during the Year.

Finance Costs

Finance costs of the Group decreased by approximately HK\$0.3 million from approximately HK\$2.6 million for the year ended 31 December 2023 to approximately HK\$2.3 million for the year ended 31 December 2024. Such a decrease was mainly due to the decrease in approximately HK\$0.3 million in interest expense on lease liabilities during the Year.

Income Tax Expense

With the profit before tax of the Group decreased by approximately HK\$16.4 million from approximately HK\$146.8 million for the year ended 31 December 2023 to approximately HK\$130.4 million for the year ended 31 December 2024, the income tax expense of the Group decreased by approximately HK\$1.8 million from approximately HK\$24.6 million for the year ended 31 December 2023 to approximately HK\$22.8 million for the year ended 31 December 2024. The effective tax rates of the Group for the years ended 31 December 2023 and 2024 were approximately 16.7% and 17.5%, respectively, representing an increase of approximately 0.8 percentage point during the Year.

Net Profit

As a result of the foregoing, the net profit of the Group decreased by approximately HK\$14.6 million or approximately 11.9% from approximately HK\$122.2 million for the year ended 31 December 2023 to approximately HK\$107.6 million for the year ended 31 December 2024. The net profit margin of the Group for the years ended 31 December 2023 and 2024 were approximately 17.3% and 15.3%, respectively, representing a decrease of approximately 2.0 percentage points during the Year.

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 Year.

CAPITAL COMMITMENTS

As at 31 December 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 consolidated financial statements, in the total amount of approximately HK\$6.5 million (2023: approximately HK\$1.5 million), of which approximately HK\$4.7 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 Year.

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE EXPOSURE

The Group undertakes certain transactions denominated in foreign currencies, mainly U.S. dollar (“**USD**”) and Renminbi (“**RMB**”). Hence, exposure to exchange rate fluctuations arises. The Group does not engage in foreign currency hedging as the exposure to exchange rate fluctuations is insignificant. During the Year, 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 paragraph headed “Capital Commitments” above in this announcement, the Group did not have any specific plans for material investments and capital assets as at 31 December 2024 and up to the date of this announcement.

GEARING RATIO

As at 31 December 2024, the gearing ratio of the Group (calculated by the total of interest-bearing bank borrowings divided by total equity) was approximately 11.3% (2023: approximately 6.2%). Such an increase was mainly due to the increase in interest-bearing bank borrowings of the Group during the Year.

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 Year.

The Group has principally funded the liquidity and capital requirements through capital contributions from the shareholders of the Company (the “Shareholders”), bank borrowings and net cash generated from operating activities. As at 31 December 2024, the Group had cash and cash equivalents of approximately HK\$75.9 million (2023: approximately HK\$187.7 million). Most of the Group’s cash and cash equivalents were denominated in USD and RMB. As at 31 December 2024, the current ratio of the Group was approximately 2.0 times (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 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 Year. During the Year, the Group did not hold or sell any treasury shares.

DEBTS AND CHARGES ON ASSETS

The total interest-bearing bank borrowings of the Group amounted to approximately HK\$40.0 million as at 31 December 2024 (2023: approximately HK\$21.4 million). As at 31 December 2024, the Group had pledged deposits of approximately HK\$0.8 million (2023: approximately HK\$0.1 million) in support of the issue of four letters of credit by two banks and there was a mortgage loan of approximately HK\$18.0 million (2023: approximately HK\$20.5 million) secured by a property of the Group, which had a carrying value of approximately HK\$46.1 million (2023: approximately HK\$74.3 million). Other than the above, there was no charge made or subsisting on assets of the Group as at 31 December 2024.

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	24,429	3,090
In the second year	2,487	2,750
In the third to fifth years, inclusive	7,462	7,462
Beyond five years	5,597	8,084
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Total	39,975	21,386
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All bank borrowings made by the Group were denominated in Hong Kong dollar and RMB. None of the bank borrowings were at a fixed interest rate. As at 31 December 2024, all bank borrowings of the Group were at floating interest rates with reference to the Hong Kong Interbank Offered Rate (HIBOR) and the CNH Hong Kong Interbank Offered Rate (CNH HIBOR).

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
- (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 31 December 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had a total of 1,075 full-time employees (2023: 993). The Group has adopted 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 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 Year was approximately HK\$116.6 million (2023: approximately HK\$120.4 million).

ENVIRONMENTAL POLICIES AND PERFORMANCE

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 discharge of wastewater and disposal of hazardous wastes. The relevant laws and regulations include "Environmental Protection Law of the PRC" (《中華人民共和國環境保護法》), "Law of the PRC on the Prevention and Control of Atmospheric Pollution" (《中華人民共和國大氣污染防治法》), and "Water Pollution Prevention and Control Law of the PRC" (《中華人民共和國水污染防治法》), etc. For details of the environmental protection laws and regulations applicable to the Group, please refer to the section headed "Regulatory Overview" in the Prospectus.

The Group follows the latest national and regional environmental protection laws and regulations, thereby minimising the impact on the environment, implementing different measures to optimise the workplace environment, and continuing to address environmental issues in relation to global warming, pollution, and biodiversity.

During the Year, the Group strictly complied with relevant laws and regulations relating to air pollutants and greenhouse gas emissions, discharge into water and land, and generation of hazardous and non-hazardous wastes. During the Year, the Group is not subject to any material environmental claims, lawsuits, penalties, administrative or disciplinary actions.

For further information in relation to the environmental policies of the Group, please refer to the environmental, social and governance report for the Year, which will be published by the Company according to the requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year and up to the date of this announcement, the Group has complied with all the relevant laws and regulations in Hong Kong and the PRC in all material respects.

The Company has adopted the code provisions (the “**Code Provision(s)**”) set out in the Corporate Governance Code (the “**CG Code**”) in Appendix C1 to 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 Year and up to the date of this announcement. For further information in respect of the corporate governance of the Group during the Year, please refer to the section headed “Corporate Governance Report” in the annual report for the Year, which will be published in April 2025 according to the requirements under the Listing Rules.

DIVIDEND

The Directors resolved to recommend the payment of a final dividend of HK16.1 cents per ordinary share for the year ended 31 December 2024 (2023: HK15.1 cents). Payment of the final dividend is subject to the Shareholders’ approval at the annual general meeting of the Company scheduled to be held on Monday, 26 May 2025 (the “**2025 AGM**”).

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 Year was approximately HK\$16.8 million. Below table sets out the status of application of the Net Proceeds during the Year:

	Total planned use of Net Proceeds <i>HK\$ million</i>	Actual use of Net Proceeds from the Listing Date to 31 December 2024 <i>HK\$ million</i>	Net Proceeds utilised during the Year <i>HK\$ million</i>	Remaining balance of Net Proceeds as at 31 December 2024 <i>HK\$ million</i>	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	28.8	10.8	2.8	By December 2025
(C) Strengthening customer base	3.0	3.0	-	-	-
(D) Upgrading information technology systems	5.7	4.4	1.9	1.3	By June 2025
Total	<u>90.7</u>	<u>86.6</u>	<u>12.7</u>	<u>4.1</u>	

From the Listing Date to 31 December 2024, the Company utilised approximately HK\$86.6 million of the Net Proceeds and the unutilised Net Proceeds as at 31 December 2024 amounted to approximately HK\$4.1 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 strengthening product design and development capabilities and increasing product offerings during the Year, since additional time was required to carry out the research and development for the new and specific products for the new markets. It is expected that the remaining balance of the Net Proceeds allocated to strengthening product design and development capabilities and increasing product offerings will be fully utilised by 31 December 2025.

ANNUAL GENERAL MEETING

The 2025 AGM is scheduled to be held on Monday, 26 May 2025. A notice convening the 2025 AGM will be issued and despatched to the Shareholders according to the applicable law, the articles of association of the Company and the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the identity of the Shareholders who will be entitled to attend and vote at the 2025 AGM, the register of members of the Company (the “**Register of Members**”) will be closed from Wednesday, 21 May 2025 to Monday, 26 May 2025, both dates inclusive, the period during which no transfer of shares will be effected. In order to be eligible to attend and vote at the 2025 AGM, 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, for registration not later than 4:30 p.m. on Tuesday, 20 May 2025.

Subject to the approval of the Shareholders at the 2025 AGM for payment of the final dividend, to ascertain the entitlement of the final dividend of the Shareholders, the Register of Members will be closed from Friday, 30 May 2025 to Monday, 2 June 2025, both dates inclusive, the period during which no transfer of shares will be effected. The final dividend, if approved at the 2025 AGM, is expected to be paid on or before Wednesday, 11 June 2025 to the Shareholders whose names appear on the Register of Members on Monday, 2 June 2025. In order to qualify for receiving the final 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 the above address, not later than 4:30 p.m. on Thursday, 29 May 2025.

EVENTS AFTER THE REPORTING PERIOD

Except for the paragraph headed “Future Plans for Material Investments and Capital Assets” above in this announcement, the Group had no material events for disclosure subsequent to 31 December 2024 and up to the date of this announcement.

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 (including sales of treasury shares) during the Year.

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 Year and up to the date of this announcement.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Board (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.

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 annual results as disclosed in this announcement and the consolidated financial statements of the Group for the year ended 31 December 2024 have been reviewed by the Audit Committee.

SCOPE OF WORK OF THE COMPANY’S AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Company’s auditor to the amounts set out in the Group’s draft consolidated financial statements for the Year. The work performed by the Company’s

auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at "www.hkexnews.hk" and on the website of the Company at "www.townray.com". The annual report of the Company for the Year will be published on the above websites in April 2025 according to the requirements under the Listing Rules.

APPRECIATION

The Board would like to thank our management team and all our staff members for their effort and significant contribution to the Group during the past year. In addition, the Board would like to express our heartfelt gratitude to our Shareholders, institutional investors, customers, bankers, suppliers, subcontractors and business partners for their continuous support to and confidence in the Group.

By order of the Board
Town Ray Holdings Limited
Chan Kam Kwong Charles
Chairman and non-executive Director

Hong Kong, 17 March 2025

As at the date of this announcement, the Board comprises Mr. Chan Wai Ming, Mr. Chiu Wai Kwong, Ms. Tang Mei Wah and Dr. Yu Kwok Wai as executive Directors; Dr. Chan Kam Kwong Charles and Ms. Cheng Yuk Sim Connie as non-executive Directors; and Mr. Choi Chi Leung Danny, Mr. Chan Shing Jee, Ms. Chan Tak Yi and Ms. Leung Lai Yee Edwina as independent non-executive Directors.