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**TIAN CHANG GROUP HOLDINGS LTD.**  
**天長集團控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 2182)**

**ANNOUNCEMENT OF ANNUAL RESULTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Tian Chang Group Holdings Ltd. (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023, as follows:

**CONSOLIDATED INCOME STATEMENT**

*Year ended 31 December 2024*

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	4	539,611	697,514
Cost of goods sold		(429,488)	(561,600)
<b>Gross profit</b>		<b>110,123</b>	135,914
Other income	5	8,495	16,082
Other losses, net	6	(2,427)	(1,825)
(Provision for) Reversal of loss allowance on trade receivables		(1,854)	570
Selling and distribution costs		(5,606)	(4,604)
Administrative and other operating expenses		(116,719)	(114,780)
Finance costs	7	(2,802)	(5,436)
<b>(Loss) Profit before tax</b>	7	<b>(10,790)</b>	25,921
Income tax expenses	8	(2,875)	(2,464)
<b>(Loss) Profit for the year attributable to equity holders of the Company</b>		<b>(13,665)</b>	23,457
<b>(Loss) Earnings per share attributable to equity holders of the Company (expressed in Hong Kong cents)</b>			
Basic	10	(2.20)	3.78
Diluted	10	(2.20)	3.75

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2024*

	<b>2024</b> <b>HK\$'000</b>	<b>2023</b> <b>HK\$'000</b>
<b>(Loss) Profit for the year</b>	<u><b>(13,665)</b></u>	<u>23,457</u>
<b>Other comprehensive loss:</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u><b>(14,856)</b></u>	<u>(10,019)</u>
<b>Total comprehensive (loss) income for the year attributable to equity holders of the Company</b>	<u><u><b>(28,521)</b></u></u>	<u><u>13,438</u></u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 31 December 2024*

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>561,735</b>	612,489
Financial assets at fair value through profit or loss (“FVPL”)		<b>25,981</b>	32,626
Rental deposits		<b>551</b>	309
Deferred tax assets		<b>2,707</b>	1,829
		<b>590,974</b>	647,253
<b>Current assets</b>			
Inventories		<b>71,421</b>	78,213
Trade and other receivables	<i>11</i>	<b>132,435</b>	113,301
Income tax recoverable		<b>29</b>	3,024
Cash and cash equivalents		<b>129,454</b>	132,590
		<b>333,339</b>	327,128
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>118,571</b>	104,728
Payables for construction in progress		<b>101</b>	906
Interest-bearing borrowings	<i>13</i>	<b>31,221</b>	61,939
Deferred income		<b>1,449</b>	1,480
Lease liabilities	<i>14</i>	<b>2,153</b>	2,393
Income tax payables		<b>2,686</b>	2,240
		<b>156,181</b>	173,686
<b>Net current assets</b>		<b>177,158</b>	153,442
<b>Total assets less current liabilities</b>		<b>768,132</b>	800,695
<b>Non-current liabilities</b>			
Payables for construction in progress		<b>2,248</b>	2,190
Deferred income		<b>6,966</b>	8,594
Lease liabilities	<i>14</i>	<b>6,146</b>	1,425
Deferred tax liabilities		<b>7,829</b>	5,722
		<b>23,189</b>	17,931
<b>NET ASSETS</b>		<b>744,943</b>	782,764
<b>Capital and reserves</b>			
Share capital		<b>62,000</b>	62,000
Reserves		<b>682,943</b>	720,764
<b>TOTAL EQUITY</b>		<b>744,943</b>	782,764

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

## 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 26 April 2017 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 March 2018. The ultimate controlling party of the Group is Mr. Chan Tsan Lam, who is also the chairman and executive director of the Company. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business is situated at Unit 6, 13/F, Block B, Hoi Luen Industrial Centre, 55 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in manufacturing and sales of electronic cigarettes products (“**e-cigarettes products**”) and medical consumable products, and providing integrated plastic solutions in Hong Kong and in the People’s Republic of China (the “**PRC**”).

## 2. PRINCIPAL ACCOUNTING POLICIES

### Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the following new/revised HKFRS Accounting Standards that are relevant to the Group and effective from the current year as set out below.

### Adoption of new/revised HKFRS Accounting Standards

The Group has applied, for the first time, the following new/revised HKFRS Accounting Standards that are relevant to the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

#### **Amendments to HKAS 1: Classification of Liabilities as Current or Non-current**

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

#### **Amendments to HKAS 1: Non-current Liabilities with Covenants**

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

#### **Amendments to HK Interpretation 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause**

This interpretation is revised as a consequence of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants to align the corresponding wordings with no change in conclusion.

The adoption of the amendments on this interpretation does not have any significant impact on the consolidated financial statements.

#### **Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements**

The amendments require to enhance the transparency of supplier finance arrangements (SFA) and their effects on an entity's liabilities, cash flows and exposure to liquidity risk in response to investors' concerns that some entities' SFA are not sufficiently visible, hindering investors' analysis.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

#### **Amendments to HKFRS 16: Lease Liability in a Sale and Leaseback**

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

## Future changes in HKFRS Accounting Standards

At the date of authorising these consolidated financial statements, the HKICPA has issued the following new/revised HKFRS Accounting Standards that are not yet effective for current year, which the Group has not early adopted.

Amendments to HKAS 21	Lack of Exchangeability <sup>[1]</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>[2]</sup>
Annual Improvements to HKFRS Accounting Standards	Volume 11 <sup>[2]</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>[2]</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>[3]</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>[3]</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>[4]</sup>

<sup>[1]</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>[2]</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>[3]</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>[4]</sup> The effective date to be determined

The directors of the Company do not anticipate that the adoption of the new/revised HKFRS Accounting Standards in future periods will have any material impact on the Group's consolidation financial statements.

## 3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments are as follows:

- 1) E-cigarettes products segment: manufacturing and sales of e-cigarettes products.
- 2) Integrated plastic solutions segment: manufacturing and sales of moulds and plastic products.
- 3) Medical consumable products segment: manufacturing and sales of medical consumable products.

## Segment revenue and results

Segment revenue represents revenue derived from manufacturing and sales of e-cigarettes products, moulds and plastic products and medical consumable products.

Segment results represent the gross profit less selling and distribution costs, provision for/reversal of loss allowance on trade receivables, write-off of property, plant and equipment and loss on disposal of property, plant and equipment incurred by each segment without allocation of other income, other losses, net, administrative and other operating expenses, finance costs and income tax expenses. This is the information reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

The followings are analysis of the Group's revenue and results by reportable and operating segments:

	<b>E-cigarettes products HK\$'000</b>	<b>Integrated plastic solutions HK\$'000</b>	<b>Medical consumable products HK\$'000</b>	<b>Total HK\$'000</b>
<b><u>Year ended 31 December 2024</u></b>				
Segment revenue	<u>90,989</u>	<u>445,558</u>	<u>3,064</u>	<u>539,611</u>
Gross profit	<u>11,132</u>	<u>98,546</u>	<u>445</u>	<u>110,123</u>
Provision for loss allowance on trade receivables	(154)	(1,700)	—	(1,854)
Write-off of property, plant and equipment	—	(17)	—	(17)
Loss on disposal of property, plant and equipment	(62)	(60)	—	(122)
Selling and distribution costs	<u>(56)</u>	<u>(5,550)</u>	<u>—</u>	<u>(5,606)</u>
Segment results	<u>10,860</u>	<u>91,219</u>	<u>445</u>	<u>102,524</u>
<i>Unallocated income and expenses</i>				
Other income				8,495
Other losses, net				(2,288)
Administrative and other operating expenses				(116,719)
Finance costs				<u>(2,802)</u>
Loss before tax				(10,790)
Income tax expenses				<u>(2,875)</u>
Loss for the year				<u>(13,665)</u>

	E-cigarettes products <i>HK\$'000</i>	Integrated plastic solutions <i>HK\$'000</i>	Medical consumable products <i>HK\$'000</i>	Total <i>HK\$'000</i>
<u>Year ended 31 December 2023</u>				
Segment revenue	<u>122,726</u>	<u>572,400</u>	<u>2,388</u>	<u>697,514</u>
Gross profit (loss)	<u>15,176</u>	<u>122,913</u>	<u>(2,175)</u>	<u>135,914</u>
Reversal of loss allowance on trade receivables	—	570	—	570
Write-off of property, plant and equipment	—	(191)	—	(191)
Loss on disposal of property, plant and equipment	—	(27)	—	(27)
Selling and distribution costs	—	(4,604)	—	(4,604)
Segment results	<u>15,176</u>	<u>118,661</u>	<u>(2,175)</u>	<u>131,662</u>
<i>Unallocated income and expenses</i>				
Other income				16,082
Other losses, net				(1,607)
Administrative and other operating expenses				(114,780)
Finance costs				(5,436)
Profit before tax				25,921
Income tax expenses				(2,464)
Profit for the year				<u>23,457</u>

#### 4. REVENUE

	<b>2024</b> <b><i>HK\$'000</i></b>	2023 <i>HK\$'000</i>
<u>Revenue from contracts with customers within the scope of HKFRS 15</u>		
Sales of e-cigarettes products	<b>90,989</b>	122,726
Sales of moulds and plastic products	<b>445,558</b>	572,400
Sales of medical consumable products	<b>3,064</b>	2,388
	<u><b>539,611</b></u>	<u>697,514</u>

The revenue from contracts with customers within the scope of HKFRS 15 is recognised at a point in time.



## 5. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Bank interest income	3,037	2,727
Finance lease interest income	—	206
Government grants ( <i>Note a</i> )	1,523	1,761
Management service income	—	814
Rental and utilities recharge income	4	3,149
Sales of scrap materials	465	999
Sundry income	1,159	1,418
Gain from early termination of lease (as lessor)	—	5,008
Gain on termination of leased properties (as lessee)	103	—
Write-back of other tax payables ( <i>Note b</i> )	2,204	—
	<u>8,495</u>	<u>16,082</u>

*Note:*

- (a) Included in the amount is the amortisation of deferred government grant of approximately HK\$1,469,000 (2023: HK\$1,456,000) in relation to the acquisition of certain property, plant and equipment. In the opinion of the management of the Group, the remaining government grants recognised directly in profit or loss have no unfulfilled condition or contingency relating to the government grants.
- (b) During the year ended 31 December 2024, the Group negotiated and reached an agreement with the PRC tax authority, resulting in the waiver of related tax liabilities attributable to intra-company transactions conducted between the Company's subsidiaries in prior years. This led to a write-back of other tax payables amounting to approximately HK\$2,204,000.

## 6. OTHER LOSSES, NET

	2024 HK\$'000	2023 HK\$'000
Exchange loss, net	(1,551)	(2,560)
Changes in fair value of financial assets at FVPL	809	953
Realised gain from the disposal of financial assets at FVPL	48	—
Write-off of property, plant and equipment	(17)	(191)
Write-off of other receivable	(1,594)	—
Loss on disposal of property, plant and equipment	(122)	(27)
	<u>(2,427)</u>	<u>(1,825)</u>

## 7. (LOSS) PROFIT BEFORE TAX

This is stated after charging:

	2024 HK\$'000	2023 HK\$'000
<b>Finance costs</b>		
Interest on interest-bearing borrowings	2,428	5,052
Interest on payables for construction in progress	101	205
Interest on lease liabilities	273	179
	<u>2,802</u>	<u>5,436</u>
<b>Staff costs, including directors' emoluments</b>		
Salaries, allowances and other benefits in kinds	138,555	136,628
Discretionary bonus	2,129	5,806
Contributions to defined contribution plans	11,119	9,410
	<u>151,803</u>	<u>151,844</u>
<b>Other items</b>		
Cost of inventories	429,488	561,600
Auditors' remuneration	1,419	1,566
Depreciation (charged to "cost of goods sold" and "administrative and other operating expenses", as appropriate)	50,899	50,708
Write-down of inventories (charged to "cost of goods sold")	3,589	6,100
Write-off of other receivable	1,594	—
Short-term lease payments	73	—
Research and development expenses	17,798	29,491
	<u>17,798</u>	<u>29,491</u>

## 8. TAXATION

	2024 HK\$'000	2023 HK\$'000
<b>Current tax</b>		
Hong Kong Profits Tax		
Current year	—	102
Over provision in prior year	(79)	(657)
	<u>(79)</u>	<u>(555)</u>
PRC Enterprise Income Tax		
Current year	3,827	1,559
Over provision in prior years	(2,467)	(258)
	<u>1,360</u>	<u>1,301</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(73)	598
Utilisation of tax losses recognised	1,667	1,120
	<u>1,594</u>	<u>1,718</u>
Total income tax expenses for the year	<u>2,875</u>	<u>2,464</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax under these jurisdictions.

Pursuant to the enactment of two-tiered profits tax rates regime by the Inland Revenue Department of Hong Kong from the year of assessment 2018/19 onwards, the assessable profits of a Hong Kong incorporated subsidiary of the Group (as elected by the management of the Group) is subject to the two-tiered profits tax rates regime that the first HK\$2 million of assessable profits will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%.

During the year ended 31 December 2024, Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes in Hong Kong.

During the year ended 31 December 2023, one of the Group's subsidiaries in Hong Kong, was a qualifying entity under the two-tiered profits tax rates regime, the first HK\$2 million of profits will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The Hong Kong Profits Tax of other Group's entities established in Hong Kong and the Cayman Islands is calculated at the standard tax rate of 16.5% of their respective estimated assessable profits arising in Hong Kong.

The Group's entities established in the PRC are subject to PRC Enterprise Income Tax at a statutory rate of 25%, except for Huizhou Tian Chang Industrial Company Limited (English translation of 惠州市天長實業有限公司 for identification purpose only), which was approved to be a "New and High Technology Enterprise" since December 2022 with a valid period of 3 years. The "New and High Technology Enterprise" is subject to a preferential rate of 15% during the valid period. The State Taxation Administration of the PRC announced in March 2021 that enterprises engaging in research and development activities would be entitled to claim at maximum 200% of their research and development expenses as "Super Deduction" and the directors of the Company considered Huizhou Tian Chang Industrial Company Limited was eligible to enjoy the Super Deduction until year 2023.

## 9. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Final dividend in respect of 2023 of HK\$1.5 cents per ordinary share (2022: HK\$2.0 cents)	<u>9,300</u>	<u>12,400</u>
Not recognised final dividend - Final dividend declared after the balance sheet date of HK\$nil cents per ordinary share (2023: HK\$1.5 cents) (Note)	<u>—</u>	<u>9,300</u>

*Note:* The directors of the Company did not recommend the payment of a final dividend (2023: final dividend of HK\$1.5 cents per ordinary share totalling HK\$9,300,000).

# 10. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on (loss) profit attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the years ended 31 December 2024 and 2023:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<i>(Loss)Earnings for the purpose of calculating basic and diluted (loss) earnings per share:</i>		
(Loss)Profit for the year attributable to equity holders of the Company	<u>(13,665)</u>	<u>23,457</u>
	<i>'000</i>	<i>'000</i>
<i>Number of shares:</i>		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	620,000	620,000
Effect of dilutive potential ordinary shares:		
– Share options of the Company <i>(Note a and b)</i>	<u>—</u>	<u>6,184</u>
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	<u>620,000</u>	<u>626,184</u>
Basic (loss) earnings per share (HK cents)	<u>(2.20)</u>	<u>3.78</u>
Diluted (loss) earnings per share (HK cents)	<u>(2.20)</u>	<u>3.75</u>

*Note a:* For the year ended 31 December 2024, the Company's share option scheme had an anti-dilutive effect to the basic loss per share calculation. The conversion of the above dilutive potential shares is not assumed in the computation of diluted loss per share for the year ended 31 December 2024. Therefore, the basic and diluted loss per share for the year ended 31 December 2024 are the same.

*Note b:* For the years ended 31 December 2023, the computation of diluted earnings per share assumed the exercise of the first and second tranche of share options granted by the Company because the exercise price of these share options was lower than the average market price of the Company's shares.

## 11. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
<b>Trade receivables</b>			
From third parties	11(a)	133,222	107,788
Loss allowance for expected credit losses		(6,790)	(5,026)
	11(b)	<u>126,432</u>	<u>102,762</u>
<b>Other receivables</b>			
Deposits		535	432
Prepayment for suppliers		549	444
Prepayment for insurance		1,783	2,890
Other receivables		82	2,777
Value-added tax recoverable		1,514	2,704
Prepaid expenses		<u>1,540</u>	<u>1,292</u>
		<u>6,003</u>	<u>10,539</u>
		<u><b>132,435</b></u>	<u><b>113,301</b></u>

### 11(a) Trade receivables from third parties

The Group grants credit period up to 90 days to its customers upon the issuance of invoices.

### 11(b) The ageing analysis of the trade receivables, net of loss allowance, by invoice date at the end of the reporting period is as follows:

	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Within 30 days	84,288	68,745
31 to 60 days	28,977	20,266
61 to 90 days	11,370	10,178
Over 90 days	<u>1,797</u>	<u>3,573</u>
	<u><b>126,432</b></u>	<u><b>102,762</b></u>

## 12. TRADE AND OTHER PAYABLES

	<i>Notes</i>	<b>2024</b> <b><i>HK\$'000</i></b>	2023 <i>HK\$'000</i>
<b>Trade payables</b>			
To third parties	<i>12(a)</i>	<b>73,066</b>	55,512
<b>Other payables</b>			
Contract liabilities		<b>12,804</b>	9,678
Salaries and bonus payables		<b>16,238</b>	17,962
Accruals and other creditors		<b>16,463</b>	21,576
		<b>45,505</b>	49,216
		<b>118,571</b>	104,728

### 12(a) Trade payables

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

	<b>2024</b> <b><i>HK\$'000</i></b>	2023 <i>HK\$'000</i>
Within 30 days	<b>33,849</b>	19,723
31 to 60 days	<b>23,255</b>	23,403
61 to 90 days	<b>12,321</b>	7,925
Over 90 days	<b>3,641</b>	4,461
	<b>73,066</b>	55,512

The normal credit term on trade payables is up to 90 days.

### 13. INTEREST-BEARING BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest-bearing borrowings, secured	<u>31,221</u>	<u>61,939</u>
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
The carrying amounts of the interest-bearing borrowings that do not contain a repayable on demand clause are repayable:		
Within one year	<u>—</u>	<u>222</u>
The carrying amounts of the interest-bearing borrowings that contain a repayable on demand clause (shown under current liabilities) but repayable:		
Within one year	16,182	51,331
In the second year	15,039	8,436
In the third to fifth year	<u>—</u>	<u>1,950</u>
	<u>31,221</u>	<u>61,717</u>
	31,221	61,939
Less: Amounts due within one year shown under current liabilities	<u>(31,221)</u>	<u>(61,939)</u>
Amounts shown under non-current liabilities	<u>—</u>	<u>—</u>

The interest-bearing borrowings from banks and a financial institution are wholly repayable within five years since its inception. At 31 December 2024, the interest-bearing borrowings carried weighted average effective interest rate of approximately 3.76% (2023: 3.91%) per annum.

### 14. LEASE LIABILITIES

	Present value of lease payments	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Amounts payable:</b>		
Within one year	2,153	2,393
More than one year but within two years	1,845	903
More than two years but within five years	<u>4,301</u>	<u>522</u>
Total lease liabilities	8,299	3,818
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(2,153)</u>	<u>(2,393)</u>
Amount shown under non-current liabilities	<u>6,146</u>	<u>1,425</u>

The Group uses the lessee's incremental borrowing rates to discount future lease payments since interest rates implicit in the leases are not readily determinable. In determining the discount rates for its leases, the Group refers to a rate that is readily observable as the starting point and then applies judgement and adjusts such observable rate to determine the incremental borrowing rate.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group operates its business through three segments, namely integrated plastic solutions segment, electronic cigarette (the “**e-cigarette**”) products segment and medical consumable products segment. The integrated plastic solutions segment engages in mould design and fabrication services as well as plastic component design and manufacturing services. The e-cigarettes products segment engages in the manufacturing and sales of e-cigarette products. The Group’s medical consumable products segment engages in the manufacturing and sales of disposable face masks products under our own brand name of “CAREWE”. The Group distributes our products within the domestic market and to overseas markets, including Europe, Asia and the United States (the “**U.S.**”). The Group has also obtained the Authorised Economic Operator (“**AEO**”) Certificate issued by the China Customs, which could improve the operational efficiency of the Group.

In 2024, the business environment remained volatile due to widespread global inflation and uncertainties surrounding the global economic slowdown. These factors contributed to subdued consumer sentiment and more cautious spending behaviour, which in turn affected consumer demand and sales orders. As a result, the Group recorded a decrease in revenue and resulted in a loss after tax during the year. Despite these uncontrollable external challenges and the unpredictable environment, the Group has remained committed to investing in research and development to drive long-term growth. A research and development centre has been established at our Shenzhen office, with a primary focus on developing new products for integrated plastic solutions segment and advancing the core technology of e-cigarettes, including atomization, coil technology and other related innovations.

During the Year, the Group’s total revenue amounted to approximately HK\$539.6 million (2023: HK\$697.5 million), representing a decrease of approximately 22.6%. The Group recorded a gross profit of approximately HK\$110.1 million (2023: HK\$135.9 million) with a gross profit margin of approximately 20.4% (2023: 19.5%).

The Group recorded a loss for the year attributable to equity holders of the Company of approximately HK\$13.7 million (2023: profit of HK\$23.5 million). Basic loss per share attributable to equity holders of the Company were approximately 2.20 HK cents (2023: earnings per share of 3.78 HK cents).

### BUSINESS SEGMENT ANALYSIS

#### Integrated Plastic Solutions

Revenue from the integrated plastic solutions business division was mainly derived from (i) the design and fabrication of plastic injection moulds; and (ii) design and manufacturing of plastic components employing the plastic injection moulds fabricated internally or by our subcontractors.



The Group has the expertise to engineer and fabricate plastic injection moulds with cavities, enabling the precise design and production of plastic components tailored to the desired and customised design, features and specifications. The Group has the technical capabilities to fabricate moulds that meet the MT1 precision level as defined by the “National Standard of the People’s Republic of China GB/T14486-2008-Dimensional Tolerances for Moulded Plastic Parts” (中華人民共和國國家標準GB/T14486-2008-塑料模塑件尺寸公差) which is the highest precision level under the national guidelines. By utilising the plastic injection process and applying the plastic injection moulds fabricated by the Group or external subcontractors in limited cases, the Group manufactures plastic components for office furniture, office electronic products, home appliances, communication products, automobiles and solar system.

### **Manufacturing of e-cigarette products**

The Group manufactures e-cigarette products as an original equipment manufacturer (“OEM”) and sells to overseas and the People’s Republic of China (the “PRC”). Such e-cigarette products include disposable e-cigarettes, refillable e-cigarettes, battery rods, clearomisers, liquidpods and heated tobacco device. The Group obtained the Tobacco Monopoly Production Enterprise License issued by the State Tobacco Monopoly Administration of the People’s Republic of China in respect of OEM with validity period up to 2025.

In 2023, we established a research and development centre at our Shenzhen office, dedicated to advancing core e-cigarette technologies. This initiative focuses on improving atomization technology, innovating coil design, and driving other key advancements in the e-cigarette sector. The Group anticipates that this investment in research and development will not only accelerate the development of new e-cigarette products, but also enhance competitiveness, seize business opportunities, and strengthen collaborations with other e-cigarette brands to foster deeper partnerships. This effort aligns with the Group’s strategic growth in the e-cigarette segment.

### **Manufacturing of medical consumable products**

The Group manufactures disposable face masks by utilising the cleanroom facilities in the Group’s production plant in Huizhou and acquiring disposable face mask production machines since 2020, as disclosed in the announcement of the Company dated 7 July 2020. Apart from this, the Group also engages in the manufacturing and sales of medical devices products.

The cleanroom facility in Huizhou has obtained the pharmaceutical industry standards of “YY/T 0033-2000 Good manufacture practice for sterile medical devices” issued by the National Medical Products Administration in the PRC. The manufacturing quality system has also fulfilled the standard of EN ISO13485:2016 Medical Devices Quality Management Systems as certified by the Société Générale de Surveillance S.A. (“SGS”). In addition, the Group has been granted Medical Device Manufacturing Enterprise License (醫療器械生產許可證) on medical device production issued by the National Medical Products Administration in the PRC.

The procedure face masks were tested and proved to have attained the standard of ASTM F2100 Level 3 in the U.S. and the standard of EN14683 Type IIR in Europe. Apart from the procedure face masks, the Group also developed face masks with higher level of protection, such as particulate face masks – KN95 and FFP2. The particulate face mask – KN95 has passed the requirements of GB2626-2019 standard in the PRC and NIOSH N95 – Pre-Certification Test issued by the ICS Laboratories in the U.S. In addition, the particulate face mask – FFP2 also passed the requirements of EN 149:2001+A1:2009 standard, credited as FFP2 NR protective respirator, and certified with CE Mark (through SGS Fimko Oy, Notified Body #0598) granted by the SGS. Furthermore, the Group has obtained the Section 510(k) premarket notification (“**PMN**”) clearance from the United States Food and Drug Administration (“**FDA**”) in August 2022 on our surgical particulate face masks – N95 and FFP2, indicating that our particulate face mask products are both safe and effective for medical and surgical use, meeting all legal requirements for sale and marketing in the U.S..

## **FINANCIAL REVIEW**

### **Revenue**

Revenue for the year ended 31 December 2024 was approximately HK\$539.6 million, representing a decrease of approximately HK\$157.9 million, or approximately 22.6%, from approximately HK\$697.5 million for the year ended 31 December 2023.

Revenue from the integrated plastic solutions segment for the year ended 31 December 2024 was approximately HK\$445.6 million, accounting for approximately 82.6% of our total revenue and representing a decrease of approximately HK\$126.8 million, or approximately 22.2%, from segment revenue of approximately HK\$572.4 million for the year ended 31 December 2023. This was primarily due to declining demand in consumer product markets, which resulted in a decrease in sales orders from the Group’s major customers during the year.

The e-cigarette products segment revenue for the year ended 31 December 2024 was approximately HK\$91.0 million, accounting for approximately 16.9% of our total revenue and representing a decrease of approximately HK\$31.7 million, or approximately 25.8%, from segment revenue of approximately HK\$122.7 million for the year ended 31 December 2023. The decrease was primarily caused by a decrease in sales orders for e-cigarette products during the year.

The medical consumable products segment revenue for the year ended 31 December 2024 was approximately HK\$3.0 million, accounting for approximately 0.5% of our total revenue and representing an increase of approximately HK\$0.6 million, or approximately 25.0%, from segment revenue of approximately HK\$2.4 million for the year ended 31 December 2023. The growth was mainly due to an increase in sales of medical device products during the year.

## **Gross Profit**

Gross profit for the year ended 31 December 2024 was approximately HK\$110.1 million (2023: HK\$135.9 million), representing a gross profit margin of 20.4% (2023: 19.5%).

Segment gross profit for integrated plastic solutions for 2024 was approximately HK\$98.6 million (2023: HK\$122.9 million), representing a gross profit margin of 22.1% (2023: 21.5%). The increase in gross profit margin was mainly due to a higher proportion of high-margin products in the product mix starting from the second half of the year.

Segment gross profit for e-cigarettes products for 2024 was approximately HK\$11.1 million (2023: HK\$15.2 million), representing a gross profit margin of 12.2% (2023: 12.4%).

Segment gross profit for medical consumable products for 2024 was approximately HK\$0.4 million (2023: gross loss HK\$2.2 million), representing a gross profit margin of 13.3% (2023: gross loss margin 91.7%). The Group provided an allowance for inventories on slow-moving medical consumable products for the year ended 31 December 2023, and it resulted in a gross loss for medical consumable products. However, there was no such provision made for the year ended 31 December 2024.

## **Other Income**

Other income for the year ended 31 December 2024 was approximately HK\$8.5 million, representing a decrease of approximately HK\$7.6 million, or approximately 47.2%, from approximately HK\$16.1 million for the same period in 2023. The decrease was resulted from the decrease in rental income and termination fee income. In 2023, the Group leased the new factory premises to an independent third party; however, the lease was terminated within the same year and a termination fee was received from the tenant for early termination for the year ended 31 December 2023. No such termination fee income was received for the year ended 31 December 2024.

## **Selling and Distribution Costs**

Selling and distribution costs for the year ended 31 December 2024 were approximately HK\$5.6 million, representing an increase of approximately HK\$1.0 million, or approximately 21.7%, from approximately HK\$4.6 million for the year ended 31 December 2023. The increase was primarily driven by higher sales volume from certain customers who required our delivery services during the year.

## **Administrative and Other Operating Expenses**

Administrative and other operating expenses for the year ended 31 December 2024 were approximately HK\$116.7 million, which was similar to that for the year ended 31 December 2023 of approximately HK\$114.8 million.

## **Finance Costs**

Finance costs for the year ended 31 December 2024 were approximately HK\$2.8 million, representing a decrease of approximately HK\$2.6 million, or approximately 48.1%, from approximately HK\$5.4 million for the year ended 31 December 2023. The decrease was mainly due to the repayment of secured bank borrowings with higher interest rates during the year.

## **Income Tax Expenses**

Income tax expenses for the year ended 31 December 2024 were approximately HK\$2.9 million, representing an increase of approximately HK\$0.4 million, or approximately 16.0%, from approximately HK\$2.5 million for the year ended 31 December 2023. The increase was because the super deduction that was previously available was not eligible to be claimed for the year ended 31 December 2024.

## **Loss/Profit Attributable to Equity Holders of the Company**

As a result of the foregoing, loss for the year ended 31 December 2024 was approximately HK\$13.7 million, representing a decrease of approximately HK\$37.2 million, or approximately 158.3%, from the profit of approximately HK\$23.5 million for the year ended 31 December 2023.

## **FUTURE PLAN AND PROSPECTS**

Global uncertainties such as international trade frictions, geopolitical disruptions, inflationary pressures and economic volatility are expected to persist, further complicating the business environment. In response, we are committed to broadening our customer base by targeting those in need of high-quality e-cigarettes and plastic products. In addition, with the backing of our research and development centre, the Group's core technologies and competitive strengths will be substantially enhanced. This will facilitate the expansion of our product offerings, including but not limited to e-cigarette products, plastic products and medical consumable products, providing momentum for long-term growth. Meanwhile, the Group will focus on enhancing cost efficiency to strengthen its competitiveness. With these strategic initiatives, we remain optimistic about the Group's prospects.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers. As at 31 December 2024, the Group had bank balances and cash of approximately HK\$129.5 million (2023: HK\$132.6 million). Interest-bearing borrowings as at 31 December 2024 was approximately HK\$31.2 million (2023: HK\$61.9 million) with weighted average effective interest rate of approximately 3.76% per annum (2023: 3.91% per annum). The Group's gearing ratio as at 31 December 2024, calculated based on the total borrowings to the equity attributable to owners of the Company, was 5.6% (2023: 8.8%).

## **FOREIGN EXCHANGE RISK**

The monetary assets and liabilities and business transaction of the Group are mainly carried out and conducted in Hong Kong dollars, U.S. dollars and Renminbi. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by entering into foreign currency forward contracts, if necessary. As at 31 December 2024, the Group did not have any outstanding foreign currency forward contracts. The Group will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

For the year ended 31 December 2024, the Group has made no material acquisitions or disposals of subsidiaries and associated companies.

## **CONTINGENT LIABILITIES**

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

## **CHARGE ON GROUP ASSETS**

As at 31 December 2024, certain buildings and certain right-of-use assets in respect of the prepaid land lease payments with aggregate net carrying amount of approximately HK\$168.1 million (2023: HK\$374.7 million) and key management insurance contracts with fair value of approximately HK\$13.9 million (2023: HK\$32.6 million) were pledged as security for bank facilities.

## **SUBSEQUENT EVENT**

No material events occurred subsequent to 31 December 2024 which may have a significant effect on the assets and liabilities or future operations of the Group.

## **EMPLOYEE AND REMUNERATION POLICY**

The Group has 917 employees as at 31 December 2024. The Group's remuneration policy is to compensate its employees based on their performance, qualifications and the Group's operational results. Remuneration of employees includes basic salaries, performance bonus and share options. Directors and senior management of the Group receive compensation in the form of fees, salaries, allowances, discretionary bonus, share options, defined contribution plans and other benefits in kind with reference to those paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses its Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages (including incentive plans) of its Directors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of its Directors and senior management and the performance of the Group.

## SHARE OPTION SCHEME

On 28 May 2019, the Company adopted a share option scheme (the “**Option Scheme**”) for the purpose of providing reward to selected participants for their contribution to the Group. Eligible participants of the Option Scheme include, without limitation, employees, executive directors, non-executive directors, shareholders, advisers and consultants.

For the year ended 31 December 2024, the Company has the following share options granted to the eligible participants under the Option Scheme:

Grantees	Date of grant	Exercise price (HK\$)	Outstanding as at 1 January 2024	Options lapsed during the year	Options outstanding at 31 December 2024	Exercisable at 31 December 2024
<b>Directors, chief executives and substantial shareholders</b>						
Chan Tsan Lam	13 May 2020	0.355	620,000	—	620,000	620,000
Chan Yin Yan	13 May 2020	0.355	6,200,000	—	6,200,000	6,200,000
Poon Po Han Lisa	13 May 2020	0.355	6,200,000	—	6,200,000	6,200,000
Hung Chun Leung	13 May 2020	0.355	500,000	—	500,000	500,000
Chan Bing Kai	13 May 2020	0.355	500,000	—	500,000	500,000
<b>Employees</b>	13 May 2020	0.355	16,750,000	(750,000)	16,000,000	16,000,000
<b>Service providers</b>	13 May 2020	0.355	2,000,000	—	2,000,000	2,000,000
			<u>32,770,000</u>	<u>(750,000)</u>	<u>32,020,000</u>	<u>32,020,000</u>

## SIGNIFICANT INVESTMENTS HELD

During the year ended 31 December 2024, the Group did not hold any significant investment in equity interest in any other company.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group has no plan to make material investments or increase its capital assets.

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

The Company and any of its subsidiaries have not purchased, redeemed or sold any of its listed securities during the year ended 31 December 2024.

## CAPITAL COMMITMENTS

As at 31 December 2024, the Group did not have any other significant capital commitment (2023:HK\$181,000).



## CORPORATE GOVERNANCE MEASURES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) to ensure that the Company’s business activities and decision making processes are regulated in a proper and prudent manner.

Mr. Chan Tsan Lam (“**Mr. Chan**”) is the chairman of the Board and chief executive officer of the Company. Although this deviates from the practice under code provision C.2.1 of the CG Code, where it provides that the two positions should be held by two different individuals, as Mr. Chan has considerable experience in the enterprise operation and management of the Company, the Board believes that it is in the best interests of the Company and its shareholders as a whole to continue to have Mr. Chan as chairman of the Board and as chief executive officer so that it can benefit from his experience and capability in leading the Board in the long-term development of the Company. From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the chairman should not be able to monopolise the decision-making of the Board. The Board considers that the balance of power between the Board and management can still be maintained under the current structure. The Board shall review its management structure from time to time to ensure appropriate action be taken should the need arise.

Save as disclosed above, during the year ended 31 December 2024, the Company has complied with the CG Code.

## AUDIT COMMITTEE

The Group has established an audit committee (the “**Audit Committee**”) on 8 February 2018 with its written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board. Our audit committee consists of three members, being Mr. Ng Chi Wai, Mr. Hung Chun Leung and Mr. Chan Bing Kai. Mr. Ng Chi Wai currently serves as the chairman of our Audit Committee, who holds the appropriate professional qualification as required under rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has reviewed with the management the Group’s consolidated financial statements for the year ended 31 December 2024, the accounting principles and practices adopted and discussed auditing, internal control and financial reporting matters.

## SCOPE OF WORK OF FORVIS MAZARS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, and related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditors, Forvis Mazars CPA Limited ("**Forvis Mazars**"), to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2024. The work performed by Forvis Mazars 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Forvis Mazars in this announcement.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its code of conduct regarding dealings in the securities of the Company by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities.

Upon specific enquiry, all Directors have confirmed that they have complied with the Model Code during the year ended 31 December 2024. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the year ended 31 December 2024.

## FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: *HK1.5 cents per share*).

## PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Group for the year ended 31 December 2024 is available for viewing on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.hktcgroup.com](http://www.hktcgroup.com).

An annual report for the year ended 31 December 2024, containing all the information required by the Listing Rules, will be dispatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board  
**TIAN CHANG GROUP HOLDINGS LTD.**  
**Chan Tsan Lam**  
*Chairman*

Hong Kong, 28 March 2025

*As at the date of this announcement, the executive directors of the Company are Mr. Chan Tsan Lam, Ms. Poon Po Han Lisa and Ms. Chan Yin Yan, and the independent non-executive directors of the Company are Mr. Ng Chi Wai, Mr. Hung Chun Leung and Mr. Chan Bing Kai.*