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TK Group (Holdings) Limited

東江集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2283)

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

The board of directors (the “**Board**”) of TK Group (Holdings) Limited (the “**Company**”) is pleased to announce the audited consolidated 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, as follows:

FINANCIAL HIGHLIGHTS

	2024	2023
Results and financial performances		
Results		
Revenue (HK\$'000)	2,358,290	1,945,721
Profit for the year (HK\$'000)	261,850	204,191
Basic earnings per share (HK\$)	0.32	0.25
Proposed final dividend per share (HK cents)	8.8	7.5
Proposed special dividend per share (HK cents)	10.0	10.0
Gross profit margin	26.5%	26.4%
Net profit margin	11.1%	10.5%
Return on equity (<i>Note 1</i>)	15.3%	12.1%
Return on assets (<i>Note 2</i>)	10.2%	8.3%
Inventory turnover days (<i>Note 3</i>)	87	102
Trade receivable turnover days (<i>Note 4</i>)	56	58
Trade payable turnover days (<i>Note 5</i>)	55	61
Financial position		
Net current assets (HK\$'000)	1,264,692	1,193,086
Current ratio (<i>Note 6</i>)	263.4%	276.0%
Quick ratio (<i>Note 7</i>)	209.2%	222.9%
Gearing ratio (<i>Note 8</i>)	N/A	1.5%

Notes:

- (1) Return on equity ratio is calculated by dividing profit after tax by total equity and multiplying the resulting value by 100%.
- (2) Return on assets ratio is calculated by dividing profit after tax by total assets and multiplying the resulting value by 100%.
- (3) Inventory turnover days are calculated based on the average balance of inventories divided by the cost of sales for the relevant year multiplied by 365 days.
- (4) Trade receivable turnover days are calculated based on the average trade receivables divided by the revenue for the relevant year multiplied by 365 days.
- (5) Trade payable turnover days are calculated based on the average trade payables divided by the cost of sales for the relevant year multiplied by 365 days.
- (6) Current ratio is calculated by dividing current assets by current liabilities and multiplying the resulting value by 100%.
- (7) Quick ratio is calculated by dividing current assets less inventory by current liabilities and multiplying the resulting value by 100%.
- (8) Gearing ratio is calculated by dividing total borrowings by total equity and multiplying the resulting value by 100%. The Group had fully repaid the bank borrowings during the year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December	
		2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	2,358,290	1,945,721
Cost of sales		<u>(1,732,463)</u>	<u>(1,432,928)</u>
Gross profit		625,827	512,793
Other income		58,228	45,244
Other gains – net		10,564	6,227
Selling expenses		(71,004)	(57,375)
Administrative expenses		(304,407)	(275,152)
Net (impairment)/reversal of impairment losses on financial assets		<u>(5,583)</u>	<u>2,978</u>
Operating profit		313,625	234,715
Interest income		23,468	22,796
Interest expenses		<u>(4,501)</u>	<u>(12,485)</u>
Finance income – net		<u>18,967</u>	<u>10,311</u>
Share of results of associates		<u>617</u>	<u>(8,032)</u>
Profit before income tax		333,209	236,994
Income tax expense	5	<u>(71,359)</u>	<u>(32,803)</u>
Profit for the year		<u>261,850</u>	<u>204,191</u>
Other comprehensive loss			
<i>Item that may be reclassified to profit and loss:</i>			
Currency translation differences		<u>(58,953)</u>	<u>(29,427)</u>
Total comprehensive income for the year		<u>202,897</u>	<u>174,764</u>
Earnings per share			
– Basic and diluted	6	<u>HK\$0.32</u>	<u>HK\$0.25</u>

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	As at 31 December	
		2024	2023
		HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		355,743	411,804
Right-of-use assets		96,204	92,201
Intangible assets		9,763	15,053
Financial assets at fair value through profit or loss		43,500	33,621
Investments in associates		17,812	17,195
Loans to associates		2,424	–
Deferred tax assets		3,394	5,019
Prepayments for property, plant and equipment		9,234	5,646
		<u>538,074</u>	<u>580,539</u>
Current assets			
Inventories		419,562	360,082
Trade and other receivables	8	454,266	352,814
Restricted cash		1,036	–
Term deposits		155,200	–
Cash and cash equivalents		1,008,605	1,158,156
		<u>2,038,669</u>	<u>1,871,052</u>
Total assets		<u>2,576,743</u>	<u>2,451,591</u>
EQUITY			
Share capital	11	83,326	83,326
Share premium	11	251,293	251,293
Shares held for employee share award scheme		(13,103)	(17,679)
Other reserves		(1,662)	52,263
Retained earnings		1,391,433	1,315,974
Total equity		<u>1,711,287</u>	<u>1,685,177</u>

		As at 31 December	
		2024	2023
	<i>Note</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		31,431	28,298
Deferred income		31,582	36,750
Deferred tax liabilities		28,466	23,400
		<u>91,479</u>	<u>88,448</u>
Current liabilities			
Trade and other payables	9	435,904	335,196
Contract liabilities		249,274	228,855
Income tax liabilities		19,037	19,922
Bank borrowings	10	–	25,708
Lease liabilities		69,762	68,285
		<u>773,977</u>	<u>677,966</u>
Total liabilities		<u>865,456</u>	<u>766,414</u>
Total equity and liabilities		<u>2,576,743</u>	<u>2,451,591</u>

NOTES:

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 28 March 2013 as an exempted company with limited liability. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company, an investment holding company, and its subsidiaries (collectively the "**Group**") are principally engaged in the manufacturing, sales, subcontracting, fabrication and modification of molds and plastic components in the People's Republic of China (the "**PRC**").

As at 31 December 2024, the ultimate shareholders of the Company are Mr. Li Pui Leung, Mr. Yung Kin Cheung Michael and Mr. Lee Leung Yiu (collectively the "**Ultimate Shareholders**"), each holding an effective equity interest of 30.61%, 19.04% and 18.36% in the Company, respectively.

On 20 December 2013, shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

These consolidated financial statements are presented in Hong Kong dollars ("**HK\$**"), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 17 March 2025.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") and the disclosure requirements of the Hong Kong Companies Ordinance ("**HKCO**") Cap. 622.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss which is carried at fair value.

3. ACCOUNTING POLICIES

The Group has applied new and amendments to standards effective for the financial period beginning on 1 January 2024. The adoption of these new and amendments to standards does not have any significant impact on the consolidated financial statements of the Group.

Certain new and amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted for 31 December 2024 reporting period by the Group. These new standards, amendments to standards and interpretation are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4. SEGMENT INFORMATION

Information of the reportable segments for the year is set out as below:

	Mold fabrication		Plastic components manufacturing		Total	
	2024	2023	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue						
Segment revenue	830,133	736,483	1,660,120	1,326,095	2,490,253	2,062,578
Inter-segment revenue elimination	(131,963)	(116,857)	–	–	(131,963)	(116,857)
Revenue from external customers	698,170	619,626	1,660,120	1,326,095	2,358,290	1,945,721
Segment results and gross profit	258,116	228,994	367,711	283,799	625,827	512,793

5. INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	11,735	12,449
– PRC corporate income tax	52,258	31,346
	63,993	43,795
Deferred income tax		
– Hong Kong profits tax	1,739	(1,762)
– PRC corporate income tax	5,627	(9,230)
	7,366	(10,992)
Income tax expense	71,359	32,803

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and is exempted from Cayman Islands income tax.

No provision for income tax in the British Virgin Islands (the “BVI”) has been made as the Group has no income assessable for income tax in BVI during the year (2023: Nil).

Under the current Hong Kong Inland Revenue Ordinance, the subsidiaries in Hong Kong are subject to profits tax at the rate of 8.25% on assessable profits up to HK\$2,000,000, and 16.5% on any part of assessable profits over HK\$2,000,000.

PRC corporate income tax (“CIT”) is provided on the assessable income of entities within the Group incorporated in the PRC, calculated in accordance with the relevant regulations of the PRC. The applicable CIT rate is 25% (2023: 25%). Certain subsidiaries of the Group were recognised as “New and High Technology Enterprise” and enjoy a preferential CIT rate of 15%.

According to the CIT Law, a withholding income tax of 10% is levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. The immediate holding companies of certain PRC subsidiaries have obtained Hong Kong tax resident status, and a lower preferential 5% withholding income tax rate is applied.

6. EARNINGS PER SHARE

(a) Basic

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

	Year ended 31 December	
	2024	2023
Profit for the year (HK\$'000)	<u>261,850</u>	<u>204,191</u>
Weighted average number of ordinary shares issued (thousands)	<u>827,620</u>	<u>827,353</u>
Basic earnings per share (HK\$)	<u>0.32</u>	<u>0.25</u>

(b) Diluted

Diluted earnings per share approximates basic earnings per share for the years ended 31 December 2024 and 2023 as the impact of dilutive potential shares is immaterial.

7. DIVIDENDS

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Interim dividend paid of HK4.0 cents (2023 Interim: HK2.8 cents) per ordinary share	33,330	23,331
Proposed final dividend of HK8.8 cents (2023 Final: HK7.5 cents) per ordinary share	73,327	62,495
Proposed special dividend of HK10.0 cents (2023: HK10.0 cents) per ordinary share	83,326	83,326
	<u>189,983</u>	<u>169,152</u>

The dividends paid in 2024 and 2023 were approximately HK\$179,151,000 (HK21.5 cents per share) and HK\$94,991,000 (HK11.4 cents per share) respectively. A final dividend and a special dividend in respect of the year ended 31 December 2024 of HK8.8 cents and HK10.0 cents per share, respectively, amounting to a total of approximately HK\$73,327,000 and HK\$83,326,000, respectively, is to be approved at the forthcoming annual general meeting (“AGM”).

8. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Trade receivables (a)	409,412	320,225
Less: allowance for impairment	(9,726)	(4,289)
Trade receivables, net	399,686	315,936
Refund receivables for export tax	1,281	3,199
Prepayments and deposits	26,740	15,994
Value-added tax recoverable	14,226	12,422
Advances to employees	4,364	3,643
Loans to associates (b)	808	–
Others	7,161	1,620
	<u>454,266</u>	<u>352,814</u>

(a) **Trade receivables**

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

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Less than 3 months	358,739	267,075
More than 3 months but not exceeding 1 year	48,030	52,327
More than 1 year	2,643	823
	<u>409,412</u>	<u>320,225</u>

(b) **Loans to associates**

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Beginning of the year	–	2,297
Additions	4,325	–
Repayments	(1,031)	–
Interest charged	188	45
Allowance for impairment	–	(2,306)
Currency translation differences	(250)	(36)
	<u>3,232</u>	<u>–</u>

No allowance for impairment was recognised in relation to the loans to associates during the year (2023: HK\$2,306,000).

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Loans to associates:		
– Non-current	2,424	–
– Current	808	–
	<u>3,232</u>	<u>–</u>

During the year, the Group provided a loan to an associate amounting to EUR500,000 (equivalent to HK\$4,325,000). The loan to an associate is unsecured, subject to interest rate of 5% per annum and repayable within 5 years.

9. TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Trade payables (a)	292,330	227,712
Wages and staff welfare benefits payable	117,135	88,257
Accrual for expenses and other payables	14,071	10,084
Other taxes payable	12,368	9,143
	<u>435,904</u>	<u>335,196</u>

(a) The ageing analysis of trade payables based on the goods/services receipt date is as follows:

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
0–90 days	214,374	177,935
91–120 days	47,414	31,423
121–365 days	22,236	10,577
Over 365 days	8,306	7,777
	<u>292,330</u>	<u>227,712</u>

10. BORROWINGS

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Non-current		
Bank borrowings – unsecured	–	25,708
Less: current portion of non-current borrowings	–	(25,708)
	<u>–</u>	<u>–</u>
Current		
Current portion of non-current borrowings	–	25,708
	<u>–</u>	<u>25,708</u>
Total borrowings	<u>–</u>	<u>25,708</u>

11. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares <i>thousands</i>	Nominal value <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
Authorised				
31 December 2023 and 31 December 2024	<u>2,000,000</u>	<u>200,000</u>		
Issued and fully paid				
31 December 2023 and 31 December 2024	<u>833,260</u>	<u>83,326</u>	<u>251,293</u>	<u>334,619</u>

(a) All shares issued rank pari passu with each other.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, the global economy continued to pick up, with major economies achieving moderate growth. The U.S. economy showed a steady expansion trend, and Europe emerged from stagnation and regained growth momentum, while China, benefiting from a rebound in exports and policy support, achieved its annual growth target of 5%. At the same time, global inflationary pressures have further eased, and most countries have entered an interest rate cutting cycle, driving a rebound in consumer confidence. The consumer electronics industry has entered a new development cycle, with brand customers actively launching new products, market demand picking up, and customer orders increasing significantly. For the year ended 31 December 2024, the Group's total revenue reached HK\$2,358.3 million (2023: HK\$1,945.7 million), representing a year-on-year increase of 21.2%. The mold fabrication business continued to grow steadily, with a year-on-year increase of 12.7%. The plastic component manufacturing business rebounded significantly, with a year-on-year growth of 25.2%. Among them, the mobile phones and wearable devices, and commercial telecommunications equipment segments performed particularly well.

Revenue Analyzed by Downstream Industries

Industry	2024		2023		Change	
	<i>HK\$</i> <i>million</i>	%	<i>HK\$</i> <i>million</i>	%	<i>HK\$</i> <i>million</i>	%
Mobile phones and wearable devices	778.9	33.0	549.5	28.2	229.4	41.7
Medical and personal health care	350.3	14.9	349.7	18.0	0.6	0.2
Automobiles	326.3	13.8	368.7	18.9	-42.4	-11.5
Electronic atomizers	226.6	9.6	205.1	10.5	21.5	10.5
Smart home	198.9	8.4	190.0	9.8	8.9	4.7
Commercial telecommunications equipment	167.5	7.1	123.8	6.4	43.7	35.3
Others	309.8	13.2	158.9	8.2	150.9	95.0
	<u>2,358.3</u>	<u>100.0</u>	<u>1,945.7</u>	<u>100.0</u>	<u>412.6</u>	<u>21.2</u>

In 2024, as new products were put into mass production, order volume rebounded and capacity utilization increased significantly. The Group continued to optimize production processes and improve management, and the measures on cost reduction and efficiency improvement continued to show effect. However, the Group continued to invest in new projects during the year, which offset some of the cost benefits. During the year, the Group's gross profit increased by 22.0% to HK\$625.8 million (2023: HK\$512.8 million), and the gross profit margin increased by 0.1 percentage point to 26.5% (2023: 26.4%). The Group has strictly controlled administrative expenses, and the ratio of administrative expenses to total revenue dropped to 12.9% (2023: 14.1%). Profit for the year increased significantly by 28.2% as compared to the year ended 31 December 2023, amounted to HK\$261.9 million (2023: HK\$204.2 million). Net profit margin increased by 0.6 percentage point to 11.1% (2023: 10.5%), and the basic earnings per share was HK\$0.32 (2023: HK\$0.25), increasing by 28.0% as compared with the year ended 31 December 2023.

In 2024, customers were more active in stocking up for new products to be launched into the market, driving the Group's overall flow of goods and funds. During the year, the Group's inventory turnover days decreased by 15 days to 87 days, and the trade receivable turnover days decreased by 2 days to 56 days as compared to the year ended 31 December 2023. Faced with the uncertainties arising from geopolitical conflicts and macroeconomic turmoil, the Group maintained a rigorous financial strategy. As of 31 December 2024, the Group continued to maintain a high level of net cash of HK\$1,164.8 million (31 December 2023: HK\$1,132.4 million), representing an increase of 2.9% as compared to 31 December 2023. The solid financial position have enabled the Group to respond flexibly to changes in the challenging market environment. As of 31 December 2024, the Group had sales orders on hand amounting to HK\$889.1 million, representing an increase of 7.0% as compared to HK\$830.6 million as of 31 December 2023.

BUSINESS SEGMENT ANALYSIS

Mold Fabrication Business

During the year under review, the revenue from external customers of the mold fabrication business amounted to approximately HK\$698.2 million, representing an increase of approximately 12.7% as compared to approximately HK\$619.6 million for the year ended 31 December 2023, and accounting for approximately 29.6% (2023: 31.8%) of the Group's total revenue.

The Group has production lines for ultra-large standard molds and high-precision molds. The major products of the Group's ultra-large standard molds are automobiles components. The customers mainly include first-tier component suppliers who manufacture automobiles components for automobile brands in Europe, such as Mercedes-Benz, BMW and Volkswagen. High precision molds production lines mainly produce high-precision molds with multi-cavity and efficiency, with the markets covering high-end consumer electronics, medical and personal health care industries such as smart home, mobile phones and wearable devices. The Group continues to focus on expert-level molding technology research and is committed to providing customers with high-quality and cost-effective design solutions. In addition to developing external customers, the Group also cooperates with the downstream plastic components manufacturing business partners to provide more premium one-stop services for the customers.

According to the forecast of S&P Global Mobility, with thanks to the continuous inventory replenishment throughout the year and the stability of the supply chain, the global sales of light vehicles were expected to reach 88.2 million units in 2024, representing a year-on-year increase of 1.7%. Accordingly, the Group's mold demand has maintained a steady growth since its recovery at the end of 2023. Due to the long mold production cycle, segment revenue growth has gradually been reflected. The Industry 4.0 strategy implemented by the Group in recent years has achieved remarkable results, maintaining good production efficiency and market competitiveness. The gross profit margin of the mold fabrication segment remained at a high level in 2024, reaching 37.0% (2023: 37.0%).

In view of the increasingly severe market competition, the Group has focused on the development of high-precision molds with multi-cavity and efficiency which have stringent quality requirements. The Group has strived to improve the precision of its products and actively explore new customers and new markets, especially in high-end customer fields such as medical, consumer electronics and smart home. In response to the Chinese government's strategy of promoting the internal circular economy, the Group extended its effort in serving domestic brand customers with international presence and has gained high recognition from the global market for its customers with its excellent mold quality and technical strength. In the future, the Group will continue to offer mold products and design solutions of higher quality to help customers improve their production efficiency and product quality, so as to reinforce and strengthen its leading position in the industry.

Plastic Components Manufacturing Business

During the year under review, the revenue from plastic components manufacturing business segment amounted to approximately HK\$1,660.1 million (2023: HK\$1,326.1 million), representing an increase of 25.2% as compared to the year ended 31 December 2023, and accounting for approximately 70.4% (2023: 68.2%) of the Group's total revenue.

Revenue from the mobile phones and wearable devices segment increased significantly by 41.7% as compared to the year ended 31 December 2023, mainly due to the launch of new series of products by certain wireless headset brand customers and smart bracelet brand customers, which drove the significant increase in the Group's orders. In particular, a number of new models of headsets and plug-in earphones have been launched to the market. Consumer demand is strong with promising growth potential. In addition, the global markets of certain domestic brands have expanded rapidly and their product lines have continued to expand, driving the Group's sales growth and further diversifying its customer portfolio.

Revenue of the commercial telecommunications equipment segment increased significantly by 35.3% as compared to the year ended 31 December 2023, mainly because the brand customer completed product recall in 2023 and successively launched new generation products in 2024, and the market response was satisfactory. The Group continues to maintain its position as a major supplier by leveraging its solid foundation of cooperation with the commercial telecommunications equipment brand customer, and has a stable business prospect. At the same time, the smart home segment performed steadily, with revenue rising 4.7% as compared to the year ended 31 December 2023. Market demand remained stable, and the Group is looking forward to the launch of innovative products to once again drive industry growth. During the year, in addition to serving the world's two leading industry brand customers, the Group newly acquired a world-renowned high-end home products brand customer.

The overall revenue of the medical and personal health care segment increased by 0.2% as compared to the year ended 31 December 2023. Among them, revenue from personal health care brand customers rebounded, achieving a significant increase of 34.5% as compared to the year ended 31 December 2023, mainly due to the demand for replenishing inventory in the market. Revenue from domestic brand customers of consumables, such as in vitro diagnostics and hemodialysis kits, also had a significant growth. However, some orders from overseas medical customers were reduced due to the U.S. tariffs implemented early last year, which partly offset the domestic growth. The Group will continue to explore domestic and overseas medical brand customers and seize development opportunities in the medical and general health industries. In addition, the revenue of the electronic atomizer segment increased by 10.5% as compared to the year ended 31 December 2023, and the Group will further increase production capacity based on customer demand.

In 2024, the Group's plastic injection molding business grew significantly. Orders from general customers have rebounded since last year's destocking, and several new products have entered the mass production stage. The capacity utilization has increased significantly, effectively offsetting the impact of early development investments of some new products, driving the gross profit margin of the plastic injection molding business to increase by 0.7 percentage point to 22.1% (2023: 21.4%). The Group expects that global inflationary pressure will continue to ease in 2025, and consumer sentiment is expected to continue to pick up. Coupled with increased demand from new customers and new projects entering the mass production stage, capacity utilization will continue to improve, further driving up the gross profit margin.

CUSTOMERS OF THE GROUP

As of 31 December 2024, sales of the Group were mainly export sales and our customers were mainly prestigious corporations and brands in Europe and America. Customers of the Group cover a wide range of industries, from automobile to household electrical appliances to mobile phones and wearable devices, smart home as well as medical and personal health care. As a key supplier of molds and plastics of high-end electronic products, the Group's orders are widely impacted by the launch time, popularity and life cycle of products of its downstream industry customers. However, being engaged in the molds and plastic injection industry for over 40 years, the Group always sticks to the strategy of customer diversity in order to manage and minimize risks effectively. Currently, the Group has been widely recognized as a trustworthy business partner of various internationally known brands of consumer goods, including numbers of leading brands in many fast-growing industries such as personal health care and smart home brands.

FINANCIAL REVIEW

Revenue

Revenue for the year ended 31 December 2024 was approximately HK\$2,358.3 million, representing an increase of approximately HK\$412.6 million or 21.2% when compared with the revenue of approximately HK\$1,945.7 million in 2023.

In 2024, the revenue from external customers of the mold fabrication segment was approximately HK\$698.2 million, representing an increase of approximately HK\$78.6 million or 12.7% when compared with the revenue of approximately HK\$619.6 million for 2023. The Group's mold business has maintained steady growth since its recovery at the end of 2023. Due to the long mold production cycle, the growth of segment revenue will be gradually reflected.

In 2024, the revenue from external customers of the plastic components manufacturing segment was approximately HK\$1,660.1 million, representing an increase of approximately HK\$334.0 million or 25.2% when compared with the revenue of approximately HK\$1,326.1 million in 2023. As global inflationary pressure has further eased, the consumer electronics industry has entered a new round of development cycle, and brand customers have actively planned and launched new products. Market demand has rebounded, and customer orders of the Group have increased significantly, among which the mobile phones and wearable devices and the commercial telecommunications equipment segments performed particularly well.

Gross Profit

Gross profit for the year ended 31 December 2024 was approximately HK\$625.8 million, representing an increase of approximately HK\$113.0 million or 22.0% when compared with the gross profit of approximately HK\$512.8 million for 2023. Gross profit margin rose 0.1 percentage point to 26.5% (2023: 26.4%).

The gross profit margin for the mold fabrication segment remained at a high level at 37.0% (2023: 37.0%). The Industry 4.0 strategy implemented by the Group in recent years has achieved remarkable results, maintaining good production efficiency and market competitiveness.

The gross profit margin for the plastic components manufacturing segment rose 0.7 percentage point to 22.1% (2023: 21.4%), mainly due to the Group's plastic injection molding business growing significantly. Orders from customers in general had rebounded since last year's destocking. Moreover, as several new products commenced mass production, capacity utilization has increased significantly, effectively offsetting the impact of some early development investments in new products and driving up the gross profit margin of the plastic injection molding business.

Other Income

Other income for the year ended 31 December 2024 was approximately HK\$58.2 million, representing an increase of approximately HK\$13.0 million or 28.7% when compared with the other income of approximately HK\$45.2 million in 2023, primarily attributable to the increase in the Group's sales of scrap and surplus materials of approximately HK\$6.5 million and the one-off storage fees of approximately HK\$4.0 million received from customers during the year.

Other gains – net

Other gains (net) for the year ended 31 December 2024 were approximately HK\$10.6 million, representing an increase of approximately HK\$4.4 million or 69.6% when compared with the other gains (net) of approximately HK\$6.2 million in 2023, primarily attributable to the increase in gains from changes in fair value of financial instruments of the Group during the year.

Selling Expenses

Selling expenses for the year ended 31 December 2024 were approximately HK\$71.0 million (2023: HK\$57.4 million), accounting for approximately 3.0% (2023: 2.9%) of the total revenue of the Group. Selling expenses increased by approximately HK\$13.6 million or 23.8% when compared with that of 2023, primarily attributable to the increase in cost of transportation.

Administrative Expenses

Administrative expenses for the year ended 31 December 2024 were approximately HK\$304.4 million (2023: HK\$275.2 million), accounting for approximately 12.9% (2023: 14.1%) of the total revenue of the Group. Administrative expenses increased by approximately HK\$29.2 million or 10.6% when compared with that of 2023, primarily attributable to the increase in employee expenses.

Finance Income – Net

Net finance income for the year ended 31 December 2024 was approximately HK\$19.0 million, representing an increase of approximately HK\$8.7 million or 83.9% when compared with the net finance income of approximately HK\$10.3 million in 2023, primarily attributable to the decrease in interest expenses.

Share of Results of Associates

Share of profit of associates for the year ended 31 December 2024 was approximately HK\$0.6 million, and share of loss of associates for the year ended 31 December 2023 was approximately HK\$8.0 million. Such loss was primarily attributable to the recognition of an impairment loss regarding an associate of approximately HK\$9.0 million in 2023.

Income Tax Expense

Income tax expense for the year ended 31 December 2024 was approximately HK\$71.4 million (2023: HK\$32.8 million) and the effective tax rate was 21.4% (2023: 13.8%). Effective tax rate increased by 7.6 percentage points when compared with the corresponding period in 2023, primarily attributable to the increase in withholding income tax of approximately HK\$23.5 million during the year.

Profit for the Year

Profit for the year ended 31 December 2024 was approximately HK\$261.9 million, representing an increase of approximately HK\$57.7 million or 28.2% when compared with approximately HK\$204.2 million in 2023.

LIQUIDITY, FINANCIAL RESOURCES AND RATIOS

As at 31 December 2024, the Group had net current assets of approximately HK\$1,264.7 million (31 December 2023: HK\$1,193.1 million). The Group had cash and bank balances of approximately HK\$1,164.8 million (31 December 2023: HK\$1,158.2 million), including cash and cash equivalents of approximately HK\$1,008.6 million (31 December 2023: HK\$1,158.2 million) and restricted cash and term deposits of approximately HK\$156.2 million (31 December 2023: Nil). The current ratio of the Group was approximately 263.4% (31 December 2023: 276.0%).

As at 31 December 2024, total equity of the Group was approximately HK\$1,711.3 million (31 December 2023: HK\$1,685.2 million). As at 31 December 2024, gearing ratio was not applicable (31 December 2023: 1.5%), primarily attributable to the fact that the bank borrowings had been fully repaid during the year.

DEBT MATURITY PROFILE

Bank borrowings of the Group were fully repaid as at 31 December 2024.

LIQUIDITY RATIOS

An analysis of the Group's key liquidity ratios as at 31 December 2024 is as follows:

	2024	2023
Inventory turnover days	87	102
Trade receivable turnover days	56	58
Trade payable turnover days	55	61
Current ratio	263.4%	276.0%

Inventory Turnover Days

For the year ended 31 December 2024, the Group's inventory turnover days were 87 days, representing a decrease of 15 days when compared with that of 2023, primarily attributable to the significant growth in the plastic components manufacturing business with a shorter production cycle.

Trade Receivable Turnover Days

For the year ended 31 December 2024, the Group's trade receivable turnover days were 56 days, representing a decrease of 2 days when compared with that of 2023.

Trade Payable Turnover Days

For the year ended 31 December 2024, the Group's trade payable turnover days were 55 days, representing a decrease of 6 days when compared with that of 2023.

Current Ratio

As at 31 December 2024, the Group's current ratio was 263.4%, representing a decrease of 12.6 percentage points when compared with the current ratio of 276.0% as at 31 December 2023.

ASSETS PLEDGED

As at 31 December 2024, there were no assets pledged by the Group (31 December 2023: Nil).

FOREIGN EXCHANGE RISK MANAGEMENT

The Group mainly operates in the PRC and RMB and HK dollar are the functional currencies of the principal subsidiaries of the Group. The Group is exposed to foreign currency risks arising from various currency exposures, mainly with respect to US dollar, Euro and RMB. Exchange rate fluctuations and market trends have always been a main concern of the Group. Foreign currency hedging of the Group has been managed by the Group's financial controller, and overseen by the Group's chief executive officer. In accordance with the Group's hedging needs and the then foreign exchange situation, the Group's financial controller would collect and analyze information regarding various hedging instruments and determine hedging ratio, and the Group's chief executive officer would then evaluate and make a decision as to whether to enter into the relevant hedging agreement. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The Group's cash and bank balances were primarily denominated in RMB, US dollar, Euro and HK dollar. Its operating cash inflows and outflows were primarily denominated in RMB, US dollar, Euro and HK dollar. The Group is closely monitoring the exchange rate movements and regularly reviewing its gearing structure so as to mitigate the expected exchange rate risk.

RMB EXCHANGE RATE RISK

The Group's major revenue is principally denominated in US dollar, Euro, RMB and HK dollar, and the Group's major expenses are principally denominated in RMB. The Group has not entered into any agreement for RMB hedging purpose.

CAPITAL STRUCTURE

There was no change in the capital structure of the Company during the year, and the Company's capital included ordinary shares and other reserves.

PLANS FOR MATERIAL CAPITAL INVESTMENTS

The Group will invest in capacity expansion and investment projects to capitalize the potential growth of the Group's business in the coming years in the manner set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company. Future funding source is mainly from internal resources.

STAFF POLICY

As at 31 December 2024, the Group had 3,687 full-time employees (31 December 2023: 3,225) and 114 workers dispatched to us from third-party staffing companies (31 December 2023: 128).

The Group's remuneration policy aims to offer competitive remuneration packages to recruit, retain and motivate competent directors and employees. The Group believes that the remuneration packages are reasonable and competitive and in line with market trends. The Group has put in place a share award scheme for its directors and employees in a bid to provide competitive remuneration packages for the Group's long-term growth and development. The Group also provides appropriate training and development programmes to its employees to enhance the staff's work ability and individual performance.

The Group has implemented training programmes for the employees to meet different job requirements. The Group believes that these initiatives have contributed to increasing employee productivity.

As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefits of its PRC employees which provide pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing funds.

MATERIAL ACQUISITIONS AND DISPOSALS

For the year ended 31 December 2024, the Group had no material acquisitions or disposals of subsidiaries (2023: Nil).

CONTINGENT LIABILITIES

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

PROSPECTS

Looking forward to 2025, the global economic environment is full of opportunities and challenges. The market expects global inflation to fall further and major economies to enter a cycle of interest rate cuts to promote economic expansion. According to the latest forecast of the International Monetary Fund, global economic growth will reach 3.3% in 2025, representing an increase of 0.1 percentage point from the forecast in October 2024. Among them, the economic growth rate of the U.S. has been raised to 2.7%, and China's economic growth forecast has been raised to 4.6% due to fiscal stimulus policies, while the Eurozone's growth forecast has been lowered by 0.2 percentage point to 1% due to weak demand and political uncertainty. The global economic outlook still faces many uncertainties. The new U.S. government's fiscal, trade and immigration policies may have significant changes. Coupled with complex and volatile geopolitical tensions, the global supply chain and trade pattern may be further impacted. In addition, the rapid development of artificial intelligence technology has speeded up the integration of consumer electronics and technological innovation and accelerated the pace of industrial development. Moreover, the Chinese government's implementation of new subsidy policy on the purchase of electronic products has promoted the recovery of the consumer electronics industry. Brand owners are actively preparing to launch new products, and the management is optimistic about the business development prospects.

In the face of market recovery and technological changes, consumer electronics brand customers are actively promoting product innovation and technology upgrades to meet growing market demand. The Group is committed to technological breakthroughs and innovation, continuously improves mold and plastic injection molding-related processes, and provides differentiated and comprehensive solutions, including incorporating silicone and traditional plastic injection molding technology, Printing Direct Structure (PDS) technology, etc., to manufacture diversified high-end plastic enclosure products for domestic and overseas brand customers. This has enabled us in leading market trends and promoting iteration of end products. At the same time, the Group is optimistic about the development potential of domestic innovative technology brands in the consumer electronics and medical fields. With many years of design and production experience in serving the world's top technology industry leaders, the Group helps domestic brands expand into the international market. In addition, in order to further optimize the industrial layout and enhance competitive edges, the management is actively exploring various feasibility of extending the industrial value chain and paying attention to potential merger and acquisition opportunities, with a view to providing customers with more comprehensive one-stop solutions through vertical integration of the industrial chain.

Artificial intelligence technology is accelerating its penetration into the field of consumer electronics, bringing a new round of product innovation and user experience innovation. Mobile phones, Augmented Reality (AR) glasses, Artificial Intelligence Personal Computers (AIPC) and smart home devices are expected to become important carriers of artificial intelligence technology. As technology advances, the application ecosystem improves, and the industrial chain matures, market demand will continue to expand. The Group is intensifying its strategic cooperation with consumer electronics brands, increasing investment in new product development, and actively expanding its market territory. The Group has successfully entered the supply chain of leading enterprises in the Metaverse industry, supporting customers in all aspects of research and development of AR glasses from mold fabrication to product design, and assisting in the launch of new products into the market.

Amid geopolitical risks and the uncertainties of international trade policy, global companies are accelerating the pace of reshaping their supply chains to improve their ability to resist risks. Following the trend of industrial reform, the Group successfully established an overseas production base in Vietnam, forming a “China + Vietnam” dual-origin layout to cope with market fluctuations and enhance the resilience of the supply chain. The Vietnam factory mainly provides supply solutions outside of China for consumer electronics brand customers, further consolidating the Group’s competitive edges in the Southeast Asian, European and American markets. In view of the continuous increase in market demand, the Group plans to expand its production capacity in Vietnam, quadruple the production area of the Vietnam factory, and replicate the high-quality plastic injection molding capabilities of the Chinese production base to the Vietnam factory to provide mold maintenance and repair capabilities to ensure the speed and efficiency of large-scale production. At the same time, the Group also plans to upgrade its domestic production base to comprehensively improve manufacturing capabilities and production efficiency. The Suzhou plant will expand production capacity and further improve production efficiency to meet new opportunities in East China. The Group will increase its investment in the headquarters at Guangming District, Shenzhen to expand its fully automated dust-free production workshop for medical consumables on the one hand, and to improve the manufacturing capabilities and precision of the high-precision molds on the other. The Group will use its hard power to stay at the technological forefront of the mold industry, meet the increasingly stringent structural design and precision requirements of medical equipment and high-end consumer electronics for providing customers with highly reliable and epoch-making plastic product solutions.

Facing the challenges and opportunities of the global economic environment, the Group will continue to enhance its core competitiveness to respond to market changes. The Group actively responds to the national new quality productivity strategy and uses technologies such as data platform and artificial intelligence to optimize process management to ensure excellence in production processes and improve the stability of high-precision production. In addition, by deepening the application of Industry 4.0, we are able to enhance the level of digital intelligence in the production process, further improve production efficiency and achieve cost reduction and efficiency improvement. In a relatively high-interest rate environment, the Group will ensure sufficient cash flow and continue to adopt rigorous financial management strategies to ensure efficient allocation of capital and maintain a sound financial position. Looking forward to the future, in a market environment where opportunities and challenges coexist, the Group will rely on its existing advantageous businesses to actively expand into new market areas, strive to achieve long-term sustained and stable growth, and become an important member of the more resilient global supply chain system to ensure that it maintains its leading position amid market changes.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

CORPORATE GOVERNANCE CODE

The Company believes that good corporate governance is very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Board sets and implements appropriate corporate governance policies for the business operation and growth of the Group. The Board is committed to strengthening the Group's corporate governance measures to ensure transparency and accountability of the Company's operations.

The Company has applied the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

In the opinion of the directors, the Company had complied with all the code provisions as set out in the CG Code during the year ended 31 December 2024.

AUDIT COMMITTEE

The Audit Committee comprises 3 members, namely, Mr. Tsang Wah Kwong (Chairman), Dr. Chung Chi Ping Roy and Ms. Christine Wan Chong Leung. All are independent non-executive directors of the Company. The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process and risk management and internal control systems.

As part of the process of the annual review, the Audit Committee and the Board have performed evaluation of the Group's accounting, internal audit and financial reporting functions, to ensure the adequacy of resources, qualifications and experience of staff for the functions, and the training programmes and budget.

The Audit Committee has reviewed with the management the annual results, the accounting principles and practices adopted by the Group for the year ended 31 December 2024 and discussed the Group's auditing, risk management and internal control and financial reporting matters.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the annual results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the annual results announcement.

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**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors' dealings in the Company's securities.

Having made specific enquiry to the directors of the Company, all directors of the Company confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2024.

DIVIDEND

It is the policy of the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth. The Board shall consider the following factors before declaring or recommending dividends:

- the Group's actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- the Group's liquidity position;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems relevant.

The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of the Cayman Islands and the Company's Memorandum and Articles of Association. The Board will continually review the said dividend policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

After considering the above-mentioned factors and taking into account the business, financial and cash flow position of the Group, the Board has recommended the payment of a final dividend of HK8.8 cents per share and a special dividend of HK10.0 cents per share for the year ended 31 December 2024 to the shareholders whose names appear on the register of members of the Company at the close of business on Friday, 30 May 2025, amounting to a total of HK\$73,326,880 and HK\$83,326,000, respectively. Together with the interim dividend of HK4.0 cents per share, the total dividend payout for the year ended 31 December 2024 was HK22.8 cents per share.

The proposed final dividend and special dividend is subject to the approval of the shareholders at the forthcoming AGM. The final dividend and special dividend, if approved, is expected to be paid on Thursday, 12 June 2025.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Friday, 23 May 2025, the register of members of the Company will be closed from Tuesday, 20 May 2025 to Friday, 23 May 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all share transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar 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 Monday, 19 May 2025.

For determining the entitlement to the aforesaid proposed final dividend and special dividend, the register of members of the Company will be closed from Thursday, 29 May 2025 to Friday, 30 May 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to be qualified for the proposed final dividend and special dividend, unregistered holders of shares of the Company should ensure that all share transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar in Hong Kong at the above address for registration not later than 4:30 p.m. on Wednesday, 28 May 2025.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Company for the year ended 31 December 2024 is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.tkmold.com.

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

By Order of the Board
TK Group (Holdings) Limited
Li Pui Leung
Chairman

Hong Kong, 17 March 2025

As at the date of this announcement, the executive directors of the Company are Mr. Li Pui Leung, Mr. Yung Kin Cheung Michael, Mr. Lee Leung Yiu and Mr. Cheung Fong Wa; and the independent non-executive directors of the Company are Dr. Chung Chi Ping Roy, Ms. Christine Wan Chong Leung and Mr. Tsang Wah Kwong.