EVA Precision Industrial Holdings Limited
億和精密工業控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
(Stock Code 股份代號：838)

2024 年報 ANNUAL REPORT

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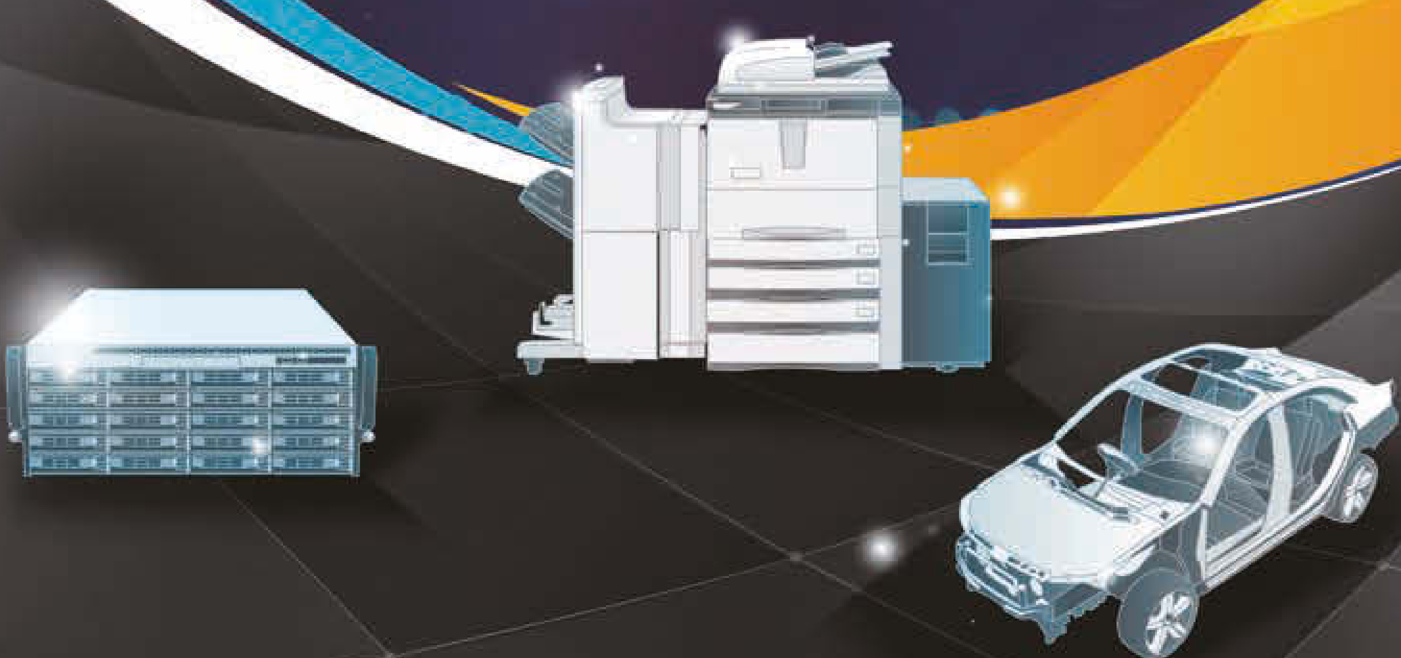


GROUP PROFILE

EVA Precision Industrial Holdings Limited (the "Company") was incorporated in the Cayman Islands on 12 July 2004 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (the "Group") commenced business in 1993 as a mould producer and is principally engaged in the provision of precision manufacturing services with a focus on the production of high-quality and dimensionally accurate moulds and components. It has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 11 May 2005.

The Group is a vertically integrated one-stop precision manufacturing service provider. Its existing services mainly include i) design and fabrication of precision metal stamping and plastic injection moulds; ii) manufacturing of precision metal and plastic components using custom moulds and other sophisticated manufacturing processes; iii) lathing of metal components; and iv) assembly of precision metal and plastic components manufactured by the Group into semi-finished or finished products using automated technologies such as laser welding and complete machine assembly lines.

The Group's business model is unique and different from ordinary OEMs/ODMs. Brand owners usually require the Group to co-develop the relevant moulds with them from the early stages of their product development. The completed moulds are then stored in the Group's industrial parks for future mass production of components and semi-finished products, which can be further assembled into finished products by the Group. Due to the high level of skills and technologies required to produce moulds, components and semi-finished products with a high degree of precision and dimensional accuracy, the Group has strong pricing power for its products.

Over the years, the Group has developed into a comprehensive one-stop enterprise integrating the two main business segments, namely, the office automation ("OA") equipment business and the automotive component business, and has expanded its manufacturing bases in China, Southeast Asia and North America. The OA equipment business strives to provide design and electronic manufacturing services ("D-EMS") for various leading brands of OA equipment in the market. It aims to provide a one-stop solution from the design and development of complete machines for products (printers and copiers) and the related moulds, to the production of precision moulds and mass manufacturing of parts and components, to the assembly of semi-finished and finished products, i.e. complete machine assembly. Its manufacturing base spans six industrial parks in Shenzhen, Suzhou, Weihai and Vietnam (Haiphong). The Group has obtained a leasehold land in Quang Ninh Province in Vietnam in 2023 and started construction of a new industrial park in 2024. The automotive component business strives to provide moulds and products for world-renowned Tier 1 suppliers, OEMs and automakers in the industry. It focuses on automotive platformisation to provide customers with highly compatible platform components and generic components, ultimately reducing costs, maximising profits and improving global flexibility, allowing production of popular models to be easily and quickly expanded to other factories building the same platform. The business' main products include, but are not limited to, automotive seat frame systems, high-strength beam and chassis structural parts, and new energy-related products such as vehicle tri-electric system structural parts. The automotive component business operates six industrial parks, separate from the OA equipment business, located in Shenzhen, Zhongshan, Chongqing, Sichuan, Wuhan and Mexico (San Luis Potosí).

CORPORATE MILESTONE

Year	Event
1993	The Group started its business through the establishment of EVA Limited, a subsidiary of the Group, in Hong Kong. The Group established its first production base in Shenzhen, the PRC in the same year. The Group started its business as a metal stamping mould manufacturer and its business was later extended to the manufacture of metal stamping components.
2000	Yihe Precision Hardware (Shenzhen) Co., Ltd., a subsidiary of the Group, was awarded with the ISO9001 certification in respect of quality management system by the BSI Group.
2002	The first factory building in EVA Shenzhen (Shiyan) Electronic Industrial Park with a construction area of approximately 21,000 square metres was completed. The Group's production lines were moved to EVA Shenzhen (Shiyan) Electronic Industrial Park in the same year.
2003	The second factory building in EVA Shenzhen (Shiyan) Electronic Industrial Park with a construction area of approximately 19,000 square metres was completed.
2004	The Group expanded into plastic mould and component manufacturing business through the establishment of EVA Plastic Mould Products (HK) Limited in Hong Kong and Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. in Shenzhen. The first production line of the Group's plastic production line was established and located in the second factory building of EVA Shenzhen (Shiyan) Electronic Industrial Park for trial production.
2005	EVA Precision Industrial Holdings Limited was listed on the Main Board of The Stock Exchange of Hong Kong Limited. The construction of the third factory building in EVA Shenzhen (Shiyan) Electronic Industrial Park was completed and thereafter the Group's plastic production line was moved to the third factory building of EVA Shenzhen (Shiyan) Electronic Industrial Park and commenced commercial production. The Group started to establish an industrial park in Suzhou through the establishment of EVA Precision Industrial (Suzhou) Limited.
2006	The construction of phase one of EVA Suzhou Electronic Industrial Park was completed and commenced production.
2008	EVA (Guangming) Precision Manufacturing Industrial Park which is located at Guangming New District, Shenzhen commenced commercial operations in the fourth quarter of 2008.
2010	The construction of the Group's industrial park in Zhongshan was completed by the end of 2010 and commenced production.

CORPORATE MILESTONE

Year	Event
2011	EVA Precision Industrial Holdings Limited acquired Chongqing Digit Auto Body Ltd. (重慶數碼模車身模具有限公司) in mid 2011 as part of its strategic plan to expand into the huge automobile sector. As a wholly-owned subsidiary of the Group, Digit Stamping Technology (Wuhan) Limited (數碼模沖壓技術(武漢)有限公司) was established in September 2011, targeting at serving international and domestic automobile brand names located in Wuhan and its adjacent cities. The construction of the fourth factory building in EVA Shenzhen (Shiyan) Electronic Industrial Park was completed.
2012	The construction of EVA Shenzhen (Tianliao) Smart Device Industrial Park commenced operations.
2013	The Group's management headquarter moved to the fourth factory building in EVA Shenzhen (Shiyan) Electronic Industrial Park.
2014	Digit Wuhan Automobile Industrial Park commenced commercial production. The Group also completed the construction of phase 2 of Digit Chongqing Automobile Industrial Park, which was purposely built for expanding the production capacity for automobile components.
2015	The Group started to construct EVA Vietnam (Haiphong) Electronic Industrial Park, signifying its first step to expand outside China.
2016	The construction of phase one of EVA Vietnam (Haiphong) Electronic Industrial Park was completed.
2017	Under the invitation of Hewlett-Packard, the Group started to construct EVA Weihai (Double Islands Bay) Electronic Industrial Park in Weihai, Shandong Province, China. The Group also commenced the construction of Digit Mexico (SLP) Automobile Industrial Park in San Luis Potosí, Mexico with a view to serving existing and new customers there. With a view to better serving Hewlett-Packard in Weihai, the Group acquired Intops (Weihai) Electronics Co., Ltd., a component manufacturer, to accelerate the Group's development in Weihai.

CORPORATE MILESTONE

Year	Event
2019	The construction of phase one of Digit Mexico (SLP) Automobile Industrial Park was completed. Also, phase two of EVA Vietnam (Haiphong) Electronic Industrial Park commenced production.
2020	In order to cope with the increasing order demand, the construction of phase two of Digit Mexico (SLP) Automobile Industrial Park commenced. The Digit Mexico (SLP) Automobile Industrial Park as well as EVA (Guangming) Precision Manufacturing Industrial Park both attained Tier-one Supplier status for Tesla.
2021	The Group acquired the entire equity interest in Futaba Metal Products (Shenzhen) Co., Ltd. ("Futaba Metal") from Futaba Industrial Co., Ltd. through Shenzhen EVA Precision Technology Group Limited, its wholly owned subsidiary. Futaba Metal was then renamed Shenzhen EVA Technology Intelligent Manufacturing Co., Ltd. (深圳市億和科技智造有限公司) and EVA Intelligent Manufacturing is principally engaged in the manufacture and sale of office automation equipment. The Group began to gradually integrate EVA Intelligent Manufacturing's businesses, with the objective of integrating the resources of EVA Intelligent Manufacturing and merging its production capacity with that of the Group's existing production facilities. In July 2021, mass production for Tesla's direct Tier-one orders kicked off.
2022	The Group completed the integration of the production capacity of EVA Intelligent Manufacturing with that of the EVA Shenzhen (Shiyan) Electronic Industrial Park and the construction of phase two of Digit Mexico (SLP) Automotive Industrial Park was completed.
2023	As the total capacity of the two phases of EVA Vietnam (Haiphong) Electronic Industrial Park was insufficient to meet future order demand from the Group's major office automation equipment customers, the Group obtained a leasehold land in Quang Ninh Province in northern Vietnam for further expansion.
2024	The Group began construction of a new industrial park in Quang Ninh, Vietnam.

MAJOR AWARDS AND HONOUR

2023-2024

Winner ★ Issuer

Hong Kong – Guangdong Cleaner Production Partner (Manufacturing)

Shenzhen EVA Precision Technology Group Limited
Shenzhen EVA Mould Manufacturing Limited
Shenzhen Digit Automotive Technology Limited
Shenzhen Huaxian Intelligent Manufacturing Technology Co., Ltd.

Department of Industry and Information Technology of Guangdong Province
The Environment and Ecology Bureau of the HKSAR Government

Grade AA Harmonious Labour Relations Enterprise

Chongqing Digit Auto Body Ltd.

Chongqing Dadukou District Human Resources and Social Security Bureau/Chongqing Dadukou District Federation of Trade Unions/Chongqing Dadukou District Economy and Information Technology Commission/Chongqing Dadukou District Commerce Commission/Chongqing Dadukou District Federation of Industry and Commerce

2024 First Batch of Green Factories of Shenzhen

Shenzhen EVA Precision Technology Group Limited
Shenzhen Digit Automotive Technology Limited

Shenzhen Municipal Bureau of Industry and Information Technology

Specialised, refined, differentiated and innovated "Little Giant" Enterprise

Shenzhen EVA Mould Manufacturing Limited

China Municipal Bureau of Industry and Information Technology

2023 Zero-Waste Factory of Wuhan

Digit Stamping Technology (Wuhan) Co., Ltd.

Wuhan Municipal Bureau of Economy and Information Technology
Wuhan Municipal Bureau of Ecology and Environment

2024 Excellent Quality Cultivation Project of Guangming District

Shenzhen Digit Automotive Technology Limited

Market Supervision Bureau of Guangming District

Municipal Pilot "Happy Enterprise"

Chongqing Digit Auto Body Ltd.

Chongqing Federation of Trade Unions

2024 Guangdong Top 500 Enterprise

2023 Guangdong Top 500 Enterprise

EVA Precision Industrial Holdings Limited

Guangdong Provincial Enterprises Confederation
Guangdong Provincial Association of Entrepreneurs

2024 Shenzhen Top 500 Enterprise

2023 Shenzhen Top 500 Enterprise

EVA Precision Industrial Holdings Limited

Shenzhen Enterprise Confederation
Shenzhen Entrepreneur Association

MAJOR AWARDS AND HONOUR

Winner ★ Issuer

2023 and 2024 Premiere Partner
EVA Precision Industrial Holdings Limited
★ Fujifilm

Excellent Partner
Okutatu (Macao Commercial Offshore) Limited
★ Fujifilm Manufacturing (Shenzhen) Co., Ltd
Fujifilm Procurement Consulting (Shenzhen) Co., Ltd

Excellent Procurement Partner
EVA Precision Industrial (Suzhou) Limited
★ Canon Group

Excellent Supplier
Shenzhen EVA Mould Manufacturing Limited
★ Epson Technology (Shenzhen) Co., Ltd.

Outstanding Contribution Collective for Voluntary Blood Donation

Shenzhen EVA Precision Technology Group Limited
★ Shenzhen Bao'an District Central Blood Station

Advanced Group for Voluntary Blood Donation

Shenzhen EVA Precision Technology Group Limited
★ Shenzhen Bao'an District Central Blood Station

Shenzhen Charity Organisation for Voluntary Blood Donation

Shenzhen Huaxian Intelligent Manufacturing Technology Co., Ltd.
★ Shenzhen Bao'an District Central Blood Station

Special Cooperation Award

Zhongshan Digit Automotive Technology Limited
★ Yachiyo Zhongshan Manufacturing Co., Ltd.

Elderly Caring Enterprise

Zhongshan Digit Automotive Technology Limited
★ Shabian Elderly Association

China National Intellectual Property Great Enterprise

Shenzhen EVA Precision Technology Group Limited
★ China National Intellectual Property Administration

Responsible Business Alliance (RBA) – Sliver Certification

EVA Precision Industrial (Weihai) Limited
★ Responsible Business Alliance

Excellent Quality Award

Digit Stamping Technology (Wuhan) Co., Ltd.
★ Topre Xiangyang Automobile Parts Co., Ltd.

Excellent Quality Award

Digit Stamping Technology (Wuhan) Co., Ltd.
★ Exquisite Automotive Parts (Jingmen) Co., Ltd.

Standard Compliance Certificate for Maturity of Intelligent Manufacturing Capability

Shenzhen Huaxian Intelligent Manufacturing Technology Co., Ltd.
★ BRICS Institute of Future Networks (Shenzhen, China)

Excellence Mould Supplier

Shenzhen Digit Automotive Technology Limited
★ China Die and Mould Industry Association

Hubei Province Enterprise Technology Centre

Digit Stamping Technology (Wuhan) Co., Ltd.
★ Hubei Development and Reform Commission
Department of Science and Technology of Hubei Province

FINANCIAL HIGHLIGHTS

		2024	2023	2022	2021	2020
OPERATING RESULTS						
Turnover	HK$'000	**6,296,926**	6,182,658	6,268,065	5,108,777	4,008,459
Earnings before interest and taxation (EBIT) (Note 1)	HK$'000	**372,689**	390,791	273,176	194,601	34,655
Earnings before interest, taxation, depreciation and amortisation (EBITDA) (Note 1)	HK$'000	**677,473**	667,080	545,499	470,302	269,818
Profit/(loss) attributable to equity holders of the Company	HK$'000	**243,507**	237,095	206,017	155,190	(15,371)
FINANCIAL POSITION						
Cash generated from operations	HK$'000	**862,394**	538,116	456,024	290,087	517,147
Net current assets	HK$'000	**1,500,405**	1,278,924	1,437,367	415,727	496,608
Shareholders' equity	HK$'000	**3,141,921**	2,997,714	2,838,404	2,788,441	2,609,692
PER SHARE DATA						
Earnings per share						
– Basic (Note 2)	HK cents	**14.0**	13.6	11.8	9.0	(0.9)
– Diluted (Note 3)	HK cents	**14.0**	13.6	11.8	9.0	(0.9)
OTHER KEY STATISTICS						
Earnings before interest, taxation, depreciation and amortisation (EBITDA) margin	(%)	**10.8**	10.8	8.7	9.2	6.7

FINANCIAL HIGHLIGHTS

		2024	2023	2022	2021	2020
Net profit/(loss) margin	(%)	**3.9**	3.8	3.3	3.0	(0.4)
Return/(loss) on shareholders' equity	(%)	**7.8**	7.9	7.3	5.6	(0.6)
Net debt-to-equity ratio (Note 4)	(%)	**15.0**	25.2	21.0	17.5	15.0

Note 1: Earnings before interest and taxation and earnings before interest, taxation, depreciation and amortisation are calculated before taking into account share of profits or losses of associates.

Note 2: Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of 1,716,591,000 shares, 1,727,866,000 shares, 1,745,051,000 shares, 1,740,920,000 shares and 1,740,920,000 shares in issue during the years ended 31 December 2020, 2021, 2022, 2023 and 2024 respectively.

Note 3: Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of 1,716,591,000 shares, 1,728,330,000 shares, 1,745,095,000 shares, 1,740,920,000 shares and 1,740,920,000 shares for the years ended 31 December 2020, 2021, 2022, 2023 and 2024 respectively adjusted to assume conversion of all dilutive potential shares (i.e. share options). A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual quoted share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

Note 4: Net debt-to-equity ratio is calculated based on the total balance of bank borrowings and lease liabilities less cash and bank balances divided by shareholders' equity. Lease liabilities exclude the rentals for factory and office premises in future periods amounting to HK$83,755,000 as at 31 December 2024 (as at 31 December 2023: HK$74,843,000). These rentals have not yet been expensed, but are deemed as lease liabilities under the Hong Kong Financial Reporting Standard 16 "Leases". The ownership of the related factory and office premises is not held by the Group.

CHAIRMAN'S STATEMENT

EVA Vietnam (Quang Ninh) Electronic Industrial Park

Dear shareholders,

On behalf of the board of directors (the "Board"), I am pleased to present to you the annual report of EVA Precision Industrial Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2024.

OVERVIEW

In 2024, the global political environment remained unstable, with volatile and slow economic growth, escalating geopolitical tensions, and frequent changes in interest rate expectations. These factors continued to have a profound impact on the global economy and consumption. Although the post-pandemic inventory adjustment stage of the manufacturing industry has largely ended, the uneven performance of the world's major economies in 2024 continued to pose obstacles to the manufacturing industry's road to recovery, and the overall pace of rebound fell far short of expectations. China has been affected by the current changes in the external environment, and the slow improvement in economic sentiment and weak demand continued to be the major problems, with businesses facing challenges in their production, operations and finances.

Zhang Hwo Jie
Chairman

In the face of such a severe political and economic environment, the Group performed better than anticipated, demonstrating its resilience amidst economic instability and the solid foundation it has built after nearly three decades of development in the office automation ("OA") equipment industry. For the year ended 31 December 2024, the Group's turnover increased by 1.8% year-on-year to HK$6,296,926,000 (2023: HK$6,182,658,000). The growth was mainly attributable to the increase in sales of OA equipment in Vietnam and southern China and the growth in the automotive component business in Wuhan and Mexico. The stable turnover and profit were primarily the result of the Group's diversified business layout and its implementation of internal optimisation management strategies over the past decade or so. The Group actively managed the supply chain network, regulated supplier management and reviewed supply chain partners and their potential risks, conducted price negotiations with customers, explored market opportunities, and deepened the cooperation framework with long-term customers, all of which helped the Group to effectively mitigate various risk factors and achieve healthy profit growth. During the year, the Group's profit attributable to equity holders increased by 2.7% year-on-year to HK$243,507,000 (2023: HK$237,095,000). Basic earnings per share rose by 2.9% year-on-year to HK14.0 cents (2023: basic earnings per share of HK13.6 cents).

The Group's overall gross profit margin increased by 0.9 percentage point to 21.8% (2023: 20.9%), mainly due to the Group's proactive cost reduction and efficiency improvement measures amidst economic instability – its efforts to implement cost control and internal reform policies, and its flexibility in adapting to market changes and adopting lean production to improve efficiency. The Group also continued to optimise its organisational structure and significantly improved labour efficiency, which contributed to the improvement in overall gross profit margin. In addition, the utilisation rate of its industrial parks in Vietnam, Shiyan in Shenzhen, Wuhan and Mexico has also increased, and by gradually reducing the proportion of lower-margin products in the existing customer base, the Group was able to enhance the overall added value of its product portfolio. The quality of customer orders also continued to improve, which further boosted overall gross profit.

BUSINESS REVIEW

Office automation equipment

Based on over three decades of foundation in the OA equipment sector, extensive industry experience and excellent product quality, the Group continued to win customers' favour for its products and managed to consolidate its foothold amidst geopolitical tensions. Recently, the consumption pattern in the Chinese market has changed, with consumers preferring products with competitive prices. Nevertheless, the Group's OA equipment business, which focuses mainly on manufacturing high-end OA products, remained stable. This is primarily because the Group has continued to work closely with long-term customers and strived to promote cooperation projects with new customers. The overall turnover of OA equipment increased by 1.1% year-on-year to HK$4,341,834,000 (2023: HK$4,295,475,000), mainly attributable to the increase in sales of the Group's two major OA customers, namely, Fujifilm and Kyocera upon the completion of destocking in the industry. Total sales of these two major OA customers grew by 2.4% year-on-year, driving an increase in orders from Shenzhen and Vietnam, which in turn led to an increase in turnover in the two locations.

In Vietnam, as the peak production season of the OA equipment industry commences in the second half of the year, the Group adjusted its production lines at the industrial park in Haiphong, Vietnam in the first half of 2024 to prepare for mass production in the second half. Unfortunately, Typhoon Yagi hit northern Vietnam in September and the Group's industrial park in Haiphong and its customers and supply chains in northern Vietnam suffered typhoon damage, resulting in operational disruptions. As a result, production of certain Vietnam orders was relocated to southern China and some were delayed, narrowing

Production Printer

the business growth in Vietnam in the second half of the year. Nevertheless, Vietnam still recorded an increase of 11.5% in annual sales.

The Group's industrial park in Haiphong, Vietnam and the leased factories in the surrounding region will soon reach peak capacity. In order to adequately meet customer demand, the Group has obtained a leasehold land in Quang Ninh Province in 2023 and started construction of a new industrial park in 2024. The new industrial park's land area is approximately 60,000 square meters, 1.6 times the size of the existing Haiphong industrial park, and is expected to be completed and operational in early 2026. The Group will flexibly adjust the completion schedule of the new industrial park on a regular basis based on the expansion plans and order forecasts of customers. The Group believes that its business will continue to benefit from the shift of orders to the south, as it will take advantage of low labour costs and policy incentives in Vietnam to serve customers in Europe and the US, drive the growth of the OA equipment business and improve profitability. The Group expects Vietnam to be a key growth driver for the entire OA equipment business in the medium and long term and is optimistic about its development in the next few years.

In Shenzhen, turnover increased by 3.6%, mainly due to increased orders from Kyocera and Fujifilm. The typhoon that hit northern Vietnam back in September also resulted in the relocation of certain projects to Shenzhen for production. As a leader in the OA equipment industry, the Group continued to maintain its cooperative relationships with long-term customers in 2024, hoping to expand the transaction scale of plastic parts, sheet metal parts, shafts and other mechanical parts. The Group's continuous efforts to deepen cooperation with customers and increase investment in product research and development ("R&D") in recent years also helped maintain sales of OA equipment to Japanese brand customers.

The industrial park in Weihai's Double Islands Bay remained as the D-EMS service base of the Group's OA equipment business. The base provides customers with one-stop, vertically integrated services – "D-EMS Services" – ranging from mould design to complete machine assembly. Weihai is also the main base for the Group's domestic sales of OA equipment, and Fujifilm and Hewlett-Packard are its two key customers. However, in the recent year, China's economy has been slow to recover from the downturn and consumption has been weak. End-user consumption patterns have also changed and consumers are becoming more price-conscious in their purchasing decisions. In addition, the government's economic stimulus policies have had a limited impact on consumer sentiment. Given these factors, domestic sales was stagnant in 2024, resulting in a 12.2% decline in overall sales in Weihai.

During the year, the OA equipment business segment recorded a profit of HK$333,282,000 (2023: HK$337,365,000) and a segment profit margin of 7.7% (2023: 7.9%). Despite the Group's implementation of effective cost control measures since last year, the Group still recorded a modest decline in the segmental profit margin. This is because the segment recognised a one-off gain in 2023 from the write-back of provisions arising from previous acquisitions, and another one-off gain related to the termination of the lease of a production base, while in 2024 the segment had no such gains. Nevertheless, the Group continued to reduce the proportion of lower-margin products and enhance the overall added value of its product portfolio. The quality of customer orders also continued to improve, resulting in a strong improvement in gross profit performance. At the same time, the management focused on promoting internal reforms and adopted measures to address market changes, such as effective lean production and strengthened cost control. In addition, the Group continued to streamline its organisational structure, improve labour efficiency, and enhance inventory management to promote improvement in overall gross profit margin. Going forward, the Group will rise to the challenge, strive to stabilise the OA equipment business, develop and launch more relevant and practical products and solutions. Thus, we believe this business segment still has huge room for development.

Automotive components

In the unpredictable global automotive industry, despite the continuous expansion of the electric vehicle ("EV") sector, the production of traditional fuel vehicles still dominates most of the market. This is especially the case in the US and European markets, where the growth of new energy vehicles ("NEV") lags behind that of China, with traditional fuel vehicles still holding a significant market share. In 2024, the entire automotive market faced macroeconomic challenges such as inflation, rising interest rates, economic recession in Europe, and supply chain issues, which, together with the rapid expansion of Chinese NEV brands into global markets, fierce price wars, cut-throat competition within the industry, and successive layoffs by many car manufacturers worldwide, posed immense challenges to the automotive component industry. During the year, the Group's automotive component segment continued to grow, and with the joint efforts of the segment's sales and production teams, turnover of the automotive component business increased by 3.6% to HK$1,955,092,000 for the full year (2023: HK$1,887,183,000).

In the ever-changing automotive market environment, the Group closely monitors market needs and customer dynamics, continuously integrates various resources, and optimises and upgrades products and services. The Group has continuously increased its investment in technology R&D and market expansion in the field of NEV. This has not only facilitated the rapid growth of the Group's strategic customer base for NEV, but has also attracted numerous new orders for the Group's automotive component segment. In 2024, the Group's automotive component segment's new orders had gradually been put into production, prompting the total sales of the segment's two major customers, Faurecia and Great Wall Motors, to increase by approximately 18.9% and 24.4%, respectively. Production capacity of the industrial parks in Wuhan and Mexico was gradually increased, thus driving double-digit turnover growth at both of the industrial parks. In response to the trend toward automotive lightweighting, the Group's automotive component segment planned to introduce hot stamping production lines in order to enhance the overall competitive advantage of its products and lay a strong foundation for future business growth.

The Wuhan industrial park recorded double-digit sales growth in 2024, with a year-on-year increase of 11.1%, mainly due to the steady increase in the production scale of the Great Wall Motor project and the phased achievements made in developing new markets. Amidst the domestic economic downturn and inadequate domestic demand, the Wuhan industrial park has successfully entered the supplier systems of multiple NEV customers at home and abroad, including Stellantis, which started bulk sales in 2024. During the year, the Wuhan industrial park also successfully secured orders of over HK$200 million from Stellantis for the production of moulds and components. These moulds and products will be exported to the US and European markets and are expected to gradually contribute to our sales over the next three years. At the same time, the Wuhan industrial park also continued to deepen cooperation with major domestic automotive customers, and participated in the development of seat frame assemblies. It also made breakthroughs in cooperation with emerging customers in the domestic smart EV sector, which is expected to significantly increase the turnover of the industrial park. Looking ahead, the Wuhan industrial park will continue to deepen internal management reforms and increase investment in new technologies, providing a robust foundation for product upgrades and market positioning. The industrial park has now completed the build-up of technical and talent reserves for welding assembly services of various products such as seats and chassis, laying a solid foundation for the future growth of high-quality orders.

In Mexico, the Group has seen initial results from the internal management reform of the automotive industrial park and has gradually established a localised team of professionals. The Group is focusing on developing its advantages as a market leader by leveraging localised talent and processes in Mexico. Despite the ongoing challenges of geopolitical uncertainties and tariff risks, the Group's sales in Mexico recorded a year-on-year growth of 13.5%, driven by the increase in production resulting from the commissioning of new projects with long-term customers such as Faurecia. With the support of advantageous resources and advanced technology, the Group has gradually strengthened its management team in Mexico and established a team of top-notch talents in the country, thereby enhancing the stability of the team and the localisation of management processes. In the second half of 2024, the Group focused on continuous cost reduction and efficiency improvement, process optimisation, and quality and profit improvement. The newly invested 1250T and 2500T presses significantly increased production capacities during the year to meet the increase in customer orders. In 2024, following the Wuhan industrial park, the industrial park in Mexico was also successfully included in Stellantis' supplier system. It secured and fulfilled its first batch of orders during the year, marking a phased breakthrough in the welding assembly business, thus significantly enhancing the added value of the products. In 2025, the Group will continue to do its utmost to acquire new orders, strive to diversify its customer base, and gradually expand its service scope and market coverage.

The industrial park in Shenzhen, although small in area, is the Group's central production base for automobile seat moulds. The quality of the seat moulds has been consistently recognised by customers over the years, and the product mould business accounts for approximately 60% of the business in Shenzhen. The product moulds developed and produced in Shenzhen are primarily exported to the

US and European markets. However, due to the impact of the economic downturn in Europe and geopolitical risks, the turnover in 2024 fell by approximately 5.8% year-on-year. However, exports recovered in the second half of the year, narrowing the decline in the first half. At the same time, benefiting from the Group's stronger market development, orders on hand for moulds and products in Shenzhen reached an all-time high in 2024, including those from Adient's mould and component project in Japan, enabling the Group to successfully enter the Japanese automotive components market, which is expected to drive rapid growth in the next five years.

In Zhongshan, the Group's previous strategy focused on Japanese customers. However, over the past two years, the continued decline in the production of Japanese brand vehicles in China, especially Honda, Toyota and Nissan, has resulted in sluggish sales, hence turnover from the Group's Japanese customers in Zhongshan, including Aisin, Yachiyo and Faurecia, also declined accordingly. During the year, turnover from Zhongshan fell by 7.8%. Although shipments improved slightly in the second half, it was insufficient to reverse the overall decline for the year. During the year, the Group's Zhongshan business shifted its focus to developing major customers such as an in-vehicle electronics customer, Brose and Faurecia, and also secured several NEV customers, actively diversifying and expanding its customer base to reduce the risk of individual market performance impacting the factory in Zhongshan, while also exploring the domestic in-vehicle electronics business and the export of automotive components to Europe. At the same time, the Group continued to implement measures to reduce costs and increase efficiency in Zhongshan to enhance the Group's competitiveness.

In 2024, the Chongqing industrial park encountered challenges brought about by changes in the market environment in the first half of the year, leading to a decline in sales of some domestic automotive manufacturers' old car models. In the second half of the year, the Group made strategic adjustments to its sales tactics and proactively reduced orders for less profitable components and taking early action to respond to the intense competition and fierce price wars in the domestic automotive market, as well as the growing preference for mid-to-low-end car models among domestic consumers. Despite these efforts, Chongqing's annual turnover fell by 7.8%. As a core engine driving the economic development in central and western China, the Chongqing industrial park introduced advanced intelligent production equipment from around the world, allowing it to focus on providing customers in the southwest region with comprehensive services including joint development of auto body parts and supply of functional components for auto body assembly. At the same time, the Group further deepened its strategic partnership with Chongqing's core customers – high-quality automotive manufacturers such as Great Wall Motors, Changan Automobile, and SGMW, significantly expanding the intensity and scope of cooperation, which greatly promoted the realisation of its business objectives in Chongqing. The Group was deeply involved in the development and reaffirmed its commitment to seven popular NEV model projects of Changan Automobile, Great Wall Motors, Deepal and Avatr Chongqing, and commenced phased mass production in the second half of 2024, which will gradually be reflected in the sales performance and set a new milestone for the turnover of the Chongqing industrial park.

During the year, utilisation rates at the Group's industrial parks in Wuhan and Mexico were increased. At the same time, the Group gradually reduced low-margin product items in its existing customer base to improve the overall added value of its products. The quality of customer orders continued to improve. As a result, the overall gross profit of the automotive component business increased. However, the performance of the Mexico operation was greatly affected by exchange rate fluctuations in the Mexican peso. In 2023, the majority of the net exchange gains recorded by the Group were derived from the appreciation of the Mexican peso against the US dollar, while in 2024, the Group recorded a net exchange loss due to the weakening of the Mexican peso. Therefore, the Group's segment profit for automotive components in 2024 was HK $89,824,000 (2023: HK $108,727,000) and the segment profit margin declined to 4.6% (2023: 5.8%)

Prospects

Looking ahead to 2025, the market will be extremely volatile. Global inflation indicators will be subject to many uncertainties and the number of interest rate cuts will not exceed expectations. This, coupled with geopolitical turmoil, global tax reforms, and extreme weather, will create an environment full of challenges and mounting operating pressures.

The markets for OA equipment and automotive components in which the Group operates are also undergoing constant change, including the integration of procurement and production among certain OA equipment customers, namely Ricoh and Toshiba, and Fujifilm and Konica Minolta, which presents considerable development opportunities for the Group as a leader in the OA equipment market. In addition, with the integration of large domestic automakers, Dongfeng and Changan Automobile, the Group, as their automotive components supplier, has actively engaged in docking. Given the core technologies and talent it has accumulated over the years in the automotive component manufacturing sector, the Group is confident in the potential of the segment.

In addition to changes in market stakeholders, OA equipment has also undergone macro changes in the China market. Affected by the economic downturn, various domestic stimulus policies have failed to achieve their objectives, consumption patterns and habits of domestic consumers have also changed. The mid-to-low end office and home printers seem to be more popular with modern users. Following this trend, high-end Japanese OA equipment customers are gradually reducing production in China, affecting the Group's investment in Weihai. However, since the industrial park in Haiphong, Vietnam that the Group invested in eight years ago is now operating smoothly, and the Group has also made forward-looking strategic deployments in the previous year to begin the construction of the new plant in Quang Ninh Province, Vietnam, the Group has reaped the benefits fully. Thus, the Group still maintains a stable cooperative relationship with its Japanese OA equipment customers and is transferring the planned production expansion in Weihai to Vietnam. This move is expected to offset the decline in domestic orders in the coming year.

At the same time, the Group is also actively exploring new opportunities in the domestic market, increasing its investment in the D-EMS complete machine manufacturing projects. It is expected that the Group's first self-designed, developed, mass-produced and assembled complete product will commence mass production in 2025, mainly targeting the Chinese market where printers are gradually being manufactured locally. The Group will face the challenges with a cautiously optimistic attitude. While adhering to its strong infrastructure and core advantages, the Group has also implemented in-depth internal procedural reforms and optimisation measures. We actively advocate and practice the concept of lean production, and we are fully committed to the transformation and upgrading of automation and digitalisation.

The Group has also begun to seek sustainable development solutions to address current changes, and the pursuit of resilient business growth has become its primary development focus. Over the past year, the Group has implemented a series of measures, including maintaining a balance between debt reduction and business development, reviewing the profitability and sustainability of customer projects, and actively standardising the supervision of suppliers. The Group believes that by promoting sustainable development, it can continuously improve its business performance, demonstrate the high quality of its business, and reveal its value in the future, so as to formulate detailed plans for its long-term development and operation. While the economic environment may face many uncertainties in the next few years, the Group remains confident about expanding the OA equipment market.

With the advent of the era of AI and big data, the demand for data centers has grown substantially, and high-quality, high-performance, highly reliable servers have become a key element and are essential to promoting digital transformation. As a result, the demand for such servers will continue to increase. With a global production layout, a strong R&D team, high-quality manufacturing resources, and an efficient supply chain network, and based on the foundation of its core stamping and automated processing technologies and its laser welding techniques, the Group is actively developing the Internet and information business. The Group has started to provide services such as the development, production and assembly of moulds for server control boxes and server case components to renowned Internet customers, setting the stage for future business expansion, diversification and sustainable development. Currently, the Group's server mould development and production base is located in Shenzhen, which allows the Group to take advantage of the abundant resources and production capacity of its Shenzhen Industrial Park, and also prepares for the gradual relocation of the OA equipment business to Southeast Asia in the coming years. At present, the Group has developed 15 server-related projects, 13 of which are in production.

On the other hand, the global automotive industrial market is in turmoil. In the international market, the pace of NEV development varies. In the China market, the government stopped subsidising the purchase of NEV in 2023, which triggered a price war for products and fierce competition in the industry. Fortunately, the Group's strategic layout in Mexico five years ago has enabled it to maintain its competitiveness and global development advantages in an unpredictable market environment.

Although 2024 was full of challenges in various aspects, the global NEV market is still in a stage of rapid development, and demand continues to increase. The Group's automotive component business has achieved steady growth under a strong strategic layout and continuous investment in innovation. The China Association of Automobile Manufacturers pointed out that China's automobile market will maintain a steady and positive development trend in 2025. Sales volume is expected to have an increase of around 4.7% year-on-year. Among them, NEV sales are expected to be up 24.4% year-on-year. The penetration rate is expected to increase continuously, and the market will also continue to expand. These factors, in addition to the strong demand for China's NEVs in overseas markets, are conducive to the growth of the Group's automotive component business.

The market expects that the automobile industry will continue to face multiple challenges in 2025, such as weak domestic demand, fierce internal competition, sluggish consumer confidence, political turmoil, increasing pressure from the external environment, as well as low market concentration and fierce competition in the automotive components manufacturing market. However, the basic demand for automobiles is expected to grow continuously despite the changes in the domestic and international environment. The Group will maintain its dual focus on the development of OA equipment and automotive manufacturing technology to counter unpredictable market risks. We will seek to consolidate our leading position in the market to achieve sustained business growth and strive for the best returns for shareholders.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude and appreciation to the management team and all staff members for their dedication and hard work during the past year. I would also like to thank our shareholders, banks and business associates for their continued support of and confidence in the Group. Last but not least, I wish you all good health.

Chairman
Zhang Hwo Jie
Hong Kong, 28 March 2025

FINANCIAL REVIEW

An analysis of the Group's turnover and results by segment is as follows:

	2024		2023	
	HK$'000		HK$'000	
By business segment				
Turnover				
Office automation equipment division				
Design and fabrication of moulds	**268,606**	**4.3%**	206,372	3.3%
Manufacturing of components	**4,031,480**	**64.0%**	4,046,931	65.5%
Others *(Note 1)*	**41,748**	**0.7%**	42,172	0.7%
	4,341,834	**69.0%**	4,295,475	69.5%
Automotive component division				
Design and fabrication of moulds	**153,935**	**2.4%**	210,312	3.4%
Manufacturing of components	**1,719,714**	**27.3%**	1,585,481	25.6%
Others *(Note 1)*	**81,443**	**1.3%**	91,390	1.5%
	1,955,092	**31.0%**	1,887,183	30.5%
Total	**6,296,926**		6,182,658	
Segment results				
Office automation equipment division	**333,282**		337,365	
Automotive component division	**89,824**		108,727	
Operating profit	**423,106**		446,092	
Unallocated expenses	**(50,417)**		(55,301)	
Finance income	**32,429**		42,403	
Finance costs	**(121,139)**		(128,905)	
Share of loss of associates	**(7,593)**		(499)	
Income tax expense	**(32,879)**		(66,695)	
Profit attributable to equity holders of the Company	**243,507**		237,095	

Note 1: Others mainly represented sales of scrap materials.

Turnover

During the year, despite challenging external market conditions facing the Group, the Group's turnover increased slightly by 1.8% to HK$6,296,926,000, which was primarily due to improved order momentum in both office automation equipment and automotive component businesses during the year, particularly in the first half of 2024, as a result of the Group's efforts in strengthening relationships with existing customers and developing new customer orders.

Gross profit

During the year, gross profit margin increased to 21.8% (2023: 20.9%), which was mainly driven by our focuses on developing high value-added orders, enhanced operational efficiency, as well as higher utilisation in our production facilities in Shenzhen, Vietnam, Wuhan and Mexico due to stronger business performance in these industrial parks.

Segment results

For the year ended 31 December 2024, the Group's office automation equipment division recorded a slightly reduced operating profit margin of 7.7% (2023: 7.9%). This was mainly because despite higher utilisation rates in our production plants in Shenzhen and Vietnam, as well as improved cost control for the segment, a one-off gain of HK$14,585,000 related to the write-back of provisions from previous acquisition, and another one-off gain of HK$10,624,000 on termination of its factory lease were recognised in 2023, but none of these were recognised during the year. Hence, the operating profit margin of the Group's office automation equipment division went down by 0.2 percentage points.

Despite higher utilisation rates in our production plants in Wuhan and Mexico, the operating profit margin of the Group's automotive component division dropped to 4.6% (2023: 5.8%). This was mainly because of a net exchange loss of HK$18,534,000 recorded in the segment during the year, as opposed to a net exchange gain of HK$32,717,000 in 2023 primarily due to exchange rate fluctuation of Mexican Peso against the US dollar.

Unallocated expenses

For the year ended 31 December 2024, unallocated expenses mainly represent corporate expenses of HK$50,417,000 (2023: HK$44,847,000). There was no share-based payment expense during the year (2023: HK$10,454,000).

Finance income and costs

As the market interest rate hike has slowed down during the year, the Group's finance income and costs have both reduced, resulting to HK$32,429,000 (2023: HK$42,403,000) and HK$121,139,000 (2023: HK$128,905,000) respectively.

Share of loss of associates

Share of loss of associates represents the Group's share of 40% of the loss of the micro-lending business through equity pick-up. The share of loss was significantly higher during the year, mainly due to provision for doubtful debts of the micro-lending business.

Income tax expense

Income tax expense for the year ended 31 December 2024 mainly represents current income tax charge amounting to HK$45,420,000 arising form Mainland China, HK$9,160,000 arising form Vietnam and HK$2,460,000 arising from Mexico, and deferred income tax credit of HK$517,000, netted off by over-provision of income taxes in prior years amounting to HK$23,644,000.

Profit attributable to equity holders of the Company

For the year ended 31 December 2024, the profit attributable to equity holders of the Company was HK$243,507,000 (2023: HK$237,095,000), which was primarily caused by the increase in gross profit as mentioned above. Despite higher gross profit earned, the Group recorded less other income since there were one-off gain of HK$14,585,000 related to the write-back of provisions from previous acquisition and one-off gain of HK$10,624,000 on termination of its factory lease in 2023 but none in 2024. In addition, the Group recorded a net exchange loss amounting to HK$18,759,000 during the year as opposed to a net exchange gain amounting to HK$32,966,000 in 2023 primarily due to exchange rate fluctuation of Mexican Peso against the US dollar. Together with the above factors, the impairment loss on property, plant and equipment amounting to HK$6,137,000, and the share of loss of an associate company amounting to HK$7,593,000 also had offsetting impacts on the net profit of the Group. Nevertheless, the Group still recorded a 2.7% increment in its net profit due to strong operational results.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2024, the Group's cash flows generated from operations increased to HK$862,394,000 (2023: HK$538,116,000), which was primarily due to increased earnings before interests and depreciation from operation and greatly improved cash flows from effective working capital management. With reduced interest and tax payments, the Group's net cash generated form operating activities increased significantly to HK$713,778,000 (2023: HK$375,151,000). During the year, the Group's capital expenditure decreased to HK$330,107,000 as the Group has been slowing down its overall expansion plan in view of the uncertain external markets. Therefore, the Group recorded net cash used in investing activities amounting to HK$289,844,000 (2023: HK$423,593,000). The Group had a net decrease in bank borrowings of HK$185,643,000 and lease payments of HK$24,433,000 during the year. After payment of dividend of HK$72,908,000, the Group recorded net cash used in financing activities of HK$282,984,000 during the year (2023: HK$56,245,000).

Treasury policy

The Group adopts a prudent treasury policy. Treasury activities are controlled by senior management members with an objective of achieving a balance between the Group's expansion needs and its financial stability. An adequate level of cash resources is maintained by each of the Group's subsidiaries, and the Group also have sufficient stand-by credit lines to provide adequate liquid funds to finance its business activities. Due consideration is given for the cost of borrowings. We also consider impacts of interest rates fluctuation on our operations and financial condition, and take appropriate and timely measures accordingly. In addition, as a majority of the Group's sales are made in Hong Kong dollars and United States dollars (which are pegged), almost all of the Group's borrowings as at 31 December 2024 were denominated in Hong Kong dollars and United States dollars to match repayment currency with the Group's major source of operating cash inflows. Looking ahead, the Group will adhere to conservative financial management policies and remain committed to maintaining a healthy balance sheet.

Key financial performance indicators

	31 December 2024	31 December 2023
Inventory turnover days *(Notes 1 and 5)*	**48**	48
Debtors' turnover days *(Notes 2 and 5)*	**104**	107
Creditors' turnover days *(Notes 3 and 5)*	**112**	111
Cash conversion cycle *(Notes 4 and 5)*	**40**	44
Current ratio *(Notes 6 and 8)*	**1.53**	1.42
Net debt-to-equity ratio *(Notes 7 and 8)*	**15.0%**	25.2%
Net profit margin *(Notes 9 and 11)*	**3.9%**	3.8%
Return on shareholders' equity *(Notes 10 and 11)*	**7.8%**	7.9%

Notes:

1. Calculation of inventory turnover days is based on the ending inventories divided by cost of sales and multiplied by the number of days during the year.

2. Calculation of debtors' turnover days is based on the ending balance of trade receivables divided by turnover and multiplied by the number of days during the year.

3. Calculation of creditors' turnover days is based on the ending balance of trade payables divided by cost of sales and multiplied by the number of days during the year.

4. Cash conversion cycle is defined as the total sum of inventory and debtors' turnover days less creditors' turnover days.

5. These ratios have a significant impact on the ability of the Group to generate cash flows from its operations. Therefore, they are selected as key financial performance indicators.

6. Current ratio is calculated based on the Group's total current assets divided by total current liabilities.

7. Net debt-to-equity ratio is calculated based on the total balance of bank borrowings and lease liabilities less cash and bank balances divided by shareholders' equity. Lease liabilities exclude the rentals for factory and office premises in future periods amounting to HK$83,755,000 as at 31 December 2024 (as at 31 December 2023: HK$74,843,000). These rentals have not yet been expensed, but are deemed as lease liabilities under the Hong Kong Financial Reporting Standard 16 "Leases". The ownership of the related factory and office premises is not held by the Group.

8. These ratios reflect the Group's financial stability and its ability to pay its debts as they fall due. Therefore, they are selected as key financial performance indicators.

9. Net profit margin is based on profit attributable to equity holders of the Company divided by turnover.

10. Return on shareholders' equity is based on profit attributable to equity holders of the Company divided by shareholders' equity.

11. These ratios reflect the Group's ability to generate returns from its business, and the returns obtainable by shareholders from their investments in the Group. Therefore, they are selected as key financial performance indicators.

Inventory turnover days

As the overall production and shipments to customers remained largely steady during the year, the Group's inventory turnover days was unchanged for the year ended 31 December 2024.

Debtors' and creditors' turnover days

During the year, as a result of the Group's efforts in strengthening credit control on our debtors, the debtors' turnover days decreased. The creditors' turnover days remained relatively similar to that for the year ended 31 December 2023.

Cash conversion cycle

The decrease in cash conversion cycle in the year ended 31 December 2024 was mainly caused by the decrease in debtors' turnover days as mentioned above.

Current ratio and net debt-to-equity ratio

The Group has been aggressively repaying its outstanding bank loans due for repayment by means of earnings from operations. It also refinanced some of the outstanding short term bank loans by drawing down long term loans with three to four years repayment periods that have been newly granted during the year. As a result, the Group's current ratio increased to 1.53. With a decrease in overall bank borrowings level and stronger operating cash flows this year, the Group's resulted net debt is smaller and hence the net debt-to-equity ratio decreased significantly from 25.2% to 15.0%.

Net profit margin and return on shareholders' equity

The increase in the Group's net profit margin was caused by the increase in profit attributable to equity holders of the Company, as explained in the section headed "Financial Review" above. The return on shareholders' equity remained relatively similar to that of the year ended 31 December 2023.

FOREIGN CURRENCY EXPOSURE

For the year ended 31 December 2024, the Group's sales and raw material purchases were denominated in the following currencies:

	Sales	Purchases
Hong Kong dollars	16.7%	1.3%
US dollars	52.8%	60.4%
Renminbi	29.1%	38.0%
Other currencies	1.4%	0.3%

A majority of the Group's customers and suppliers in China, Vietnam and Mexico are reputable international companies which use United States dollars (USD) as settlement currency. Accordingly, approximately 69.5% of the Group's sales and 61.7% of its raw material purchases were made in USD and Hong Kong dollars (HKD) (which are pegged to USD) during the year. The Group also has a policy of using Renminbi to settle the purchases of raw materials used for Renminbi denominated sales. Sales and raw material purchases denominated in currencies other than USD, HKD and Renminbi were mainly related to initial trial orders with new customers and suppliers, and therefore their percentages to our total turnover and purchases were small. Should these sales and raw material purchases increase in the future, we will take appropriate actions to safeguard ourselves from any potential exchange rate risk that may arise from dealing in other currencies. Further, it is the Group's policy to strictly prohibit any speculative foreign exchange transaction which is not related to business operations.

At present, although the Group endeavours to transact sales and raw material purchases in matching currencies, the percentage of the Group's raw material purchases in Renminbi is still larger than the percentage of its sales in Renminbi due to the Group's substantial production operations in China. However, management is of the view that the exchange rate risk is not high because Renminbi is used to settle the purchase of raw materials used for Renminbi denominated sales and the portion of Renminbi purchase that is not naturally hedged is not large. Going forward, management will continue to evaluate the Group's foreign currency exposure on a continuing basis and takes actions to minimise the Group's exposure whenever necessary.

HUMAN RESOURCES

The total number of the Group's employees was 10,087 employees as at 31 December 2024. The Group considers its employees, in particular, the skilled engineers and production management members, as its core assets since the Group's future success relies on the strengthening of its product quality and management on a continuing basis. Remuneration policy is reviewed regularly, making reference to the prevailing legal framework, market conditions and performance of the Group and individual staff. Share option schemes were adopted to attract and retain talents to contribute to the Group. However, apart from providing attractive remuneration packages, management believes that the creation of a harmonious working environment suitable for the development of employees' potentials is also important for attracting and retaining qualified staff for its future success. Training programmes are offered to employees for their continuous development. Besides, various employee activities are organised to inspire the team spirit of the Group's staff, which includes the organisation of company outings and sport activities in which the Group's employees, top management (including executive directors) and customers participate. Substantial resources were also devoted to improve the factory and dormitory environment of the Group with a view to providing an attractive working and living environment for the Group's employees.

As at 31 December 2024, the average length of services of the Group's employees below and above manager grade was 3.2 years and 8.7 years respectively.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2024, there was no charge on the Group's assets.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This environmental, social and governance ("ESG") report provides an annual update on the Group's sustainability management approach, strategies, initiatives and the overall ESG performance. Information and data of the previous year are provided for reference.

REPORTING BOUNDARY

Unless otherwise indicated, this report covers the Group's sustainability strategies and the ESG performance during the period from 1 January 2024 to 31 December 2024 (the "Reporting Period" or the "Year"). The ESG information in the ESG report covers 12 industrial parks in China (Shenzhen, Suzhou, Zhongshan, Chongqing, Sichuan, Wuhan and Weihai), Vietnam (Haiphong) and Mexico (San Luis Potosí).

REPORTING STANDARD

The ESG report has been prepared in accordance with the "mandatory disclosure requirements" and the "comply or explain" provisions outlined in the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

REPORTING PRINCIPLES

The Group ensures proper presentation of quality information by following the reporting principles:

Materiality	Material ESG issues are determined by stakeholder engagement and reviewed by the Board to ensure the significance to the Group's operation.
Quantitative	Quantitative metrics are disclosed to evaluate the effectiveness of our sustainability management and to keep track of our ESG performance.
Balance	ESG performance data is presented objectively, with a complete picture of both our accomplishments and our potential improvement areas moving forward.
Consistency	Unless otherwise specified, the data is calculated using consistent methodologies to allow effective year-over-year comparison.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

THE BOARD STATEMENT

The Group is committed to integrating sustainability into every aspect of our business operations. We strive to bring a meaningful, positive impact on both the environment and the communities we serve. To achieve this, we prioritise the delivery of high-quality products and services, guided by prudent decision-making and responsible business practices.

Over the years, we have been actively engaged with a diverse range of stakeholders. Through constructive dialogue, we are dedicated to balancing the interests and perspectives of different stakeholders, ensuring a sustainable and prosperous future for the Group. During the Reporting Period, we have evaluated our materiality assessment result by drawing on insights gained from stakeholder engagement activities. Senior management has carefully reviewed and validated the identified material topics to ensure their relevance and strategic significance.

As part of our sustainability and green financing strategy, we have strengthened our commitment through the participation in sustainability-linked loans. We have also reinforced robust reporting policies and procedures with frameworks developed from widely recognised principles set forth by the Loan Market Association. With well-defined quantitative environmental targets and key performance indicators ("KPIs") in place, the Group remains steadfast in advancing its sustainability agenda and contributing to a more sustainable future.

The Board holds ultimate responsibility for identifying, assessing, and mitigating ESG-related risks including climate risks and opportunities that may impact the Group. Our goal is to enhance sustainability while maximising long-term value for our shareholders, all while ensuring socially and environmentally responsible business operations. Additionally, the Board is accountable for establishing and maintaining effective risk management and internal control systems. The Group's management provides regular updates to the Board on the effectiveness of these systems, as well as the progress made in setting, monitoring, and achieving ESG-related goals and targets. These efforts are aimed at fostering awareness and driving continuous improvement. Furthermore, the Group's management ensures full compliance with all applicable laws and regulations across our operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

Company Overview

The Company was incorporated in the Cayman Islands on 12 July 2004 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Group commenced business in 1993 as a mould producer and is principally engaged in the provision of precision manufacturing services with a focus on the production of high-quality and dimensionally accurate moulds and components. It has been listed on the Main Board of the Stock Exchange since 11 May 2005.

The Group is a vertically integrated one-stop precision manufacturing service provider. Its existing services mainly include i) design and fabrication of precision metal stamping and plastic injection moulds; ii) manufacturing of precision metal and plastic components using custom moulds and other sophisticated manufacturing processes; iii) lathing of metal components; and iv) assembly of precision metal and plastic components manufactured by the Group into semi-finished or finished products using automated technologies, such as laser welding and complete machine assembly lines.

The Group's business model is unique and different from ordinary OEMs/ODMs. Brand owners usually require the Group to co-develop the relevant moulds with them from the early stages of their product development. The completed moulds are then stored in the Group's industrial parks for future mass production of components and semi-finished products, which can be further assembled into finished products by the Group. Due to the high level of skills and technologies required to produce moulds, components and semi-finished products with a high degree of precision and dimensional accuracy, the Group has strong pricing power for its products.

Over the years, the Group has developed into a comprehensive one-stop enterprise integrating the two main business segments, namely, the office automation ("OA") equipment business and the automotive component business, and has expanded its manufacturing bases in China, Southeast Asia and North America. The OA equipment business strives to provide design and electronic manufacturing services ("D-EMS") for various leading brands of OA equipment in the market. It aims to provide a one-stop solution from the design and development of complete machines for products (printers and copiers) and the related moulds, to the production of precision moulds and mass manufacturing of parts and components, to the assembly of semi-finished and finished products, i.e. complete machine assembly. Its manufacturing base spans six industrial parks in Shenzhen, Suzhou, Weihai and Vietnam (Haiphong). The automotive component business strives to provide moulds and products for world-renowned Tier 1 suppliers, OEMs and automakers in the industry. It focuses on automotive platformisation to provide customers with highly compatible platform components and generic components, ultimately reducing costs, maximising profits and improving global flexibility, allowing production of popular models to be easily and quickly expanded to other factories building the same platform. The business' main products include, but are not limited to, automotive seat frame systems, high-strength beam and chassis structural parts, and new energy-related products such as vehicle tri-electric system structural parts. The automotive component business operates six industrial parks, separate from the OA equipment business, located in Shenzhen, Zhongshan, Chongqing, Sichuan, Wuhan and Mexico (San Luis Potosí).

Board Oversight

The Group's governance is entrusted to its Board, which is accountable to the shareholders. The Board collectively assumes responsibility for formulating the Group's strategic business direction, setting objectives for management, overseeing performance, and assessing the effectiveness of management strategies. Furthermore, the Board evaluates and determines the nature and extent of risks it is willing to undertake in pursuit of the Group's strategic objectives. It ensures that the Group establishes and maintains robust and effective risk management and internal control systems.

The Board delegates specific responsibilities to the Group's management, including the implementation of Board-approved strategies, internal control and risk management procedures, and compliance with statutory requirements and regulations. Additionally, the Board conducts regular reviews of the performance of the operating divisions and retains a number of reserved powers to ensure effective oversight.

During the Reporting Period, the Board has held 9 full Board meetings and one general meeting. Regular meetings are convened by the Chairman at least four times a year, at approximately quarterly intervals and fourteen days' notice is given to all directors before such meetings. Agendas and related documents are sent to the directors at least three days prior to such meetings. During the Year, Mr. Zhang Hwo Jie, Chairman of the Board, had also held a meeting with the independent non-executive directors without the other directors present.

To fulfill its responsibilities, the Board reviews the performance of the operating divisions on a regular basis and also exercises its reserved powers, including:

- formulating long-term strategy;
- approving public announcements including interim and annual financial statements;
- setting dividend policy;
- approving major acquisitions, divestments and capital expenditure;
- overseeing the design, implementation and monitoring of the risk management and internal control systems by the Group's management, and reviewing the effectiveness of these systems which encompass all material controls, including financial, operational and compliance controls;
- handling and dissemination of inside information;
- approving appointments to the Board and the company secretary; and
- approving significant borrowings and treasury policy.

The Group has a balanced board composition to ensure strong independence across the Board. Currently, more than one-third of the Board members are independent non-executive directors, posses with extensive expertise in accounting, financial management, sales, marketing, manufacturing, and innovation technology. With their expertise, they bring independent and objective views to the Board, give constructive advice and scrutinise the performance of the Company. The composition of the Board also complies with the requirement under rule 3.10(2) of the Listing Rules in respect of appropriate professional qualifications, or accounting or related financial management expertise.

Each independent non-executive director has provided the Group with a written annual confirmation affirming their independence, as well as that of their immediate family members, in accordance with rule 3.13 of the Listing Rules. As such, the Group considers all independent non-executive directors to be independent. Each of them has entered into a service contract with the Company for a term of two years and is subject to retirement by rotation at the Company's annual general meetings. These contracts are terminable by the Company within one year without payment of compensation other than statutory compensation.

To ensure a clear separation of power and authority, the roles of the Chairman and the Chief Executive are distinct. The Chairman of the Board is Mr Zhang Hwo Jie and the Chief Executive is Mr Zhang Yaohua. Although Mr Zhang Hwo Jie and Mr Zhang Yaohua are brothers, there is a well-defined distinction between their responsibilities. The Chairman oversees overall strategic planning and Board governance and the Chief Executive is responsible for the management of the day-to-day operations of the Group's business.

Stakeholder Engagement

The Group recognises the importance of maintaining close engagement and effective communication with its stakeholders. To better understand their expectations regarding our ESG performance, we have established a range of communication channels and platforms, enabling us to gather insights and provide timely responses. Throughout the year, we actively engaged with stakeholders through various channels. This ongoing dialogue has allowed us to assess our current management approach to sustainability performance and refine our development strategies to support long-term growth.

Stakeholders Groups	Engagement Channels
Regulators	Regulatory compliance reports
	Meetings and conferences
	Regulatory enforcement and inspection
Shareholders and Investors	Meetings and telephone conferences
	Annual and interim reporting
	Corporate website
Customers	Meetings and conferences
	Customer feedback surveys
	Press releases
	Factory site visits
Community	NGOs and external organisations
	Sponsorship and funds
Employees	Open and collaborative workspace environment
	Training and workshops
	Employee feedback and whistleblowing procedures
Suppliers	Tendering procurement practices
	Meetings and conferences
	Supplier site inspections

Materiality Assessment

To identify the ESG issues that are relevant to the Group, we engaged our management and staff to review our operations and obtain feedback from internal and external stakeholders including shareholders, customers, employees, suppliers, creditors, regulators and the general public. The identified ESG issues were then assessed based on their significance to both our stakeholders and the Group, ensuring that our sustainability efforts remain aligned with key concerns and expectations.

The ESG issues considered to be material are listed below:

Environmental Pillar	Social Pillar	Governance and Innovation Pillar
• Air emission and waste management	• Working conditions and employee well-being	• Business ethics and integrity
• Electricity, water, and packaging materials consumption	• Occupational health and safety	• Anti-corruption and antibribery
• Energy management and greenhouse gas ("GHG") emission	• Staff development and training	• Customer privacy and data security
• Climate risk and opportunity	• Anti-child and forced labour	• Supply chain management
	• Community services and care	• Quality assurance and product responsibility

PEOPLE AND COMMUNITY

Employees are the cornerstone of our organisation. As of 31 December 2024, the Group employed a total of 10,087 staff members. With the Group's ongoing expansion, our dedicated and hardworking employees are presented with exceptional prospects for advancing their careers. We take great pride in fostering a workplace that upholds non-discriminatory employment practices, ensuring that every member of our diverse workforce is treated with fairness and respect. Within the Group, we are committed to providing a safe and healthy work environment, as well as the well-being of our employees.

Employee Health and Well-being

The health and safety of our employees is of utmost importance to us. We are committed to cultivating a strong safety culture that encourages employees to adopt sustainable operational practices across all our facilities.


Occupational Health and Safety Training

To uphold the highest standards of occupational health and safety, we adhere to international best practices and comply with the requirements of ISO 45001:2018, the globally recognised Occupational Health and Safety Management System. ISO certifications serve as a testament to an organisation's commitment to industry-leading quality, safety, and management standards. Throughout the Reporting Period, we have maintained our compliance with ISO 45001:2018, continually enhancing our occupational health and safety performance. As part of this commitment, we provide employees with comprehensive training courses and seminars covering critical topics such as product safety, workplace accidents and injuries, and fire safety procedures. These initiatives ensure that our workforce remains well-equipped to manage potential risks effectively. During the Reporting Period, we allocated a total of 107,007 training hours to employees.

Furthermore, we have implemented rigorous measures across our OA equipment and automotive component businesses to prevent workplace accidents and occupational diseases, ensuring full alignment with government-mandated safety standards. Our operations adhere to the Certified Work Safety Standardisation requirements established by the PRC Emergency Management Bureau, as outlined by the State Administration of Work Safety. These standards are classified into three tiers: Level 1 (National Level), Level 2 (Provincial Level), and Level 3 (Municipal Level). Within our automotive component business, we are proud to highlight that our Shenzhen and Wuhan operations have achieved Level 2 Provincial standardisation, while our Chongqing and Zhongshan facilities have successfully attained Level 3 Municipal standardisation.

In our OA equipment business, we are equally proud to report that three of our operations in Shenzhen and one in Suzhou have reached Level 3 Municipal standardisation. Additionally, our Vietnam operation has established robust safety procedures, including regular safety training programmes, to ensure occupational safety. These achievements underscore our commitment to workplace safety and compliance with both national and local regulatory requirements. By fostering a culture of safety excellence across our operation, we remain dedicated to protecting our employees and maintaining the highest standards of operational integrity.

During the Reporting Period, we have conducted multiple fire drills to familiarise employees with emergency protocols and evacuation procedures in the event of a fire. By simulating real-life scenarios, we aim to enhance employee preparedness and response capabilities, minimising risks and ensuring the safety of our workforce. We continuously evaluate and refine our safety protocols based on insights gained from these exercises, reinforcing a culture of safety and preparedness throughout the organisation.


Fire Drill 2024

During the Reporting Period, we have maintained contractual agreements with several external vendors in Shenzhen, Weihai, Suzhou, Zhongshan, Chongqing and Wuhan, providing hazardous waste disposal and sewage treatment services. This decision reflects our strong dedication to upholding safety standards and minimising the risk of any potential accidents. By entrusting these specialised experts, we aim to ensure the well-being of our people and foster an environment that prioritises safety above all else.

Fire Drill 2024

We also committed to supporting the psychological well-being and mental health of our employees. We strive to cultivate a workplace culture that fosters stability, personal growth, and professional development. To uphold this commitment, we provide free health counselling services and actively encourage participation in sports, cultural events, and artistic competitions organised by local governments and non-governmental organisations. Additionally, we offer mental health resources and promote engagement in activities such as volleyball and basketball competitions, which contribute to overall well-being while strengthening team spirit and workplace relationships.

Employee Activities

Internally, our employee handbook that clearly defines the Group's policies and procedures on key employment matters, including compensation, recruitment, promotion, working hours, rest periods, employee welfare, and diversity and inclusion. To reinforce our commitment to inclusiveness, we regularly organise team-building activities that foster collaboration and mutual respect. These initiatives are reviewed annually to ensure they remain aligned with market conditions and our business strategy.

Our structured payroll and performance management systems, along with our remuneration and bonus policies, are designed to ensure fair and competitive compensation. Salaries are determined based on employees' experience, qualifications, individual performance, and prevailing market trends. Bonus evaluations follow a transparent assessment process, taking into account self-performance appraisals, the operational performance of respective business units, and the Group's overall financial results.

Since 2008, the Group's Employee Care Fund has been a vital source of financial support for employees facing hardship, particularly those dealing with medical challenges. During the Year, this fund continues to provide both financial aid and in-kind contributions to assist employees in times of need, reinforcing our dedication to their well-being and financial security.

Employee Awards

Employee Engagement

We are committed to fostering a positive and inclusive work environment. To strengthen the team's bonding and enhancing workplace morale, we organised a wide range of events throughout the Year. These include team-building activities such as hiking and Mid-Autumn Festival celebrations, as well as annual festivals, competitions, and sports events that promote overall well-being.

To celebrate the International Women's Day, we have introduced several initiatives to honour and support our female employees. These efforts include hosting educational lectures on women's health to promote well-being and organising a special event called Goddess Day. As part of this celebration, we express our appreciation for our female employees by presenting them with thoughtful gifts and refreshments, reinforcing our commitment to inclusivity and employee welfare.

International Women's Day Celebration

In addition to these efforts, we actively encourage our employees to participate in sports tournaments, recognising the importance of maintaining physical health and fostering a strong sense of connection to our organisation. This year, we have facilitated a diverse range of sports games and competitions, such as basketball, volleyball, and team building activities. By offering these opportunities for friendly competition and physical activity, we aim to further motivate our employees and encourage them to work together towards the success of our organisation.

Basketball Competition 2024

Volleyball Tournament 2024

Team Building Activities

Development and Training

The Group places great importance on the career development of our employees and is dedicated to providing opportunities for continuous learning and professional growth. To support this commitment, we have implemented a comprehensive range of training programmes tailored to employees at all levels.

For new employees, we organise structured orientation programmes designed to provide an in-depth introduction to our industry, helping them gain a clear understanding of our operations and integrate seamlessly into our workplace. In addition, we offer ongoing training initiatives for existing employees, ranging from front-line staff to senior management, including executive directors, to enhance their skills and expertise.

Management conferences and discussion forums

To further support our employees' educational aspirations, we organise annual events such as the Business Objectives Conference, the Budget Review and Management Plan Discussion Forum, and Performance Accreditation. Every year, we will pick different industrial parks to become hosts for our annual events and meetings, with an aim to gather our middle and senior management in the selected industrial parks to exchange knowledge and ideas, share experiences, and engage them in factory visit and field study. During the Year, one of these meetings was held in Vietnam, and site-seeing activities in Vietnam were also organised for the team to enjoy. These initiatives foster a culture of excellence by encouraging high performance, improving employee retention, and recognising outstanding contributions. Additionally, we provide sponsorship for job-related courses offered by external institutions, enabling employees to expand their knowledge and advance in their careers.

Recognising the importance of staying informed about market conditions, industry trends, and economic developments, we actively engage our managerial employees in annual conferences and discussion forums. These platforms allow middle management and senior leaders to exchange insights, share perspectives, and align business strategies with industry developments. Through this culture of knowledge sharing, we broaden our collective vision and strengthen our organisation's strategic direction.

During the Reporting Period, we expanded our training programmes to place a greater emphasis on sustainability. As a result, we successfully delivered sustainability-related training to our employees, covering environmental topics such as air pollution, climate change, renewable energy, biodiversity conservation, and waste management; social topics including diversity, equity, inclusion, occupational health and safety, and sustainable procurement; and governance topics such as business ethics and corporate social responsibility. The Group's Human Resources department ensures these sessions align with our sustainability goals as we stive to foster a culture of sustainability across the organisation.

As part of our commitment to continuous learning and professional growth, we have organised several competitions designed to assess and showcase the skills and expertise of our employees. These competitions provide a valuable platform for employees to demonstrate their proficiency in specific areas and their ability to operate various equipment effectively.

The achievements of competition winners were recognised by senior management, underscoring their dedication and talent in their respective fields. By celebrating their accomplishments, we aim to inspire and motivate all employees to strive for excellence and continuously enhance their skills and knowledge.

Employee Upskilling Trainings

In addition to employee-focused training, our senior management, including executive directors, participate in interactive training courses, technology forums, and strategy exploration workshops. These initiatives enable leaders to share experiences, engage in cross-functional discussions, and explore emerging industry trends, fostering a culture of collaboration and innovation.

This year, we have continued to comply with provision C.1.4 of the Corporate Governance Code and rule 3.29 of the Listing Rules, ensuring that our directors and the company secretary receive appropriate professional development and training opportunities. Through these efforts, we remain committed to upholding the highest standards of corporate governance while equipping our leadership team with the insights and expertise needed for long-term success.

Talent Attraction and Retention

Within the Group, we also prioritise attracting and retaining talented individuals by creating a work environment that upholds values such as fair play, respect, and integrity. To recognise and reward our employees' contributions, we offer competitive compensation packages, job promotions and rewards based on their merits and performance within the Group. To foster a sense of belonging and align employee interests with the Group's success, we provide outstanding employees at managerial levels or above with share options, allowing them the opportunity to obtain an equity interest in the Company. We believe this motivates employees and thus brings higher quality of work and performance.

At the Group level, we encourage our employees to maintain a healthy work-life balance and actively participate in community services. This includes engaging in various sports and cultural events, volunteering for community services, and supporting charitable organisations. The Group also organises various events such as celebrations for festivals such as Dragon-boat, Lantern festival, and Mid-autumn, fostering team support and building trust. These celebrations serve as opportunities to bring our employees together, fostering a sense of unity and team support. Through these events, we aim to build trust and strengthen relationships among our employees, creating a positive and inclusive work environment.

Team-building Activities in Celebration of Mid-Autum Festival, 2024

Team-building Activities of Fun Games, 2024

To further enhance our talent attraction efforts, we have taken proactive steps to engage and develop our interns. We have implemented a series of knowledge-sharing sessions and team-building activities specifically designed for our interns throughout various production lines including packaging, injection, and assembly lines. The knowledge-sharing sessions serve as valuable learning opportunities, where interns have the chance to expand their knowledge and skills in specific areas relevant to their roles. These sessions may include presentations, workshops, or guest speaker events, allowing interns to gain insights from experienced professionals within the organisation. In addition to the knowledge-sharing sessions, we also organise team building activities for our interns. These activities aim to foster a sense of collaboration among the interns, enabling them to build strong relationships and work effectively as a team. Such activities may involve problem-solving exercises, group projects, or team outings, all aimed at promoting teamwork and a positive working environment. By providing these knowledge-sharing sessions and team-building activities, we not only invest in the development of our interns but also create an attractive and enriching experience for talented individuals who are considering joining our organisation.

Interns Training Session, 2024

Knowledge-sharing Sessions 2024

Team-building Activities, 2024

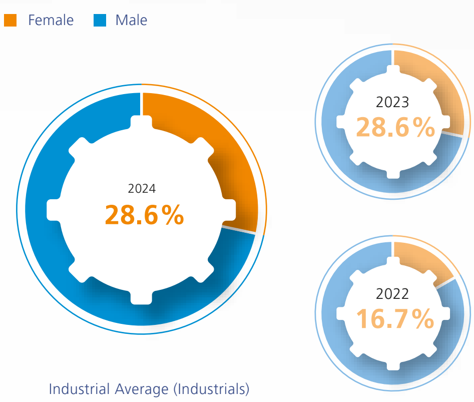
Diversity and Inclusion

The Board is committed to being an employer of choice by offering competitive remuneration packages, continuous training opportunities, and meaningful rewards. Our goal is to foster a diverse and inclusive working where employees feel valued and empowered. To achieve this, we have implemented various initiatives focused promoting on diversity, inclusion, and employee engagement.

Currently, the overall gender diversity within the Group stands at 34% female and 66% male. To address the gender gap issue, we have been working on both Board level and staff level. At the Board level, we have appointed female executive directors to the Board. Currently, the Board consists of 2 female directors out of 7 directors.

Gender Distribution

(% of female directorships among all directorships of the Group)

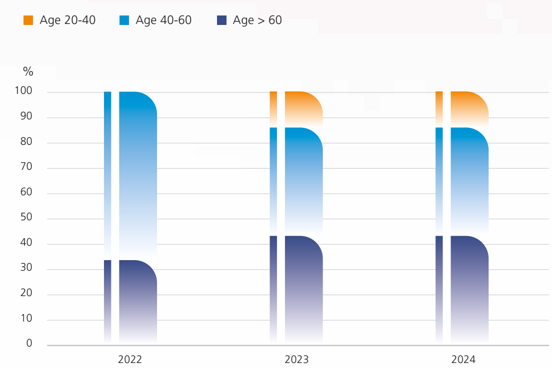


Industrial Average (Industrials)

Female	Male
18.9%	81.1%

Age Distribution

(based on directorships)



Industrial Average (Industrials)

Age 20-40	Age 40-60	Age > 60
7.9%	57.5%	34.6%

At staff level among our regular employees, we are making deliberate efforts to build a more inclusive working environment as the metal and plastic mould and component manufacturing industry continues to face structural barriers in terms of equal gender representation. Nevertheless, we have implemented highly automated stamping machinery, robotic arms, and remote-controlled laser welding workstations that create a less physically demanding work environment. Our goal is to have such technological advancements create a less physically demanding work environment, opening up opportunities for a more diverse workforce with a higher female ration, disabled workers, and a wider range of age groups.

The Group values diversity in terms of gender, age, ethnicity, and nationality. The company hires both locally and internationally in China and promotes a better cultural exchange through high localisation in its overseas industrial parks in Vietnam and Mexico. We also place a strong emphasis on maintaining a balanced workforce that includes employees with disabilities. Efforts are made to support occupational health and safety for workers with special needs. During the Reporting Period, the Group's Suzhou industrial park organised disability training workshop, with an aim to promote occupational health and safety amongst workers with disabilities.

Labour Standards

We are committed to upholding ethical labour practices and ensuring that our operations are free from any form of child or forced labour. We strictly adhere to all applicable laws and regulations pertaining to child or forced labour, and we have implemented robust internal policies to prevent the hiring of underaged or coerced workers. If any instances of such labour practices are discovered during our recruitment process, we promptly report them to the relevant authorities.

In line with our commitment to equality and non-discrimination, we provide a work environment that fosters diversity and inclusivity. We have established internal labour regulations that cover various aspects including paid annual leave, working hours, labour protection for female employees, and work injury insurance. Our Human Resources department adheres to internal guidelines on labour standards and hiring practices, ensuring fair working hours, performance incentives, and employee compensation and benefits. We conduct seminars and visits to help new employees understand our corporate culture and dynamics, ensuring equal opportunities for all personnel in terms of hiring, pay rates, training and development, promotion, and other employment conditions. Our dedication and efforts in this regard have been widely acknowledged by society.

At the Board level, we recognise the importance of diversity in achieving our strategic objectives and sustainable development. We have implemented a board diversity policy that aims to achieve a balanced representation of skills, experience, and diverse perspectives that align with the requirements of our business. The board diversity policy can be found on our company websites at www.eva-group.com or www.irasia.com/listco/hk/evaholdings. We believe that embracing diversity at the highest level of governance contributes to our overall success and resilience as a company.

Community Engagement

The Group places great importance on our core values of responsibility, creativity, and integrity. For many years, we have actively embraced corporate social responsibility and have been actively involved in various charitable activities. Our public engagement and donation policy reflect our commitment to serving the community through both financial contributions and staff participation.

One of our key focus areas in community initiatives is addressing issues of inequality, particularly in access to education for vulnerable groups. It is our commitment to support community programmes that address the urgent needs of these vulnerable groups. We firmly believe that access to education is a fundamental human right, and we are continuously innovating to provide underprivileged and under-resourced children with access to knowledge and skills. Our support includes providing educational resources and monetary sponsorship.

In 2024, the Group has made charitable contributions to schools in Bao'an District, Shenzhen Machinery Association, and the Red Cross Society of Zhongshan, China. As the executive president of Shenzhen Machinery Association which is a 5A social organisation accredited by the Ministry of Civil Affairs of China, the Group initiated the "1 to 1" educational sponsorship platform. This platform is a collaborative charity project within the industry, dedicated to providing support to underrepresented students in China. During the Reporting Period, a total of 38 enterprises, including our Group, actively participated in this platform, resulting in a cumulative donation amounting to RMB386,500.

In addition to our focus on education, we are also committed to expanding our engagement with underserved communities to address issues related to poverty and health. During the Reporting Period, we have made donations worth RMB153,000 to charitable organisations in China to support underprivileged children and elderlies in remote villages.

ENVIRONMENTAL MANAGEMENT

The Group is committed to reducing our environmental footprint and minimising the negative impact of our business activities. During the Reporting Period, we have implemented various initiatives to optimise material usage, reduce emissions, and conserve resources through efficient waste management practices.

We recognise the importance of integrating sustainable practices and pursuing environmentally friendly production lines. To achieve this, we actively engage with our stakeholders, including suppliers and customers, to foster a shared commitment to sustainability. We have implemented stringent controls across all manufacturing procedures, covering product design, raw material sourcing, production, and delivery. Our manufacturing processes comply with international standards on environmental management, including the Restriction of Hazardous Substances Directive ("RoHS") and the Waste Electrical and Electronic Equipment Directive ("WEEE"), ensuring compliance throughout our operations.

In response to climate change, we are continuously innovating to enhance our climate resilience. Going forward, we will implement climate-resilient design and development plans to mitigate potential adverse impacts from extreme weather conditions. To manage climate risks resulting from extreme weather conditions and protect the Group against possible financial losses, we have established business continuity plans to minimise disruptions and losses during the suspension of operations. The Group regularly assesses the impact of climate change on its operations and formulates measures to address the physical risks and transition risks and achieve sustainable development.

The Board remains committed to monitoring all relevant climate risks and opportunities and updating its strategy accordingly. We understand the importance of staying proactive in addressing the emerging climate-related challenges and will continue to prioritise sustainability in our business practices. By doing so, we aim to contribute to a more sustainable future while ensuring the long-term success and resilience of our Group.

Spotlight: Green Transformation Success – Shenzhen's First Batch of Green Factories

Our Shenzhen operation has been honoured as one of the first batch of green factories in 2024, as announced by the Industry and Information Technology Bureau of Shenzhen Municipality.

This achievement represents a significant milestone in the expansion of EVA's provincial-level green factory network and highlights the Group's unwavering commitment to sustainable development. It also reflects our dedication to fostering innovative, high-quality production through green growth initiatives.

Shenzhen's First Batch of Green Factories

The recognition is awarded to enterprises that excel in energy conservation, emission reduction, and environmentally friendly process innovation. This accolade marks an important step in our ongoing journey towards green industrial transformation.

Material Use and Energy Management

During the Reporting Period, the Group has a total procurement of more than 8.2 million kWh of solar energy from renewable energy providers in Chongqing, Suzhou, Weihai, Wuhan and Zhongshan. It demonstrates our commitment to supporting renewable energy generation and development in China. By proactively sourcing clean and green energy, we align with the global efforts to mitigate the effects of climate change and fosters a more sustainable energy future.

We fully recognise the importance of water conservation and its relevance in the context of climate change. Our goal is to enhance our water consumption efficiency and contribute to the sustainable management of this vital natural resource. We have taken appropriate steps to reduce water consumption by implementing various water-saving measures and promoting awareness campaigns among our employees. As part of our commitment to responsible water management, we solely rely on water supplied from municipal sources and do not use on-site wells or boreholes. This ensures that our water usage is in line with regulations and helps minimise the risk of depleting local water resources.

To minimise water pollution, we continuously improve our wastewater treatment processes in accordance with ISO 14001:2015 Environmental Management Systems standard, an internationally recognised standard for organisations to improve their environmental performance. This practice demonstrates our commitment to conducting appropriate measurements to ensure compliance. Furthermore, we actively engage our employees through campaigns at dormitories and manufacturing areas to increase awareness and promote water conservation.

In addition to water conservation, we have set clear expectations for reducing the use of packaging materials. To achieve this, we have eliminated the use of disposable cardboard boxes and dividers, replacing them with durable plastic alternatives. We also encourage employees to reuse plastic bags and cardboard dividers collected at our recycling centres as internal packaging materials. Moreover, we have implemented improvements in our packaging solutions for semi-finished and finished products, resulting in reduced purchases and usage of packaging materials. These initiatives have not only contributed to our environmental goals but have also helped reduce costs.

Since 2003, our operations have adhered to the ISO14001 Environmental Management System certification issued by the BSI Group. The ISO14001 standards are kept abreast of the growing trends and stakeholders' expectations and thus require participating companies to continuously improve their environmental performance. By consistently meeting high level environmental standards, we reaffirm our dedication to sustainable development and environmental responsibility.

As a result of our environment management initiatives, we have achieved 21.6% decrease in diesel consumption this year. Also, we have expanded our renewable energy consumption from 2023. This exemplifies our efforts in conserving the environment and developing our business in a sustainable manner. Moving forward, we will continue to monitor and strive to achieve higher rates of energy efficiency and resource conservation.

Waste Management

The Group recognises that waste serves as an indicator of both inefficiency and environmental degradation. To address this, we prioritise waste reduction and have implemented effective strategies to minimise waste generation across our operations. We continuously explore ways to enhance efficiency, reduce waste and contribute to a cleaner and more sustainable environment. In line with our focus on optimal resources efficiency, we strive to minimise the materials used in our manufacturing processes while simultaneously increasing our recycling rate and utilisation of reusable materials. We maintain meticulous records of the materials we use, with the overarching goal of reducing waste production.

During the Reporting Period, the Group generated various types of non-hazardous wastes including metals, degradable plastics, paper pallets, wooden boxes, pallets, and other non-chemical wastes. To reduce material wastage during the component production process, our production team carefully designs models tailored for mass production purposes. Additionally, we have developed and implemented devices that effectively reduce the consumption of excessive parts and materials.

To achieve our resource efficiency targets, we have established recycling centres at our industrial facilities. These centres serve as collection points for recyclable materials, including cardboard and metals, which are then reused within our operations. We also foster close collaborations with our suppliers, aligning ourselves with a closed-loop, or circular, business interaction model. As part of this model, recyclable materials are returned to our suppliers for the purpose of reuse, further promoting sustainability throughout our supply chain.

Apart from non-hazardous wastes, some notable hazardous wastes generated include electrical and electronic items, waste chemicals, waste oils, and cutting fluids. We employ a variety of methods to handle and manage hazardous wastes, keeping abreast of our corporate values in prioritising occupational health and safety. It is critical to ensure that our practices are met with stakeholders' expectations, environmental targets, and safety regulations. We strive to achieve our goals by employing best practices, which include:

- Providing clear work instructions and protection gear for employees at all times;

- Ensuring employees have completed the hazardous waste and chemical management trainings before getting on board;

- Storing hazardous wastes in special containers that are acid resistant and solvent resistant;

- Delivering hazardous wastes in separate vehicles;

- Storing hazardous wastes in storage units that are specially constructed to prevent exposure, spillage, fire and explosion at isolated areas within the site;

- Categorising and storing hazardous wastes in corresponding sections within the storage units; and
- Ensuring that hazardous wastes are disposed of and handled by government-authorised hazardous waste disposal companies.

Through these comprehensive efforts, we demonstrate our unwavering dedication to resource efficiency, waste reduction, and the promotion of recycling. By recognising waste as an indicator and taking proactive measures to address it, we strive to minimise our environmental impact and contribute to a more sustainable future.

Emission Reduction

During the Year, the Group emitted a total of 69,336 tonnes of GHG emissions. The emissions originated from various sources including direct energy consumption from fossil fuels and the indirect energy consumption from purchased electricity. We are committed to adopting clean energy from the early production stages and target to reduce our GHG emission intensity in the coming years.

During the Reporting Period, the Group maintained its commitment to enhancing its ESG performance and acting towards the KPIs set under sustainability-related loans. The KPIs for evaluating our sustainability performance included electricity intensity reduction, GHG intensity reduction and sustainability-related training hours increment. The Group has been making continuous efforts to achieve our sustainability objectives and targets. In line with our commitment to reducing emissions, particularly those originating from transportation activities, we have taken proactive measures such as replacing fuel-powered forklifts with electric vehicles, which has significantly reduced diesel consumption. Furthermore, we are actively working to enhance the consumption of green energy from sustainable sources. One of our emission reduction initiatives involves establishing policies to phase out and replace ancillary equipment with more environmentally friendly options.

To reduce emissions from transportation, we have implemented internal practices that involve renting warehouses near our customers when necessary. We have taken various energy-efficient measures at our production sites and offices to reduce electricity consumption. These measures include optimising the production process by replacing conventional equipment with high-efficiency cooling systems. We have also created environmentally friendly working spaces by utilising LED lighting and maintaining air conditioner temperatures at or above 26 degrees Celsius. To raise employee awareness, we conduct campaigns in our office settings to promote electricity conservation. Energy-saving in our production sites and offices is a key topic discussed in our senior management meetings.

We are responsible for the maintenance and renovation of all recently acquired production-related machinery, equipment, and measuring instruments. Regular maintenance and optimisation ensure efficient operations, minimising energy waste and emissions. Our infrastructure improvement efforts include providing design, cost estimation, exploration, and supervision services for both new and existing facilities. Sustainability is embedded in our planning and execution processes, with a focus on incorporating environmentally friendly designs and innovative technologies to enhance energy efficiency, reduce emissions, and improve overall environmental performance.

Our facilities are supported by a dedicated resource conservation team comprising experts in interior equipment architecture and design for the purpose of enhancing our energy efficiency. This team conducts regular patrols across manufacturing and dormitory areas to identify instances of energy waste. Any inefficiencies are documented and reported to the relevant management levels, with demerit points being factored into the monthly performance appraisals of responsible employees. These employees are also required to develop and implement corrective action plans to address identified issues.

All of our workspaces operate with smart facilities, such as zoned lighting and time sensors, to reduce electricity consumption. We carefully plan and regularly review the production floor layouts to optimise air circulation. When appropriate, we install thermal insulation on production equipment to contain the heat generated by the machinery, thereby maintaining a comfortable temperature on the production floors. These efforts collectively contribute to energy conservation and emission reduction within our operations.

OPERATIONAL PRACTICES

As a socially and environmentally responsible business, the Group places great importance on regulatory compliance. To ensure compliance with relevant laws and regulations, the Group has implemented preventive and monitoring measures. These measures are designed to keep the Group informed about the latest regulatory developments, and relevant personnel will receive appropriate training to stay up to date.

During the Reporting Period, the Group did not observe any instances of non-compliance with laws and regulations that could have had a potential impact on the Group's operating areas. This includes areas such as environmental protection and conservation, employment, labour practices, as well as operational and organisational activities. The Group's commitment to compliance demonstrates its dedication to responsible business practices and upholding legal requirements. This commitment helps to safeguard the environment, protect employee rights, and maintain the Group's reputation as a socially and environmentally conscious organisation.

Supply Chain Management

The Group places the utmost importance on adhering to laws and regulations and follows international best practices in conducting its business. Transparency, fairness, and integrity are guiding principles in our supply chain management, particularly when engaging with suppliers. The Group ensures that tender processes are conducted fairly and without bias, fostering trust and accountability throughout the supply chain.

In selecting suppliers, the Group considers various factors beyond the quality of services and products. Factors taken account include supplier integrity, social responsibility, and environmental performance, such as emissions and pollution levels. The Group expects all suppliers to uphold the same environmental, social, health and safety, and governance policies as those adopted by the Group. To ensure alignment with these principles, our procurement teams are trained to consider all aspects of supplier selection policies when assessing suppliers. Additionally, the tendering procedures are communicated thoroughly to vendors to ensure clarity and understanding.

To maintain transparency, the Group utilises an online channel known as "EVA Procurement System" during tendering procedures. Suppliers are required to submit their tenders with details that are accessible to the entire procurement team. Starting from 2020 the Group has introduced new considerations in the supplier selection and retention process. These considerations are used to evaluate and rank suppliers based on benchmarks. As part of our due diligence, we conduct annual background checks to identify potential risks associated with suppliers. This includes reviewing any history of significant pollution, improper handling of hazardous waste, disputes with stakeholders, or a risk of corruption. Suppliers with such issues may receive a lower ranking during the review process.

By implementing these robust measures, the Group ensures transparency, integrity, and fairness in its supply chain management. It actively evaluates and addresses environmental and social risks along the supply chain, promoting responsible business practices and sustainability throughout its operations.

Product Responsibility

The Group is dedicated to delivering best practices and achieving high levels of customer satisfaction levels. To ensure the quality, reliability, and safety of our products, the Group has implemented the Inspection and Testing Control Protocol. During Reporting Period, we have received a total of 138 complaints regarding our products and services subject to recalls for safety reasons. Each complaint was handled promptly and appropriately, with the necessary inspections and repairs carried out to ensure the safety and functionality of the products. Compliance with relevant laws and regulations related to product safety, advertising, labelling, and privacy is a priority for the Group. Employees are required to adhere to applicable governmental and regulatory laws, rules, codes, and regulations to maintain compliance.

We adopt international best practices in product quality management and has been accredited with ISO9001 certification of Quality Management Systems by the BSI Group since 2000. We remain aligned with the latest version of the ISO9001 standards (i.e. the 2015 version) and demonstrate our compliance with globally-recognised and continuously improving standards. For example, we have the "Inspection and Testing Control System" (檢驗和試驗控制程序) in place as a means to govern the quality, reliability and safety of our products. During the year, the Group continued to implement Quality Control Circles ("QCC") activities which require the participation of employees at all levels from front line staff to senior management to identify and address areas for improvements in the production processes. Through a range of initiatives, the Group strives for continuous improvement in product quality, reliability, and safety. The Group has received recognition for the quality and reliability of its products and services from reputable customers and government entities, including Fujifilm and MiTAC. In 2024, the Group is honoured to be awarded the "Premiere Partner" for the 14th time consecutively by Fujifilm.

To ensure high product quality and safety, the Group engages with internal committees comprising representatives from various business units and customers. Customer Complaint Processing System (客戶投訴處理程序) and Customer Satisfaction Management System (客戶滿意度管理程序) are in place to measure customer satisfaction and effectively respond to feedback through issuing the Eight Disciplines ("8Ds") Report. Policies related to product quality, safety, and compliance are transparently communicated to employees through the internet. Training sessions are conducted for employees, suppliers, and business partners to reinforce product responsibility. New employees receive orientation training, and regular training is provided to all employees.

The Group understands the significance of safeguarding and upholding intellectual property rights and strictly complies with relevant laws and regulations. Therefore, we have implemented measures to ensure compliance, such as requiring our suppliers to install authentic software applications and instructing our employees not to download unauthorised software to prevent any infringement of intellectual property rights.

During the Reporting Period, the Group was not aware of any incidents of non-compliance with regulations concerning the provision and use of the Group's products and services that would have had significant impact on the Group. This demonstrates the Group's commitment to upholding legal and regulatory requirements and ensuring customer satisfaction.

Customer Privacy and Data Security

In response to the growing concern regarding customer privacy and data security with increasing digitalisation, the Group has taken proactive measures to establish comprehensive policies to ensure customer data protection and cybersecurity in compliance with local laws and legislations. Our commitment to data privacy is effectively communicated to all employees through multiple channels including the distribution of memos, conducting staff meetings, and organising training programmes. These initiatives aim to instil a high level of awareness and understanding among our workforce regarding data privacy and protection.

To effectively safeguard customer privacy and personal data, we have implemented policies focusing on IT information security, data control procedures, confidentiality obligations, prevention of leaks, and liability for breach of contract. Additionally, we have established strict compensation methods to address any potential breaches. These policies include the implementation of a Document and Information Control System, an IT Data Security Control System and a Classified Documents Control Policy. With these robust policies in place, we ensure that customer data is secure and handled with care and reinforcing customer trust.

ETHICS MANAGEMENT

Anti-Corruption

We are committed to upholding the highest standards of integrity and ethical conduct in all our operations. As part of our anti-corruption efforts, we strictly adhere to applicable laws and regulations, and we value integrity, proactivity, cooperation and creativity. We have implemented various systems and measures to detect and deter corruption, bribery, or any other fraudulent activities. We conduct regular internal audits of high-risk business units and management teams to assess the effectiveness of the internal control system. The internal audits help us identify any red flags and ensure compliance with ethical standards. In 2024, our internal audit department has found four cases of violations of the Group's rules and policies. From these cases, two employees were dismissed, one employee was warned and one supplier was blacklisted.

To ensure that all employees understand and adhere to our anti-corruption policy, the Group's legal department organises compulsory training sessions to employees at all levels. Employees in high-risk positions, such as procurement, sales, and finance, receive specialised training to enhance their understanding of national laws and group policies and practical ways to mitigate bribery and corruption risks. During 2024, all of our employees have received anti-corruption training.

Our internal audit department team handles suspected fraudulent activities independently. After an investigation has been completed, the employee found and proven to have committed serious fraud would be subject to immediate dismissal. Additionally, the relevant department, with support from the risk management and internal control department, take corrective actions to address any identified business risk or loophole. We also conduct semi-annual internal audits, rotating coverage among all the subsidiaries to ensure ongoing compliance.

To further strengthen anti-corruption practices, we have established Anti-fraud and Whistleblowing Policy (the "Whistleblowing Policy"). The Whistleblowing Policy outlines our commitment to zero tolerance for fraudulent activities and encourage employees, suppliers and business partners to report any concerns regarding existing or potentially fraudulent activities and non-compliance. The Whistleblowing Policy provides multiple channels for reporting, outlines how the Group will handle such concerns, and ensures whistleblower protection. We encourage individuals to come forward without fear of reprisal or retaliation.

Anti-corruption memo is published internally every year, particularly before the Chinese New Year, as means to remind staff members of the possible risks in receiving gifts from suppliers or business partners. Designated hotlines and emails are available on the Group's website at www.eva-group.com, as well as posted in offices and plants in all industrial parks including those in China, Vietnam, and Mexico.

During the Year, there were no concluded legal cases regarding corruption brought against the Group or its employees.

AWARDS AND RECOGNITIONS

Awards and Honors	Organisers
"2024 Shenzhen Top 500 Enterprise"	Shenzhen Enterprise Confederation and Shenzhen Entrepreneur Association
"2024 Green Manufacturing List"	Industry and Information Technology Bureau of Shenzhen Municipality
"2024 Excellent Suppliers Award"	China Die & Mould Industry Association

Please refer to the Major Awards and Honour Section of the Annual Report for details.

PERFORMANCE DATA SUMMARY

Environmental Performance[1]

Indicators[2]	Unit	2024	2023
Greenhouse Gases (GHG) emissions			
Total GHG emissions	tonne CO_2 equivalent (tCO_2e)	**69,336√**	65,529
GHG emissions intensity (by revenue)	tCO_2e/million HKD	**11**	11
Scope 1 Direct GHG emissions[3]	tCO_2e	**426√**	365
Scope 2 Indirect GHG emissions[4]	tCO_2e	**68,910√**	65,164
Energy consumption			
Total energy consumption	kWh	**132,920,554√**	121,308,670[5]
Energy consumption intensity (by revenue)	kWh/million HKD	**21,109**	19,621
Total Indirect Energy Consumption	kWh	**131,232,798**	119,786,561
Indirect energy consumption			
Purchased electricity	kWh	**131,232,798√**	119,786,561
Direct energy consumption[6]		**1,687,756**	1,522,109[5]
Petrol	kWh	**703,008√**	688,483
Diesel[7]	kWh	**653,748√**	833,626
Liquefied Petroleum Gas[8]	kWh	**331,000√**	NA
Renewable Energy Consumption			
Renewable energy consumption - Solar[9]	kWh	**8,207,317√**	NA
Water consumption			
Total water consumption	m^3	**914,702√**	811,345
Water consumption intensity (by revenue)	m^3/million HKD	**145**	131
Waste management and packaging materials			
Total hazardous waste produced[10]	tonne	**676**	477
Hazardous waste intensity	tonne/million HKD	**0.11**	0.08
Total non-hazardous waste produced[11]	tonne	**48,833**	49,145
Non-hazardous waste intensity	tonne/million HKD	**7.76**	7.94
Total packaging material[12]	tonne	**1,215**	1,987

1 The data with a tick mark has been independently verified by PricewaterhouseCoopers. The assurance statement is on page 64 to page 68 of this report.

2 The amount of air pollutant emissions on Sulphur Oxides ("SOx"), Nitrogen Oxides ("NOx") and Particulate Matter ("PM") is insignificant during the Reporting Period. The Group will consider disclosing relevant data in the future when the data is material.

3 Scope 1 direct GHG emissions are calculated based on the emission factors stated in the "Appendix C2: Environmental, Social and Governance Reporting Code" published by the HKEx. The global warming potential is referenced in the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).

4 Scope 2 indirect GHG emissions are calculated based on the emission factors stated in the "Notice on the Publication of the 2022 Carbon Dioxide Emission Factor for Electricity" issued by the Ministry of Ecology and Environment ("MEE") of the People's Republic of China ("PRC") and the International Energy Agency ("IEA") for locations outside China.

5 Total energy consumption and direct energy consumption in 2023 do not include Liquefied Petroleum Gas.

6 Direct energy consumption from fossil fuels in the use of mobile combustion sources and stationary combustion sources. It is calculated with reference to "Appendix 2: Reporting Guidance on Environmental KPIs" published by the HKEx.

7 The significant decrease in diesel consumption is due to the replacement of fuel powered forklifts with electric models.

8 Liquefied Petroleum Gas is newly used for the self-operation canteen from 2024.

9 In 2024, renewable energy (solar) is purchased from renewable energy companies in the Mainland China.

10 Hazardous waste generated includes plastic waste, electronic waste and chemicals in the Mainland China.

11 Non-hazardous waste generated includes scrap metals and paper waste.

12 Packaging materials mainly include plastic packaging bags, paper boxes, and cartons.

Social Performance

Indicators	Unit	2024	2023
Total workforce	No. of people	**10,087**√	10,238
Total workforce by employment type			
Full-time	No. of people	**10,087**√	10,059
Part-time[13]	No. of people	**–**√	179
Total workforce by contract type			
Regular	No. of people	**7,395**√	7,843
Contractual	No. of people	**127**√	82
Third-party	No. of people	**2,565**√	2,313
Total workforce by gender[14]			
Male	No. of people	**4,865**√	5,108
Female	No. of people	**2,530**√	2,735
Total workforce by employee category[14]			
General staff	No. of people	**7,222**√	7,637
Middle management	No. of people	**132**√	167
Senior management	No. of people	**41**√	39
Total workforce by age group[14]			
30 or below	No. of people	**2,204**√	2,146
31-50	No. of people	**4,853**√	5,342
Over 50	No. of people	**338**√	355
Total workforce by geographical region[14]			
China and Hong Kong	No. of people	**5,495**√	5,761
Mexico	No. of people	**504**√	563
Vietnam	No. of people	**1,386**√	1,513
Others	No. of people	**10**√	6
Employee Turnover[15]			
Employee turnover rate	Percentage	**4%**√	4%
Employee turnover rate by gender			
Male	Percentage	**4%**√	5%
Female	Percentage	**4%**√	4%

13 Due to the update in the Human Resources (HR) data mechanism, the definition of part-time employees has been updated from 2023 onwards to align with the reporting standard, which leads to a significant decrease in 2024 part-time employee figures.

14 The total workforce by gender, employee category, age group and geographical region includes regular employees only.

15 Employee turnover rates are calculated by dividing the monthly average of turnovers for each corresponding category by the number of regular employees within that category as at the end of the Reporting Period.

Indicators	Unit	2024	2023
Employee turnover rate by age group			
30 or below	Percentage	**7%**√	8%
31-50	Percentage	**3%**√	4%
Over 50	Percentage	**1%**√	1%
Employee turnover rate by geographical region			
China and Hong Kong	Percentage	**4%**√	5%
Mexico	Percentage	**6%**√	0%
Vietnam	Percentage	**5%**√	6%
Development and Training[16]			
Total workforce trained	No. of people	**3,606**	4,288
	Percentage	**49%**	55%
Employees trained by employee category			
General staff	No. of people	**3,579**	4,260
	Percentage	**50%**	56%
Middle management	No. of people	**24**	24
	Percentage	**18%**	14%
Senior management	No. of people	**3**	4
	Percentage	**6%**	11%
Employees trained by gender			
Male	No. of people	**2,416**	2,839
	Percentage	**50%**	56%
Female	No. of people	**1,190**	1,449
	Percentage	**47%**	53%
Average training hours[17]			
Average training hours completed per employee	Hours/employee	**1.21**√	1.15
Average training hours completed per employee by employee category			
General staff	Hours/employee	**1.22**√	1.17
Middle management	Hours/employee	**0.54**√	0.56

16 The percentage of employees trained is calculated by dividing the monthly average of employees trained for each corresponding category by the number of regular employees within that category as at the end of the Reporting period.

17 The average training hours per employee are calculated by dividing the monthly average of training hours of employees for each corresponding category by the number of regular employees within that category as at the end of the Reporting period.

Indicators	Unit	2024	2023
Senior management	Hours/employee	**0.18√**	0.61
Average training hours completed per employee by gender			
Male	Hours/employee	**1.30√**	1.19
Female	Hours/employee	**1.03√**	1.09
Supply Chain Management			
Total number of suppliers	No. of suppliers	**2,717**	2,512
Number of suppliers by geographic location			
Mainland China	No. of suppliers	**2,432**	2,312
Vietnam	No. of suppliers	**206**	102
Mexico	No. of suppliers	**53**	66
Other regions	No. of suppliers	**26**	32
Product Responsibility			
Total products sold or shipped subject to recalls for safety and health reasons	Percentage	**0.012%**	0.014%
Number of products and service-related complaints received	No. of complaints	**138**	107
Community investment			
Amount of money donated			
Total contribution[18]	RMB	**153,000**	139,000
	HKD	**114,500**	–
Occupational Health and Safety			
Paid leave days due to work injuries	No. of days	**1,109**	2,081

Indicators	Unit	2024	2023	2022
Work-related fatalities	No. of people	**0**	0	0

18 The Group's monetary contribution to the community focuses on education, public health and poverty alleviation. We allocate resources and financial support to these areas to make a positive impact and create lasting change in our community.

HKEX ESG REPORTING GUIDE CONTENT INDEX

Mandatory Disclosure Requirements	Cross-reference in this Report/Comment
Governance Structure	ABOUT THIS REPORT – The Board Statement INTRODUCTION – Company Overview; Board Oversight
Reporting Principles	ABOUT THIS REPORT
Reporting Boundary	ABOUT THIS REPORT

Aspects, General Disclosure, KPIs	Description	Cross-reference in this Report/Comment
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	ENVIRONMENTAL MANAGEMENT
KPI A1.1	The types of emissions and respective emissions data.	ENVIRONMENTAL MANAGEMENT – Emission Reduction The amount of air pollutant emissions on Sulphur Oxides ("SOx"),Nitrogen Oxides ("NOx")and Particulate Matter ("PM") is insignificant during the Reporting Period. The Group will consider disclosing relevant data in the future when the data is material.

Aspects, General Disclosure, KPIs	Description	Cross-reference in this Report/Comment
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	PERFORMANCE DATA SUMMARY
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	PERFORMANCE DATA SUMMARY
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	PERFORMANCE DATA SUMMARY
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	ENVIRONMENTAL MANAGEMENT – Material Use and Energy Management; Emission Reduction
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	ENVIRONMENTAL MANAGEMENT – Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	ENVIRONMENTAL MANAGEMENT
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	PERFORMANCE DATA SUMMARY
KPI A2.2	Water consumption in total and intensity.	PERFORMANCE DATA SUMMARY
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	ENVIRONMENTAL MANAGEMENT – Material Use and Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	ENVIRONMENTAL MANAGEMENT – Material Use and Energy Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	PERFORMANCE DATA SUMMARY

Aspects, General Disclosure, KPIs	Description	Cross-reference in this Report/Comment
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	ENVIRONMENTAL MANAGEMENT – Material Use and Energy Management
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ENVIRONMENTAL MANAGEMENT – Material Use and Energy Management
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	ENVIRONMENTAL MANAGEMENT
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	ENVIRONMENTAL MANAGEMENT
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	PEOPLE AND COMMUNITY – Employee Engagement; Talent Attraction and Retention; Diversity and Inclusion; Labour Standards
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	PERFORMANCE DATA SUMMARY
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	PERFORMANCE DATA SUMMARY

Aspects, General Disclosure, KPIs	Description	Cross-reference in this Report/Comment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	PEOPLE AND COMMUNITY
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	PERFORMANCE DATA SUMMARY
KPI B2.2	Lost days due to work injury.	PERFORMANCE DATA SUMMARY
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	PEOPLE AND COMMUNITY – Employee Health and Well-being
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	PEOPLE AND COMMUNITY – Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category.	PERFORMANCE DATA SUMMARY
KPI B3.2	The average training hours completed per employee by gender and employee category	PERFORMANCE DATA SUMMARY
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	PEOPLE AND COMMUNITY
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	PEOPLE AND COMMUNITY – Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	PEOPLE AND COMMUNITY – Labour Standards

Aspects, General Disclosure, KPIs	Description	Cross-reference in this Report/Comment
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	OPERATIONAL PRACTICES
KPI B5.1	Number of suppliers by geographical region.	PERFORMANCE DATA SUMMARY
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	OPERATIONAL PRACTICES – Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	OPERATIONAL PRACTICES – Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	OPERATIONAL PRACTICES – Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	OPERATIONAL PRACTICES
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	PERFORMANCE DATA SUMMARY
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	PERFORMANCE DATA SUMMARY Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	OPERATIONAL PRACTICES – Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	OPERATIONAL PRACTICES – Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	OPERATIONAL PRACTICES – Customer Privacy and Data Security

Aspects, General Disclosure, KPIs	Description	Cross-reference in this Report/Comment
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	ETHICS MANAGEMENT – Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	ETHICS MANAGEMENT – Anti-Corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	ETHICS MANAGEMENT – Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	ETHICS MANAGEMENT – Anti-Corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	PEOPLE AND COMMUNITY – Community Engagement
KPI B8.1	Focus areas of contribution.	PEOPLE AND COMMUNITY – Community Engagement PERFORMANCE DATA SUMMARY
KPI B8.2	Resources contributed to the focus area.	PEOPLE AND COMMUNITY – Community Engagement PERFORMANCE DATA SUMMARY

Independent practitioner's limited assurance report on EVA Precision Industrial Holdings Limited's Identified Sustainability Information

To the board of directors of EVA Precision Industrial Holdings Limited

Limited assurance conclusion

We have conducted a limited assurance engagement on the identified sustainability information of EVA Precision Industrial Holdings Limited (the "**Company**") included in section "Performance Data Summary" of the Environmental, Social and Governance ("**ESG**") Report ("**the 2024 ESG Report**") section in the Annual Report identified with a √ and listed below under the "Identified Sustainability Information" (the "**Identified Sustainability Information**") for the year ended 31 December 2024.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Identified Sustainability Information is not prepared, in all material respects, in accordance with criteria applied as explained in the 2024 ESG Report under the Sections "Reporting Principles", "Reporting Boundary" and "Performance Data Summary".

Identified Sustainability Information

The Identified Sustainability Information for the year ended 31 December 2024 is summarised below:

Environmental

- Scope 1 Direct Greenhouse Gases (GHG) emissions (tCO_2e)
- Scope 2 Indirect GHG emissions (tCO_2e)
- Total GHG emissions (tCO_2e)
- Direct energy consumption – Petrol (kwh)
- Direct energy consumption – Diesel (kwh)
- Direct energy consumption – Liquefied Petroleum Gas (kwh)
- Indirect energy consumption – Purchased electricity (kwh)
- Total energy consumption (kwh)
- Renewable energy consumption – Solar (kwh)
- Water consumption (m3)

Employment

- Total workforce (Number of people)
- Total workforce by employment type (Number of people)
- Total workforce by contract type (Number of people)
- Total workforce by gender (Number of people)
- Total workforce by employee category (Number of people)
- Total workforce by age group (Number of people)
- Total workforce by geographical region (Number of people)
- Employee turnover rate (%)
- Employee turnover rate by gender (%)
- Employee turnover rate by age group (%)
- Employee turnover rate by geographical region (%)

Development and Training

- The average training hours completed per employee (Hours per employee)
- The average training hours completed per employee by employee category (Hours per employee)
- The average training hours completed per employee by gender (Hours per employee)

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information* ("**ISAE 3000 (Revised)**"), and, in respect of the greenhouse gas statement, International Standard on Assurance Engagements 3410, *Assurance engagements on greenhouse gas statements* ("**ISAE 3410**"), issued by the International Auditing and Assurance Standards Board (the "IAASB").

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under these standards are further described in the Practitioner's responsibilities section of our report.

Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1 issued by the IAASB, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities for the Identified Sustainability Information

Management of the Company is responsible for:

- The preparation of the Identified Sustainability Information in accordance with criteria applied as explained in the ESG Report 2024 under the Sections "Reporting Principles", "Reporting Boundary" and "Performance Data Summary";

- Designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation of the Identified Sustainability Information, in accordance with criteria applied as explained in the ESG Report 2024 under the Sections "Reporting Principles", "Reporting Boundary" and "Performance Data Summary", that is free from material misstatement, whether due to fraud or error; and

- The selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Management is responsible for overseeing the Company's sustainability reporting process.

Inherent limitations in preparing the Identified Sustainability Information

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Practitioner's responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. We report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Identified Sustainability Information.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) and ISAE 3410, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Determine the suitability in the circumstances of the Company's use of criteria applied as explained in the ESG Report 2024 under the Sections "Reporting Principles", "Reporting Boundary" and "Performance Data Summary" as the basis for the preparation of the Identified Sustainability Information.

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion on the effectiveness of the Company's internal control.

- Design and perform procedures responsive to where material misstatements are likely to arise in the Identified Sustainability Information. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Identified Sustainability Information. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of where material misstatements are likely to arise in the Identified Sustainability Information, whether due to fraud or error.

In conducting our limited assurance engagement, we:

- Obtained an understanding of the Company's reporting processes relevant to the preparation of its Identified Sustainability Information by:

    - Making inquiries of the persons responsible for the Identified Sustainability Information;

    - Understanding the process for collecting and reporting the Identified Sustainability Information;

- Evaluated the appropriateness of measurement and evaluation methods, reporting policies used and estimates made by the Company;

- Performed limited substantive testing on a selective basis of the Identified Sustainability Information, which is aggregated from information submitted by the Company's office in Shenzhen. Testing involved: agreeing arithmetical accuracy and agreeing data points to or from source information to check that the underlying subject matter had been appropriately evaluated or measured, recorded, collated and reported;

- Considered the disclosure and presentation of the Identified Sustainability Information in the Company's 2024 ESG Report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2025

The directors and senior management members who held office during the year ended 31 December 2024 and up to the date of this report are as follows:

EXECUTIVE DIRECTORS

Mr. ZHANG HWO Jie, aged 62, is the Chairman of the Group. He is the chairman of the nomination committee, and a member of the remuneration committee of the Company. He is also a director of certain subsidiaries of the Group. Mr. Zhang is responsible for the Group's overall strategic planning and marketing development. Prior to the establishment of the Group, Mr. Zhang had worked for a PRC joint venture company engaging in civil engineering projects. He started his first business in 1983 by acting as a contractor for civil engineering projects of the local government. In 1993, Mr. Zhang established EVA Limited and thereafter Mr. Zhang acquired extensive experience in customer relationship development and corporate management. He has more than 25 years of experience in marketing, strategic planning and corporate management in manufacturing industry. Mr. Zhang was granted with the "Young Industrialist Award of Hongkong" by the Federation of Hong Kong Industries in 2008, and was bestowed as a honorary fellow by The Professional Validation Council of Hong Kong Industries in 2014. He is the president honoris causa of Hong Kong Young Industrialists Council, the honorary chairman of The Hong Kong Metals Manufacturers Association and the honorary president of Hong Kong Mould and Product Technology Association. Mr. Zhang was one of the co-founders of the Group in 1993, and is also a director of Prosper Empire Limited, which was interested in 38.70% of the issued share capital of the Company as at 31 December 2024. Mr. Zhang also serves as the independent non-executive director of Sinomax Group Limited since 4 March 2014. He is a brother of Mr. Zhang Jian Hua and Mr. Zhang Yaohua, who are both the executive directors of the Company. Mr. Zhang Hwo Jie is also the father of Ms. Zhang Yan Yi, an executive director of the Company. Mr. Zhang Hwo Jie was appointed as a director on 27 July 2004.

Mr. ZHANG Jian Hua (Former name: Wong Yat, Michael), aged 50, is the Vice Chairman of the Group, and is also a director of certain subsidiaries of the Group. He is responsible for the Group's organisational structure, production facilities management and business risk monitoring. Mr. Zhang previously worked for the tax bureau in Shenzhen, where he accumulated extensive experience in tax regulations and communications with government departments in China. He also possesses substantial experience in organisational planning, production facilities management and business risk monitoring in the industry of precision mould and component manufacturing. Mr. Zhang was one of the co-founders of the Group in 1993. He is a brother of Mr. Zhang Hwo Jie and Mr. Zhang Yaohua, who are both the executive directors of the Company. Mr. Zhang Jian Hua is the uncle of Ms. Zhang Yan Yi, an executive director of the Company. Mr. Zhang was appointed as a director on 14 September 2005.

Mr. ZHANG Yaohua, aged 52, is the Chief Executive of the Group, and is also a director of certain subsidiaries of the Group. Mr. Zhang is responsible for the Group's operation and management. He was one of the co-founders of the Group in 1993, and has more than 30 years of operational management experience in the industry of precision mould and component manufacturing. He has been the vice chairman of the 8th executive committee of Shenzhen Federation of Industry & Commerce (深圳市工商業聯合會) since December 2019 and the executive president of Shenzhen Machinery Association (深圳市機械行業協會) since November 2018. Mr. Zhang has been the vice chairman of Guangdong Die & Mould Industry Association (廣東省模具工業協會) since 2010. He has also been the chairman of Guangdong-Hong Kong-Macao Advanced Manufacturing Industry Alliance (粵港澳先進製造產業聯盟) since November 2018 and also the first chairman of Shenzhen Advanced Manufacturing Technology Association (深圳市先進製造技術協會) since April 2021. In May 2023, Mr. Zhang was appointed as the deputy head of Working Committee of Operation and Management (經營管理工作委員會) by China Die & Mould Industry Association (中國模具工業協會). Mr. Zhang received a number of accreditations from 2004 to 2022, including but not limited to one of the outstanding people in machinery industry (深圳機械行業傑出人物) by Shenzhen Machinery Association (深圳市機械行業協會), a "Creative and Outstanding Person of China Enterprises" (中國企業創新優秀人物) by Chinese Association of Market Development (中國市場學會) and China Enterprise News Society (中國企業報社), an "Outstanding Entrepreneur in China Machinery Industry" (中國機械工業優秀企業家) by China Machinery Industry Federation (中國機械工業聯合會), a "Remarkable Person of Commerce in Shenzhen" (深商風雲人物) by Shenzhen General Chamber of Commerce (深圳市商業聯合會) and Shenzhen Economic Daily (深圳商報), "Ten New Figures in Guangdong's Business Community" (廣東商界十大新鋭人物) by Guangdong General Chamber of Commerce (廣東省商業聯合會), "30 years in Shenzhen Machinery Industry – Outstanding Contribution Award" (深圳機械三十年 – 卓越貢獻獎) from Shenzhen Machinery Association (深圳市機械行業協會), one of the "Top 100 Business Leaders in Shenzhen" (深圳百名行業領軍人物) by Shenzhen Social Organisation Federation (深圳市社會組織總會), Shenzhen Enterprise Confederation (深圳市企業聯合會), Shenzhen Entrepreneur Association (深圳市企業家協會), Shenzhen Press Group (深圳報業集團), Shenzhen Media Group (深圳廣播電影電視集團) and "Times Entrepreneur" magazine (「時代商家」雜誌社), "Shenzhen Industry Award – the Industrialist Award" (深圳工業大獎－工業家獎) by the Federation of Shenzhen Industries (深圳工業總會) and Shenzhen Economic Daily (深圳商報), one of the "4th Quality Leaders in Shenzhen" by Shenzhen Association for Quality (深圳市質量協會) and one of the "Top 100 Innovation Strivers in Shenzhen" (深圳百名創新奮鬥者) by the Shenzhen Industry Leader Corporate Development Promotion Association (深圳市行業領袖企業發展促進會) and Shenzhen Economic Daily (深圳商報). Mr. Zhang is a brother of Mr. Zhang Hwo Jie and Mr. Zhang Jian Hua, who are both the executive directors of the Company. Mr. Zhang Yaohua is the uncle of Ms. Zhang Yan Yi, an executive director of the Company. Mr. Zhang is also a director of Prosper Empire Limited, which was interested in 38.70% of the issued share capital of the Company as at 31 December 2024. Mr. Zhang was appointed as a director on 11 January 2005.

Ms. ZHANG Yan Yi, aged 28, is an executive director of the Company, and is also a director of certain subsidiaries of the Group. Ms. Zhang joined the Group in 2020 and she is mainly responsible for the Group's internal process and risk management. Ms. Zhang graduated from Royal Holloway University of London and Durham University. She obtained a bachelor's degree in Science (Economics) (First Class Honors) at the Royal Holloway University of London in 2018 and a Master of Science (Management) degree at Durham University in 2020. Ms. Zhang Yan Yi is also a director of Prosper Empire Limited, which was interested in 38.70% of the issued share capital of the Company as at 31 December 2024. Ms. Zhang was appointed as a director on 21 July 2023.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAM Hiu Lo, aged 63, is an independent non-executive director of the Company. He is also the chairman of the remuneration committee of the Company and a member of the audit committee and nomination committee of the Company. Mr. Lam has over 30 years of experience in sales and marketing in China. Over the years, he has successfully built up a strong business and personal network in China. Mr. Lam is currently an executive director of Planetree International Development Limited (formerly known as Yugang International Limited), a public company listed on The Stock Exchange of Hong Kong Limited. He was appointed as a director on 11 January 2013.

Dr. CHAI Ngai Chiu Sunny, aged 58, is an independent non-executive director of the Company. He is also a member of the audit committee, nomination committee and remuneration committee of the Company. Dr. Chai has over 30 years of experience in the field of manufacturing. Dr. Chai is currently the group managing director of Fook Tin Group Holdings Limited which is specialised in research and development, manufacturing, marketing and distribution of quality electronic, healthcare and medical devices. Dr. Chai has assumed the position of the chairman of Hong Kong Science and Technology Parks Corporation since 2018. In 2023, he has been appointed as the honorary president by the Federation of Hong Kong Industries and has become a member of the National Committee of the Chinese People's Political Consultative Conference. He was awarded the Bronze Bauhinia Star (BBS) in 2018 and Silver Bauhinia Star (SBS) in 2023 by the Chief Executive of Hong Kong for his outstanding contribution to the promotion of innovation and technology development in Hong Kong. He was also appointed as a Justice of Peace in 2021. Dr. Chai graduated with a Bachelor of Science Degree in Business from Rochester Institute of Technology (USA) in 1988 and completed an Executive MBA program (EMBA) at the Chinese University of Hong Kong in 2007. In 2010, he was awarded the Doctor of Engineering (EngD) from the City University of Hong Kong. He was conferred a University Fellow by the Hong Kong Polytechnic University in 2018 and was conferred an Honorary Fellow by the City University of Hong Kong in 2022. He was also conferred an Honorary Fellow by the Chinese University of Hong Kong and an Honorary University Fellow by Hong Kong Baptist University in 2023. Dr. Chai received the Young Industrialist Award of Hong Kong in 2004. He also received Distinguished Alumni Award from City University of Hong Kong in 2022. He was appointed as a director on 15 June 2020.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Ms. LING Kit Sum (Alias: Ling Imma Kit Sum), aged 70, is an independent non-executive director of the Company. She is the chairman of the audit committee of the Company. On 28 March 2025, Ms. Ling was appointed as a member of the Company's nomination committee. Ms. Ling has over 30 years of experience in the field of auditing and accounting. She was an assurance partner of PricewaterhouseCoopers before she retired from the partnership in June 2013. Ms. Ling is a council member and the treasurer of The Education University of Hong Kong. She is a member of the Advisory Board of the Hong Kong Institute of Information Technology of Vocational Training Council. Ms. Ling was appointed by the Education Bureau as a Panel Member of Review Boards on School Complaints for two years from January 2025 to January 2027. She is also a council member and an honorary secretary of The Hong Kong Federation of Youth Groups and an executive committee member of the Hong Kong Youth Hostels Association. Ms. Ling is an independent manager of the incorporated management committee of Ng Yuk Secondary School, an aided school. Ms. Ling previously served as a member of the Hospital Governing Committee of Hospital Authority from April 2015 to March 2022 and the Appeal Board Panel (Town Planning) from October 2016 to September 2022. She also served as a board member of the Estate Agents Authority from November 2015 to October 2021 and the Employees Compensation Assistance Fund Board from July 2006 to June 2012. Ms. Ling was an independent non-executive director of Digital Hollywood Interactive Limited from November 2017 to June 2021 and Wise Ally International Holdings Limited from December 2019 to June 2023, both of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Ms. Ling is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Chartered Professional Accountants of Ontario, Canada, and the Chartered Institute of Management Accountants. She is an accredited general mediator. Ms. Ling is also an independent non-executive director of Arta TechFin Corporation Limited, Raymond Industrial Limited, Melbourne Enterprises Limited, ENM Holdings Limited and Chinney Kin Wing Holdings Limited, all of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Ms. Ling was appointed as a director on 1 July 2020.

SENIOR MANAGEMENT

Ms. LEE Hiu Laam Joyce, aged 37, is the chief financial officer of the Group and the company secretary of the Company. Ms. Lee is responsible for the accounting, taxation and financial affairs of the Group. Ms. Lee has over 10 years of experience in accounting, auditing and financial management. Prior to joining the Company, she was the financial controller of a fintech company specializing in digital wallet and e-payments, and before that the head of the corporate finance team of a multinational garment manufacturer and retailer headquartered in Hong Kong, and a manager in PricewaterhouseCoopers. Ms. Lee is a member of the Hong Kong Institute of Certified Public Accountants. She is also a Certified ESG Planner CEP® and a member of the International Chamber of Sustainable Development. She holds a bachelor's degree in Business Administration (Marketing and Management) from the Chinese University of Hong Kong. Ms. Lee was appointed as the company secretary on 1 January 2021.

CORPORATE GOVERNANCE REPORT

The Group is committed to maintaining high standards of corporate governance. The Board believes that good corporate governance practices are important to safeguard and maximise shareholder value. The Company has its own code of conduct regarding corporate governance which is not less stringent than the provisions of the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") (the "Listing Rules") and the Company also has a policy of seeking to comply with established best practices in the field of corporate governance.

CORPORATE CULTURE

The Group is devoted to becoming a world leader in providing professional solutions in precision and smart manufacturing. In the journey of achieving this vision, the Group pursue excellence in its manufacturing and other operations, commit itself to the highest standard of integrity, and ensure its stakeholders are treated fairly and with care. These values are embedded in the Group's corporate culture, as demonstrated in the graph below, and the Board is of the view that the Group's value and corporate culture are aligned.

Excellence

- Prioritise quality superiority, product reliability and safety
- Client focused, embracive and practical, mutually beneficial

Fair treatment of Stakeholders

- Treat stakeholders fairly
- Accountability within organisation
- Work safety, physical and mental well-being of employees

Integrity

- Act honestly and ethnically
- Maintain a compliant culture

The Group communicates and promotes its desired culture within the Group mainly (a) by organising trainings to its employees on a broad variety of topics such as work safety, anti-corruption, process management, and importance of self-improvement and value-add; and (b) through employee engagement activities. For further details, please refer to the heading "People and Community" in the Environmental, Social and Governance Report.

In pursuing excellence, the Group's corporate culture drives it to improve through a collaborative process. In this regard, Quality Control Circles activities are held regularly where employees at all level of seniority can participate in identifying areas for improvement in the production process in an open, collaborative, inclusive, and effective manner. For further details of the Group's operational practices, including its supply chain management, product responsibility, and quality management, please refer to the heading "Operational Practices" in the Environmental, Social and Governance Report.

The Group has a strong ethical and compliant culture, where non-compliance with laws, and in particular, unethical and corruptive practices are not tolerated. The Board has consistently been reviewing the effectiveness of the Group's internal control and risk management system to ensure compliance. Staff who are non-compliant are held accountable. For further details, please refer to the heading "Ethical Management" in the Environmental, Social, and Governance Report.

THE BOARD OF DIRECTORS

The Group is governed by its Board. Accountable to the shareholders, the Board is collectively responsible for formulating the strategic business direction of the Group, setting objectives for management, overseeing its performance and assessing the effectiveness of management strategies. The Board is also responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. Specific tasks that the Board delegates to the Group's management include the implementation of strategies approved by the Board, the implementation of internal control and risk management procedures and ensuring compliance with relevant statutory requirements and other rules and regulations. The Board reviews the performance of the operating divisions on a regular basis and also exercises its reserved powers, including:

- formulating long-term strategy;
- approving public announcements including the interim and annual financial statements;
- setting dividend policy;
- approving major acquisitions, divestments and capital expenditure;
- overseeing the Group's management in the design, implementation and monitoring of the risk management and internal control systems on an ongoing basis, and reviewing the effectiveness of the Group's risk management and internal control systems which cover all material controls, including financial, operational and compliance controls;
- handling and dissemination of inside information;
- approving appointments to the Board and the company secretary; and
- approving material borrowings and treasury policy.

The Group has arranged appropriate insurance cover in respect of relevant actions against its directors with the details and coverage of this insurance being reviewed each year.

COMPOSITION OF THE BOARD

During the year, the Board had the following directors:

Executive directors

Mr. Zhang Hwo Jie *(Chairman)*
Mr. Zhang Jian Hua *(Vice Chairman)*
Mr. Zhang Yaohua *(Chief Executive)*
Ms. Zhang Yan Yi

Independent non-executive directors

Mr. Lam Hiu Lo
Dr. Chai Ngai Chiu Sunny
Ms. Ling Kit Sum

The biographical details of the directors are set out on page 69 to page 72 under the section headed "Directors and Senior Management Profile" of the annual report.

Relationship between the Board members

Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua are brothers. Ms. Zhang Yan Yi is a daughter of Mr. Zhang Hwo Jie and a niece of both Mr. Zhang Jian Hua and Mr. Zhang Yaohua. Save as aforesaid, the Board members have no financial, business, family or other material relationships with each other.

Independent non-executive directors

The Group has a balanced board composition to ensure strong independence exists across the Board. More than one-third of the Board members is currently consisted of independent non-executive directors, with extensive experience in the field of accounting, financial management, sales and marketing, manufacturing and innovation technology. With their expertise, they bring independent and objective views to the Board, give constructive advices and scrutinize the performance of the Company. The composition of the Board also complies with the requirement under rule 3.10(2) of the Listing Rules in respect of appropriate professional qualifications, or accounting or related financial management expertise.

The Group has also received from each of the independent non-executive directors a written annual confirmation that each of them and their immediate family members are independent from the Group as required under rule 3.13 of the Listing Rules. As such, the Group considers all of the independent non-executive directors to be independent.

Each of the independent non-executive directors has entered into a service contract with the Company for a term of two years and is also subject to retirement by rotation at the annual general meetings of the Company. These contracts are terminable by the Company within one year without payment of compensation (other than statutory compensation).

Chairman and Chief Executive

To ensure that a balance of power and authority, the role of the Chairman and the Chief Executive is segregated. The Chairman of the Board is Mr. Zhang Hwo Jie and the Chief Executive is Mr. Zhang Yaohua. Mr. Zhang Hwo Jie and Mr. Zhang Yaohua are brothers. However, there is a clear distinction between the Chairman's responsibility for overall strategic planning and management of the Board and the Chief Executive's responsibility for the management of the day-to-day operations of the Group's business.

Directors' responsibilities for the financial statements

The directors acknowledged their responsibilities for the preparation of financial statements of the Group to ensure that these financial statements give a true and fair view of the state of affairs of the Group, its results of operations and cash flows. In preparing the financial statements for the year ended 31 December 2024, the Board had selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements in accordance with relevant accounting standards and regulations and on a going concern basis. The directors are also responsible for ensuring that proper accounting records of the Group which disclose the Group's financial position are kept at all times and taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in the preparation of the financial statements. The Board has also reviewed and discussed the effectiveness of the Group's risk management and internal control systems, including financial, operational and compliance controls for the year ended 31 December 2024.

Board and general meetings

During the year ended 31 December 2024, the Company held 9 full Board meetings and one general meeting.

	Number of attendance	
Directors	**Board meeting**	**General meeting**
Executive directors		
Mr. Zhang Hwo Jie	9/9	1/1
Mr. Zhang Jian Hua	9/9	0/1
Mr. Zhang Yaohua	9/9	1/1
Ms. Zhang Yan Yi	9/9	1/1
Independent non-executive directors		
Mr. Lam Hiu Lo	9/9	1/1
Dr. Chai Ngai Chiu Sunny	9/9	1/1
Ms. Ling Kit Sum	9/9	1/1

Mr. Zhang Jian Hua, one of the executive directors, was unable to attend the Company's annual general meeting held on 20 May 2024 due to his other work engagement.

Mr. Lam Hiu Lo, Dr. Chai Ngai Chiu Sunny and Ms. Ling Kit Sum, the independent non-executive directors of the Company, were unable to attend the Company's annual general meeting held on 20 May 2024 in person because of their other business commitments. All of them had, however, joined the meeting by video conference.

The Chairman of the Board and the chairmen of the audit, remuneration and nomination committees of the Company had attended the annual general meeting in 2024 to gain and develop a balanced understanding of the views of the shareholders in accordance with F.2.2 of the CG Code. In addition, a Board meeting was held on 27 November 2024 pursuant to C.2.7 of the CG Code between the Chairman of the Board and the independent non-executive directors, namely Mr. Lam Hiu Lo, Dr. Chai Ngai Chiu Sunny and Ms. Ling Kit Sum, without the other executive directors present. Since the attendance of the other executive directors was not required for that meeting, Mr. Zhang Jian Hua, Mr. Zhang Yaohua and Ms. Zhang Yan Yi had not attended that meeting.

Board meetings are held on a regular and ad hoc basis. Regular meetings are convened by the Chairman at least four times a year, at approximately quarterly intervals and fourteen days' notice is given to all directors before such meetings. Agendas and related documents are sent to the directors at least three days prior to such meetings. During the year, Mr. Zhang Hwo Jie, Chairman of the Board, had also met with the independent non-executive directors without the other executive directors present.

Board minutes are kept by the company secretary and are open for inspection by the directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the company secretary and has the liberty to seek external professional advice if so required.

The procedures for shareholders to convene an extraordinary general meeting and to put forward proposals at shareholders' meetings are set out in the section headed "Shareholders' Rights" below.

Directors' Continuing Professional Development Programme

The Group believes that directors' training is an ongoing process. During the year, the directors are provided with monthly updates on the Group's performance, position and prospects to enable the Board as a whole and each director to discharge their duties. In addition, all directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Group updates the directors and organises briefing sessions conducted by the Company's auditor or legal advisor for the directors about the latest development of the Listing Rules and other applicable regulatory requirements from time to time, with a view to ensuring compliance and enhancing the directors' awareness of good corporate governance practices.

The individual training record of each director during the year ended 31 December 2024 is set out below:

Directors	Type of continuous professional development programmes (Note)
Executive directors	
Mr. Zhang Hwo Jie	(A) and (B)
Mr. Zhang Jian Hua	(A) and (B)
Mr. Zhang Yaohua	(A) and (B)
Ms. Zhang Yan Yi	(A) and (B)
Independent non-executive directors	
Mr. Lam Hiu Lo	(A) and (B)
Dr. Chai Ngai Chiu Sunny	(A) and (B)
Ms. Ling Kit Sum	(A) and (B)

Note:

(A): attending briefing sessions and/or seminars; and (B): reading seminar materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements.

AUDIT COMMITTEE

The Company has set up an audit committee on 20 April 2005 for the purpose of reviewing the financial reporting process, risk management and internal control systems and corporate governance matters of the Group. The audit committee is mainly responsible for making recommendations to the Board on the appointment and re-appointment of the external auditor, approving the remuneration and terms of engagement of external auditor and other matters relating to the resignation or dismissal of external auditor. The audit committee is also responsible for reviewing the interim and annual reports and financial statements of the Group and overseeing the Group's financial reporting system and corporate governance function. It also reviews the effectiveness of the Group's risk management system and internal audit function. The terms of reference of the audit committee, which are aligned with the provisions set out in the CG Code, are available on the Company's websites at www.eva-group.com or www.irasia.com/listco/hk/evaholdings.

The audit committee comprises the three independent non-executive directors, namely, Ms. Ling Kit Sum, Mr. Lam Hiu Lo and Dr. Chai Ngai Chiu Sunny, with Ms. Ling Kit Sum as the chairman. During the year ended 31 December 2024, the audit committee held 2 meetings and had attended to the following matters:

- discuss with external auditor with respect to the accounting principles and practices adopted by the Group, and compliance with the Listing Rules and other financial reporting requirements; and

- discuss the risk management, internal control and financial reporting matters relating to the annual financial statements for the year ended 31 December 2023 and the interim financial statements for the six months ended 30 June 2024 before recommending the financial statements to the Board for approval.

The external auditor of the Group also attended the meetings. Individual attendance of each audit committee member at the meetings is as follows:

Name of audit committee member	Attendance
Ms. Ling Kit Sum	2/2
Mr. Lam Hiu Lo	2/2
Dr. Chai Ngai Chiu Sunny	2/2

The audit committee had reviewed the accounting principles and practices adopted by the Group and discussed the risk management, internal control, corporate governance and financial reporting matters with management including a review of the audited consolidated financial statements for the year ended 31 December 2024. The audit committee considered the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting functions, and their training programmes and budget. The audit committee also reviewed the training and continuous development of the directors and senior management.

NOMINATION COMMITTEE

The Company has set up a nomination committee on 31 January 2012. The nomination committee is principally responsible for the selection and assessment of candidates for appointment as directors, and determining the policy for nomination of directors. Selected employees for senior management and board positions will also be considered provided that they demonstrate the suitability as a candidate. In considering the nomination of new directors, the factors listed below would be used as reference by the nomination committee in assessing the suitability of a proposed candidate:

(i) Reputation for integrity and professional ethnics;

(ii) Accomplishment and experience in his/her field of industry. Priority will be given to candidates with high level of experience in the Group's core markets;

(iii) Commitment in respect of available time and relevant interest; and

(iv) Board diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

These factors are for reference only, and not meant to be exhaustive and decisive. In the case of the appointment of independent non-executive directors, the nomination committee will also assess the independence of the candidates and their immediate family members. The terms of reference of the nomination committee, which are aligned with the provisions set out in the CG Code, are available on the Company's websites at www.eva-group.com or www.irasia.com/listco/hk/evaholdings.

The nomination committee comprises the Chairman, Mr. Zhang Hwo Jie and two independent non- executive directors, namely, Mr. Lam Hiu Lo and Dr. Chai Ngai Chiu Sunny. Mr. Zhang Hwo Jie is the chairman of the nomination committee. During the year ended 31 December 2024, the nomination committee held 2 meetings. Individual attendance of each nomination committee member at the meetings is as follows:

Name of nomination committee member	Attendance
Mr. Zhang Hwo Jie	2/2
Mr. Lam Hiu Lo	2/2
Dr. Chai Ngai Chiu Sunny	2/2

The nomination committee had reviewed the structure, size and composition of the Board and assessed the independency of the independent non-executive directors during the year ended 31 December 2024. The nomination committee had also considered the number and nature of offices in other public companies and organisations held by the directors and evaluated the performance and contribution of the directors including the sufficiency of their time and attention given to the Company's affairs. The nomination committee also reviewed the Company's board diversity policy and the board nomination policy.

Ms. Ling Kit Sum was appointed as a member of the nomination committee on 28 March 2025.

PROCEDURES FOR THE NOMINATION OF A DIRECTOR

(i) The company secretary shall call a meeting of the nomination committee, and invite nominations of candidates from Board members for consideration by the nomination committee prior to its meeting;

(ii) For filling a casual vacancy, the nomination committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the nomination committee shall make nominations to the Board for its consideration and recommendation;

(iii) Any director appointed by the Board to fill a casual vacancy shall hold office only until the next following general meeting of the Company and shall then be subject to re-election by shareholders;

(iv) In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, a circular will be sent to shareholders. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information of the proposed candidates, as required pursuant to the applicable laws, rules and regulations, will be included in the circular to shareholders;

(v) A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the company secretary;

(vi) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting; and

(vii) The Company's shareholders have the right to propose a person for election as a director at a general meeting without the recommendation by the Board and the nomination committee. The procedures for shareholders to propose a person for election as a director are available on the Company's website at www.eva-group.com or www.irasia.com/listco/hk/evaholdings.

BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Accordingly, the nomination committee has a policy concerning the diversity of Board members. The Company's board diversity policy is available on the Company's websites at www.eva-group.com or www.irasia.com/listco/hk/evaholdings.

Summary

With a view to achieving a sustainable and balanced development, the Company sees diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. In designing the Board's composition, Board diversity has been considered from a wide range of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time. High emphasis is placed on ensuring a balanced composition of skills and experience at the Board level in order to provide a range of perspectives, insights and challenges that enable the Board to discharge its duties and responsibilities effectively, support good decision making in respect of the core businesses and strategy of the Group, and support succession planning and development of the Board. For achieving an optimal Board, additional measurable objectives or specific diversity targets may be set and reviewed from time to time to ensure their appropriateness.

Measurable Objectives

In selecting candidates for nomination as a director, the Board will take into account its board diversity policy. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect.

During the year ended 31 December 2024, the nomination committee had reviewed the board diversity policy of the Company, and the composition and diversity of the Board. Since the Board is composed of members coming from diverse backgrounds including manufacturing, sales and marketing, property development and professional accountants and they are also diverse in age, gender and knowledge, the nomination committee considered the Board to possess a diversity of perspectives which is up to the standard of the Listing Rules and is appropriate to the Group's requirements.

The Board currently consists of two female members and five male members. The Board recognises the benefits of achieving an appropriate balance of gender diversity at the Board level by making reference to stakeholders' expectation and international and local recommended best practices. Going forward, the Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments, with the ultimate goal of bringing the Board to gender parity. The Board also aspires to having an appropriate proportion of directors who have direct experience in the Group's core markets, with different ethnic and cultural backgrounds, and reflecting the Group's strategy.

The Board places tremendous emphasis on diversity (including gender diversity) across all levels of the Group. The total gender diversity of the Group stands at a relatively high level, with an overall split of 34% female/66% male, amongst companies in the same industry. To support diversity across all facets, beyond gender, including race and ethnicity, disability, social mobility and age, the Group is enhancing diversity and inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviours. Further details on the gender ratio of the Group and initiatives taken to improve gender diversity across senior management and the wider workforce, together with relevant data, are outlined in the "Environmental, Social and Governance Report" on page 27 to page 68.

REMUNERATION COMMITTEE

The Group had established a remuneration committee on 22 June 2005. The remuneration committee is principally responsible for making recommendations to the Board on the Group's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. The remuneration committee is also responsible for making recommendation to the Board on the remuneration packages of individual executive directors and senior management and for ensuring that no director or any of his associates is involved in deciding his own remuneration. The terms of reference of the remuneration committee, which are aligned with the provisions set out in the CG Code, are available on the Company's websites at www.eva-group.com or www.irasia.com/listco/hk/evaholdings.

The remuneration committee comprises the Chairman, Mr. Zhang Hwo Jie and two independent non-executive directors, namely, Mr. Lam Hiu Lo and Dr. Chai Ngai Chiu Sunny. Mr. Lam Hiu Lo is the chairman of the remuneration committee. During the year ended 31 December 2024, the remuneration committee held 2 meetings. Individual attendance of each remuneration committee member at the meetings is as follows:

Name of remuneration committee member	Attendance
Mr. Zhang Hwo Jie	2/2
Mr. Lam Hiu Lo	2/2
Dr. Chai Ngai Chiu Sunny	2/2

The remuneration committee reviewed and discussed the policy and structure for directors' and senior management remuneration by reference to salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group. The remuneration committee also considered the terms of appointment and remuneration proposal of individual directors upon renewal of directors' service contracts. Details of the remuneration to directors and senior management for the year ended 31 December 2024 are set out in Note 25 and Note 34 to the consolidated financial statements.

PERFORMANCE OF CORPORATE GOVERNANCE DUTIES

The audit committee is also responsible for the corporate governance duties and determining the policy for the corporate governance of the Group. Therefore, the Group has not established another board committee for the performance of corporate governance duties at present. The audit committee had reviewed the Group's policies and practices on corporate governance and compliance with legal and regulatory requirements including the compliance with the CG Code during the year ended 31 December 2024. The audit committee also reviewed the training and continuous development of directors and senior management.

RISK MANAGEMENT AND INTERNAL CONTROLS

Overview

Effective and proactive risk management and internal controls are an essential and integral part of the Group's operation and governance process, as it assists the Group to anticipate and evaluate its risk exposure, and to monitor, manage and develop methods and strategies in which to counter and mitigate such risks. This, in turn, assists the Group in successfully achieving its strategic and business perspectives and contributes to the long-term sustainable growth of the Group.

Risk management structure

Roles and responsibilities are assigned to each layer of the management structure of the Group in order to facilitate efficient risk identification and assessment, and implementation of business solutions and countermeasures, with respect to all decision making processes in the Group's day-to-day operations. Clear delineation of responsibilities also increases accountability within each level of the Group. This also ensures that proper reporting, documentation and effective communication within the Group is maintained to manage and mitigate risks in an efficient matter:

- **Each operational department** of the relevant subsidiary of the Group is responsible for identifying and assessing risks associated with each stage of its day-to-day operations and transactions, including when negotiating and collaborating with customers, suppliers, business partners and other third parties with reference to and in compliance with the internal risk management and internal control policies and procedures established and maintained by the Risk Management Centre of the Group. Such findings are documented and reported to management accordingly.

- The core function of the **Risk Management Centre** of the Group is to coordinate and oversee the status of compliance with risk management and internal control systems guidelines and standards within all levels of the Group, and ensure such systems, guidelines and standards are properly implemented on a Group-wide basis. This involves critically assessing and managing key operational and management risk areas within the Group, including but not limited to working with other departments of the Group to ensure there is effective communication across all departments at a operational level via secured internal IT systems database and documentation procedures. The Risk Management Centre is also responsible for reporting to the management and the Board on material risks affecting the Group, liaising and consulting with external auditors, legal counsel and other professional parties where appropriate, and assisting the Board in developing mitigating measures to counter such risks.

- The **Audit Committee** of the Company reviews the effectiveness of the Group's internal audit function which is under the Risk Management Centre, and supervises and works closely with external auditors to continually review the material risks identified, in particular any audit and compliance issues, and is responsible for providing guidance on how to mitigate such risks, and report to the Board as appropriate. The Audit Committee also facilitates independent audit and assessment by external auditors. For further details, please refer to page 81 to page 82 of the annual report.

- **The Board** is responsible for overseeing the management of all risk identification, assessment and mitigating efforts conducted by the Group and to ensure that the risk management framework aligns with the overall business and strategic objectives and policies of the Group as a whole.

The Board, through cooperation with management, the Audit Committee, the Risk Management Centre and other operational departments of the Group, regularly manages and enhances the Group's risk management and internal control systems to ensure that risk is regularly managed and property implemented at every stage of the operations of the Group:

- **prior to entering into any transaction**, collect comprehensive data and information relating to the operations and counterparties and identifying and assessing key risks, and documenting the same accordingly;

- **during such transaction**, assess legal, operational, financial and other risks, ensure compliance with laws and regulations (including the Listing Rules) and consult with external independent professional parties where appropriate to ensure that the management and the Board are well advised and understands the key risk areas before approving a particular transaction; and

- **post-transaction review**, evaluate and ensure proper record keeping of these findings in order to share past experiences and build a comprehensive precedent database as reference and guidance for future operations of the Group, and amend the internal policies and standards where appropriate to enhance the effectiveness of the risk management and internal control systems of the Group. Continuous, regular and proper training and education are also provided to all employees of the Group to enrich their knowledge and awareness of the risk management framework and culture and internal control objectives and strategies of the Group.

Material risks to the Group

The following is a summary of the material risks (including operational, economic and social and environmental risks) faced by the Group, and the countermeasures implemented by the Group during the financial year ended 31 December 2024 in order to manage and mitigate such risks:

Item	Risk Factor		Risk Rating (Critical/ Moderate/ Low)	Counter Measures
A.	**Operational Risks**			
1.	Customer concentration risk	For the year ended 31 December 2024, sales to the five largest customers combined represented 64.3% of the Group's total turnover for the reporting period. Any change in these customers' businesses and financial conditions is likely to have an impact on the financial performance of the Group.	Moderate	a) Perform credit evaluation of the Group's customers to ensure that sales are made only to entities with viable businesses and sound financial background. b) Closely monitor and approve credit periods granted to the customers by management of the Group. c) Identify and develop new customers to widen the customer base and reduce the reliance on existing key customers.
2.	Relocation of customer orders	In recent years, there has been a decrease in customer orders from China, including Suzhou and Weihai, in the OA equipment sector, and an increasing trend of customer orders coming from Southeast Asia. Failure to manage the operations of the Group to align with the changing customer trends may adversely affect the Group's operations and financial performance.	Moderate	a) Continue development of the Group's production base in Vietnam to match the trend of OA equipment orders moving to Southeast Asia. b) Obtained a leasehold land in Quang Ninh Province in northern Vietnam in 2023 and began construction of a new industrial park in 2024 to take advantage of low labour costs and policy incentives in Vietnam. c) Continue close monitoring of the business performances in existing Suzhou and Weihai operations for the OA equipment sector.

Item	Risk Factor		Risk Rating (Critical/ Moderate/ Low)	Counter Measures
				d) Expand new market opportunities in existing industrial parks in Suzhou and Weihai, for example, launching new self-developed printing products to enter into domestic OA market and developing new ways of generating cash flows in existing industrial parks in Suzhou, including but not limited to, leasing of existing unused factory floors, to maintain steady cash inflows for operations. e) Streamline and downsize the operations in the existing factories in order to eliminate unproductive units, to reduce cash outflows and improve profits.
3.	Fierce competition in the automotive component sector in China	The actively changing landscape of the automobile industries in China, including but not limited to, evolving customer demands, rapid shift towards electric vehicles (EVs) and the trend of Chinese carmakers to offer affordable technology-enabled vehicle solutions, has been making the automotive component sector in China in which the Group operates, highly competitive. Many new EV players have entered the Chinese market and a number of new car models have been launched or announced to be launched in the recent three years. The sales of these new car models are unpredictable. Failure to capture the sales orders from selling brands as well as failure to align with the changing customer trends may adversely affect the Group's operations and financial performance.	Moderate	a) Work closely with existing customers and strengthen the customer relationships to secure more mould development and component production orders from existing customers. b) Identify and develop new customers to widen the customer base and reduce the reliance on existing key customers. c) Continue development of the Group's production base in Mexico to balance the operational and financial risks associated with the Chinese markets. d) Invest in research and development of new manufacturing technology that align with the fast changing product trends in order to win more customer orders.

Item	Risk Factor		Risk Rating (Critical/ Moderate/ Low)	Counter Measures
4.	Supply chain risk	The Group depends on its suppliers for the stable and timely delivery of materials. Any shortage or delay in supply or deterioration in quality of materials may adversely affect the Group's operations.	Low	a) In selecting suppliers, apart from the quality of services and products, the Group also takes into account supplier integrity, social responsibility, and emission and pollution levels. Procurement teams are trained to consider all aspects of these policies. Tendering procedures are communicated thoroughly to vendors to ensure clarity and understanding of expectations. b) Suppliers are evaluated and ranked based on legal, financial and technical benchmarks. Annual background checks are conducted to assess track records of a supplier in key risk areas, for example, disputes with stakeholders, risk of corruption, integrity and social responsibility actions. c) Conduct regular reviews and updates to policies and parameters of the Group in sourcing materials from suppliers to ensure effective cost control and good quality of materials is maintained.
B.	**Economic and Social Risks**			
1.	Weak economic rebound in China	Although the world economy is slowly recovering and the destocking in the electronics manufacturing sector has largely ended, in 2024, the economic rebound in China was still less than expected and customer demand on higher-end OA equipment products dropped. Hence, the higher-end Japanese-based OA equipment sales have slowly declined in China. Any change in these customers' demands and financial conditions is likely to have an impact on the financial performance of the Group.	Moderate	a) Improve effective cost control in relation to production capacity of the Group, such as lowering operating costs in relation to wages, rental and administrative expenses, in order to streamline the operations of the Group. b) Identify and develop new customers to widen the customer base and spread the impact of oversupply.

Item	Risk Factor		Risk Rating (Critical/ Moderate/ Low)	Counter Measures
2.	Slow economic development in Europe may affect the Group's business	During the year, turnover of the automotive component business in Shenzhen has slightly fallen, mainly due to economic development in Europe slowing down at the burden of high interest rates, ultimately affecting the Group's mould export business. Failure to manage and diversify this risk may have an impact on the financial performance of the Group.	Low	a) Diversify risk to other parts of the operations of the Group, for example supporting other industrial parks of the Group with respect to other automotive-related businesses of the Group on technological R&D, mould design and production. b) Expand other market opportunities such as new energy vehicle (NEV) industry in order to diversify the Group's business and boost strategic customer base and increase orders in other segments of the Group.
3.	Geopolitical instabilities and uncertainty may severely affect customer orders, raw material supply and prices	Sino-US relations continue to be tense and the potential additional tariffs to be imposed on US imports, plus the Russo-Ukrainian war potentially continuing in 2025, may severely impact customer order intentions, pushing up global inflation and affecting raw material supply and prices, which may significantly affect global industrial chains, in particular that of the manufacturing industry. Failure to put in place measures to counter these economic and social risks may adversely affect the Group's business and operations.	Moderate	a) Persist with prudent financial strategy and cost control efforts. b) Continue close monitoring of the business performances in existing operations that may be affected by the potential additional tariffs, such as China and Vietnam, and work closely with customers to review the manufacturing processes. c) Make use of its global production layout, its formidable R&D team, premium quality production resources and highly synergistic supply chain network in order to diversify the risk across the Group's operations and lower the impact of the risk on any particular segment.

Item	Risk Factor		Risk Rating (Critical/ Moderate/ Low)	Counter Measures
C. Environmental Risks				
1.	Climate risk	Extreme weather conditions (such as typhoons and rainstorms) may cause possible financial loss to the Group.	Low	a) Implement climate-resilient design and development plans to mitigate potential adverse impacts from extreme weather conditions. b) Establish business continuity plans to minimise disruptions and losses during suspension of operation. c) Regularly review the impact of climate change on the Group's operation and formulating measures in response to various risks to achieve sustainable development.
2.	Material use, energy, emissions and waste management	The Group is required to comply with numerous environmental protection laws and regulations promulgated by the national, provincial and municipal governments in the PRC. These regulations govern, inter alia, the prescribed standards in relation to the discharge of solid wastes, effluent and gases. Penalties may be imposed on companies which fail to comply with relevant requirements.	Low	Launch various initiatives to optimise material use, reduce emissions, and conserve resources through efficient waste management. For further details, please refer to page 44 to page 49 of the annual report.

The Group's activities also expose it to a variety of financial risks, such as market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. For further details on how the Group managements such risks, please refer to page 137 to page 146 of the annual Report.

Review of the risk management and internal control systems of the Group

The Group's risk management and internal control systems guidelines and standards as described above are designed to manage and mitigate risks. While such systems guidelines and standards may not be able to entirely eliminate the risk of failure to achieve the Group's strategic and business objectives, it can provide a reasonable (but not absolute) assurance against material misstatement or loss. The Group has an internal audit function. The Group conducts operational and financial audits at least annually and on a regular basis throughout the financial year in order to ensure that all transactions remain compliant with these systems guidelines and standards, and to ensure all risks of the Group are managed sufficiently. The Audit Committee, on behalf of the Board, has worked closely with the management of the Group and the Board, and have discussed and confirmed with the external auditors in relation to the financial reporting matters and risk management and internal control systems for the year ended 31 December 2024, and the Audit Committee considered such systems guidelines and standards to be effective and adequate, and no significant areas of concern were identified.

Handling and dissemination of inside information

The directors acknowledged their responsibilities for the handling and dissemination of inside information. With a view to identifying, handling and disseminating inside information, various procedures including pre-clearance on dealing in the securities of the Company by designated members of management, notification of regular blackout period and securities dealing restrictions to relevant directors and employees, restrictions on access to financial records and dissemination of information on a need-to-know basis have also been implemented by the Group to guard against possible mishandling of inside information within the Group.

AUDITOR'S REMUNERATION

During the year ended 31 December 2024, the total remuneration for audit services provided by PricewaterhouseCoopers, the external auditor, amounted to HK$4,490,000. The audit fee was approved by the audit committee. The statement made by the external auditor in respect of their reporting responsibilities is set out on page 121 to page 125 of the annual report.

During the year ended 31 December 2024, the total remuneration for permissible non-audit services provided by the external auditor (including any entity under common control, ownership or management with the external auditor) amounted to HK$1,365,000. The non-audit services comprised tax compliance and consulting services of approximately HK$965,000 and advisory and assurance service on environmental, social and governance report of approximately HK$400,000. The audit committee had been briefed in respect of the non-audit services and related fees and was satisfied that such services did not (in terms of the nature of services and the amount of fees charged) affect the independence of external auditor. The re-appointment of PricewaterhouseCoopers as the auditor of the Company has been recommended by the audit committee and endorsed by the Board and is subject to approval by shareholders at the forthcoming annual general meeting.

For the purpose of making such recommendation, the audit committee reviewed the independence of PricewaterhouseCoopers, as well as the objectivity and effectiveness of the audit process. In particular, the audit committee (i) received a letter from PricewaterhouseCoopers confirming its independence and objectivity; (ii) assessed the incumbent auditor's engagement performance, efficiency in the delivery of the audit service, and effectiveness and timeliness of communication; (iii) obtained an understanding on the quality management and ethical standards adopted by PricewaterhouseCoopers; and (iv) met with representatives of PricewaterhouseCoopers to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services provided by it.

COMPANY SECRETARY

The company secretary is Ms. Lee Hiu Laam. The Board had reviewed the training and continuous professional development of the company secretary during the year ended 31 December 2024 and considered that the requirements under rule 3.29 of the Listing Rules in respect of the professional training of the company secretary were complied.

DIVIDEND POLICY

The Group is committed to enhancing shareholders' returns. In deciding its dividend policy, the Group has an objective of achieving a balance between shareholders' expectation and the Group's future expansion needs. Since the Group's IPO in 2005, the Board has adopted a policy of paying regular dividends with a normal target payout ratio of about 30% of the Group's net profit of the year, while retaining about 70% of the profit as reserve for future development. Accordingly, dividends per share have generally moved in line with earnings per share.

The Board recommends the payment of a final dividend of HK 2 cents per ordinary share, totaling approximately HK$34,818,000, for the year ended 31 December 2024 which is subject to shareholders' approval at the Company's forthcoming annual general meeting to be held on 20 May 2025. Together with the interim dividend of HK$38,282,000 paid on 26 September 2024 in respect of the six months ended 30 June 2024, the interim and final dividends for the year ended 31 December 2024 will be approximately HK$73,100,000, which is in line with the Group's normal target payout ratio of about 30% of the net profit.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene and put forward proposals at shareholders' meetings

Any one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company ("Requisitionist(s)") shall at all times have the right, by written requisition ("Requisition") to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in the Requisition; and such meeting shall be held within two months after the deposit of the Requisition. If within twenty one days of such deposit the Board fails to proceed to convene such meeting, the Requisitionist(s) himself (themselves) may convene a physical meeting at only one location, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company. The Requisition shall be lodged at the principal place of business of the Company in Hong Kong at Unit 8, 6th Floor, Greenfield Tower, Concordia Plaza, 1 Science Museum Road, Kowloon, Hong Kong or at Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Any business or resolution proposed to be put forward at such meeting shall be specified in the Requisition.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns in writing to the company secretary at Unit 8, 6th Floor, Greenfield Tower, Concordia Plaza, 1 Science Museum Road, Kowloon, Hong Kong. Such concerns and enquiries will then be directed to the Board by the company secretary.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company has adopted a shareholders' communication policy with the objective of ensuring that the shareholders of the Company and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

(i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the website of the Stock Exchange at www.hkexnews.hk and the Company's websites at www.eva-group.com or www.irasia.com/listco/hk/evaholdings;

(ii) periodic announcements are published on the websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's websites; and

(iv) annual general meetings and other general meetings provide a forum for the shareholders to make comments and exchange views with the directors and senior management.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's head office in Hong Kong. Information about the Company's head office in Hong Kong is set out in the section headed "Corporate Information". In view of the above, the Company has reviewed the implementation and effectiveness of the shareholders' communication policy and considered the policy effective.

CHANGES IN CONSTITUTIONAL DOCUMENTS

There is no significant change in the Company's memorandum and articles of association during the year ended 31 December 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had 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. Having made specific enquiry of all directors, the Company reported that all directors have complied with the required standards set out in the Model Code during the year ended 31 December 2024 and up to the date of this report.

COMPLIANCE WITH THE CG CODE

The Company and the directors confirm, to the best of their knowledge, that the Company has complied with the CG Code as set out in Part 2 of Appendix C1 to the Listing Rules during the year ended 31 December 2024.

By order of the Board
Zhang Hwo Jie
Chairman

Hong Kong, 28 March 2025

The directors are pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the provision of precision manufacturing services, focusing on the production of moulds and components and automated assembly services with high quality standard and dimensional accuracy.

The Group's two main revenue streams are the office automation equipment business and the automotive component business.

At present, the Group operates twelve industrial parks in China (Shenzhen, Suzhou, Zhongshan, Chongqing, Wuhan, Weihai and Sichuan), Vietnam (Haiphong) and Mexico (San Luis Potosí).

An analysis of the Group's turnover and operating result by business segment for the year ended 31 December 2024 is set out in Note 5 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases and sales for the year ended 31 December 2024 attributable to the Group's major suppliers and customers are as follows:

Purchases

The largest supplier	9.1%
Five largest suppliers combined	20.9%

The Group's length of relationship with its five largest suppliers ranged from 4 years to more than 10 years. The Group's length of relationship with its remaining suppliers ranged from 1 year to more than 10 years.

Sales

The largest customer	34.7%
Five largest customers combined	64.3%

The Group's length of relationship with its five largest customers ranged from 3 years to more than 10 years. The Group's length of relationship with its remaining customers ranged from 3 years to more than 10 years.

None of the directors, their close associates, or any shareholders (which, to the knowledge of the directors, owned more than 5% of the number of issued shares of the Company) had a beneficial interest in the Group's major suppliers or customers noted above.

REPORT OF THE DIRECTORS

BUSINESS REVIEW

A review of the Group's business for the year ended 31 December 2024 is set out in the sections headed "Chairman's Statement" on page 10 to page 19, "Financial Review" on page 20 to page 26 and "Environmental, Social and Governance Report" on page 27 to page 68 of the annual report.

For the year ended 31 December 2024, sales to the five largest customers represented 64.3% of the Group's total turnover. Accordingly, any change in these customers' businesses and financial conditions is likely to have an impact on the financial performance of the Group. To manage this risk, the Group performs credit evaluation of its customers to ensure that sales are made only to entities with viable businesses and sound financial background. Credit periods granted to the customers are closely monitored and approved by the appropriate level of management. At the same time, the Group identifies and develops new customers with high potentials in an effort to widen the customer base and reduce the reliance on existing key customers.

Foreign currency risks arising from dealings with customers and suppliers in foreign currencies are discussed in the section headed "Foreign Currency Exposure" in the "Financial Review" section of the annual report. Other financial risks and uncertainties facing the Group are set out in Note 3 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income on page 128 to page 129.

DIVIDENDS

The Board recommends the payment of a final dividend of HK 2 cents per ordinary share, totaling approximately HK$34,818,000 for the year ended 31 December 2024. Subject to the approval of the directors' recommendation by the shareholders at the forthcoming annual general meeting to be held on 20 May 2025, the final dividend will be paid in cash on 12 June 2025. Including the interim dividend of HK$38,282,000 for the six months ended 30 June 2024 paid on 26 September 2024, the total dividends declared for the year ended 31 December 2024 will be approximately HK$73,100,000.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Details of the Group's key relationships with employees, customers and suppliers are set out in the section headed "Financial Review" on page 20 to page 26 and "Environmental, Social and Governance Report" on page 27 to page 68.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Details of the Group's environmental policies and performance are set out in the section headed "Environmental, Social and Governance Report" on page 27 to page 68.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2024, as far as the Company is aware, there is no material breach of or non-compliance with applicable laws and regulations by the Group which has a significant impact on its business and operations.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year ended 31 December 2024 are set out in Note 6 to the consolidated financial statements.

BORROWINGS AND INTEREST

Details of borrowings are set out in Note 19 to the consolidated financial statements. Interest and other borrowing costs are set out in Note 26 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital during the year ended 31 December 2024 are set out in Note 21 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2024, the Company's reserves available for distribution to the shareholders of the Company amounted to HK$1,053,584,000. Details of the movements in the reserves of the Company are set out in Note 33 to the consolidated financial statements. Pursuant to the Companies Act (Revised) of the Cayman Islands and the Company's amended and restated articles of association, in addition to the profits and retained earnings of the Company, the funds in the share premium account and the capital redemption reserve of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debt as they fall due in the ordinary course of business.

DONATIONS

The donations made by the Group during the year ended 31 December 2024 amounted to approximately HK$282,000.

PENSION SCHEMES

Details of the Group's pension schemes are set out in Note 25 to the consolidated financial statements.

FIVE YEARS FINANCIAL SUMMARY

A five years financial summary of the Group is set out on page 226.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or, any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2024.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors during the year ended 31 December 2024 and up to the date of this report were:

EXECUTIVE DIRECTORS

Mr. Zhang Hwo Jie *(Chairman)*
Mr. Zhang Jian Hua *(Vice Chairman)*
Mr. Zhang Yaohua *(Chief Executive)*
Ms. Zhang Yan Yi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Hiu Lo
Dr. Chai Ngai Chiu Sunny
Ms. Ling Kit Sum

Pursuant to the Company's articles of association, Mr. Zhang Hwo Jie, Dr. Chai Ngai Chiu Sunny and Mr. Zhang Yaohua will retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. During the year ended 31 December 2024 and up to the date of this report, no director has resigned or refused re-election.

None of the directors has a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

PERMITTED INDEMNITY

The Company's articles of association provide that the directors of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the directors of the Company.

The Group has also arranged appropriate insurance cover in respect of relevant actions against its directors. Save as the aforesaid, there is no provision for indemnity against liabilities incurred by the directors to third parties.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for the directors' service contracts, no other transaction, arrangement or contract of significance in relation to the Company's business to which the Company, its subsidiaries or holding companies was a party and in which a director of the Company has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2024 and up to the date of this report, none of the directors of the Company is considered to have direct or indirect interest in businesses which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules.

EQUITY-LINKED AGREEMENTS

The Company has a share option scheme, the details of which are set out in the section headed "Share Options" in the Report of the Directors. Save as the aforesaid, no equity-linked agreement was entered into or existed during the year ended 31 December 2024 and up to the date of this report.

SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS

A subsidiary of the Company is a party to loan agreements with Bank of China (Hong Kong) Limited in respect of the following banking facilities ("BOC Facilities Agreements"):

(i) a term loan facility up to HK$250,000,000 with a repayment term of three years from the date of first drawdown (the outstanding loan balance was HK$225,000,000 as at 31 December 2024); and

(ii) a revolving loan for an amount up to HK$40,000,000 (there was no outstanding balance as at 31 December 2024).

The following specific performance obligations are imposed on the controlling shareholders of the Company under the BOC Facilities Agreements:

(i) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall maintain to hold not less than 35% of the issued share capital of the Company and shall remain as the largest shareholder of the Company;

(ii) Mr. Zhang Hwo Jie shall remain as the chairman of the board of directors of the Company; and

(iii) Mr. Zhang Yaohua shall remain as an executive director of the Company.

In addition, a subsidiary of the Company had entered into banking facility agreements with The Hongkong and Shanghai Banking Corporation Limited ("HSBC") in respect of the following banking facilities ("HSBC Facilities Agreement"):

(i) a term loan facility of up to US$10,000,000 for a term of three years from the first drawdown date of the loan (the outstanding loan balance was US$6,666,000 as at 31 December 2024);

(ii) a term loan facility of up to US$25,000,000, or an equivalent amount in Renminbi, for a term of three years from the first drawdown date of the loan (the outstanding loan balance was US$15,666,000 as at 31 December 2024);

(iii) a term loan facility of up to HK$400,000,000 with the final repayment date falling four years from the date of first drawdown of the loan (the outstanding loan balance was HK$400,000,000 as at 31 December 2024); and

(iv) a revolving loan facility of up to HK$50,000,000 (the outstanding loan balance was HK$45,000,000 as at 31 December 2024) and business card facility of up to HK$200,000 (there was no outstanding balance as at 31 December 2024).

Under the HSBC Facilities Agreement, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall maintain not less than 35% of the issued share capital of the Company; and Mr. Zhang Hwo Jie shall remain as the chairman of the board of directors of the Company.

Besides, a subsidiary of the Company is a party to loan agreements with Hang Seng Bank Limited in respect of the following facilities ("HSB Facilities Agreements"):

(i) a term loan facility of up to HK$300,000,000 with the final repayment date falling three years from the date of each drawdown (the outstanding loan balance was HK$300,000,000 as at 31 December 2024);

(ii) a revolving loan of HK$150,000,000 (there was no outstanding balance as at 31 December 2024) and a corporate credit card facility of HK$600,000 (there was no outstanding balance as at 31 December 2024).

Under the HSB Facilities Agreements, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua together shall maintain not less than 35% of the issued share capital of the Company, and Mr. Zhang Hwo Jie shall remain as the chairman of the board of directors of the Company.

A subsidiary of the Company is a party to a loan agreement with MUFG Bank, Ltd. in respect of a revolving loan of HK$30,000,000 ("MUFG Facilities Agreement") and there was no outstanding balance as at 31 December 2024.

Under the MUFG Facilities Agreement, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall hold not less than 35% of the entire issued share capital of the Company, and Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall collectively remain as single largest shareholder of the Company.

In addition, a subsidiary of the Company had entered into banking facility agreements with Fubon Bank (Hong Kong) Limited in respect of a revolving loan facility of up to HK$150,000,000 ("Fubon Facilities Agreement") and the outstanding loan balance was HK$100,000,000 as at 31 December 2024.

Under the Fubon Facilities Agreement, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall collectively maintain holding of not less than 35% of the legal and beneficial interest in the issued share capital of the Company, and Mr. Zhang Hwo Jie shall remain as the chairman of the board of directors of the Company.

A subsidiary of the Company had also entered into a banking facility agreement with Chong Hong Bank Limited in respect of a revolving loan facility of HK$50,000,000 ("Chong Hing Facility Agreement") and the outstanding loan balance was HK$50,000,000 as at 31 December 2024.

Under the Chong Hing Facility Agreement, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall at any time maintain not less than 35% of the issued share capital of the Company, and Mr. Zhang Hwo Jie shall remain as the chairman of the board of directors of the Company.

Further, a subsidiary of the Company had entered into a banking facility agreement with China Construction Bank Corporation Limited, Hong Kong Branch in respect of a revolving loan facility of HK$200,000,000 ("CCB Facility Agreement"), and the outstanding loan balance was HK$50,000,000 as at 31 December 2024.

Under the CCB Facility Agreement, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall collectively maintain holding of not less than 35% of the legal and beneficial interest in the issued share capital of the Company, and Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall remain as the largest shareholder with controlling power in the Company.

A subsidiary of the Company had also entered into a banking facility agreement with China Minsheng Banking Corp., Ltd. Hong Kong Branch, in respect of a term loan facility ("CMBC Facility Agreement") of HK$150,000,000 which is repayable by instalments with the final repayment date falling 36 months from the date of the CMBC Facility Agreement and the outstanding loan balance was HK$52,500,000 as at 31 December 2024.

The following specific performance obligations are imposed on the controlling shareholders of the Company under the CMBC Facility Agreement:

(i) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall collectively and beneficially own not less than 35% of the issued share capital of the Company;

(ii) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall remain as the largest shareholder in the Company; and

(iii) Mr. Zhang Hwo Jie shall remain as the Chairman of the board of directors and an executive director of the Company.

A subsidiary of the Company had also entered into a banking facility agreement with DBS Bank (Hong Kong) Limited, in respect of a term loan facility ("DBS Facility Agreement") of HK$400,000,000 with the final repayment date, with respect to each drawdown, falling three years from the date of such drawdown and the outstanding loan balance was HK$400,000,000 as at 31 December 2024.

The following specific performance obligations are imposed on the controlling shareholders of the Company under the DBS Facility Agreement:

(i) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall maintain not less than 35% of the issued share capital of the Company;

(ii) Mr. Zhang Hwo Jie shall remain as the Chairman of the board of directors of the Company; and

(iii) Mr. Zhang Yaohua shall remain as an executive director of the Company.

Another subsidiary of the Company had entered into two banking facility agreements with United Overseas Bank Limited, in respect of the following facilities ("UOB Facility Agreements"):

(i) a term loan facility of up to HK$230,000,000 with the final repayment date falling three years from the first drawdown date of the loan (the outstanding loan balance was HK$230,000,000 as at 31 December 2024); and

(ii) a revolving commercial loan facility, an import invoice finance line and a bills of exchange line, in the aggregate principal amount of up to HKD70,000,000 (there was no outstanding balance as at 31 December 2024).

Under the UOB Facility Agreements, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall maintain not less than 35% of the issued share capital of the Company, and Mr. Zhang Hwo Jie shall remain as the chairman of the board of directors of the Company.

A subsidiary of the Company had also entered into a banking facility agreement with Luso International Banking Limited, in respect of a term loan facility ("Luso Loan Facility Agreement") of HK$150,000,000 for 24 months from the date of drawdown and the outstanding loan balance was HK$142,500,000 as at 31 December 2024.

Under the Luso Loan Facility Agreement, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall maintain not less than 35% of the issued share capital of the Company.

In January 2025, a subsidiary of the Company had entered into a banking facility agreement with Dah Sing Bank Limited, in respect of two term loan facilities ("Dah Sing Facility Agreement") of HK$100,000,000 and HK$120,000,000 respectively, with the final repayment date falling three years from the date of each drawdown.

Under the Dah Sing Facility Agreement, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall maintain not less than 35% of the issued share capital of the Company, and Mr. Zhang Hwo Jie shall remain as the chairman of the board of directors of the Company and Mr Zhang Yaohua shall remain as an executive director of the Company.

A breach of any of the aforesaid obligations will constitute an event of default under the relevant facilities agreements which may result in, inter alia, the cancellation of all or any part of the commitments under the relevant facilities agreements and all borrowed amounts outstanding becoming immediately due and payable.

SHARE OPTIONS

(a) 2015 Share Option Scheme

The Company has adopted a share option scheme which became effective on 21 May 2015 (the "2015 Share Option Scheme"). The 2015 Share Option Scheme was effective for a period of 10 years commencing on 21 May 2015. The 2015 Share Option Scheme was, however, terminated on 18 May 2023. Upon such termination, no further share options may be granted under the 2015 Share Option Scheme, but in all other respects, the provisions of the 2015 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise as may be required in accordance with the terms of the 2015 Share Option Scheme and share options granted under the 2015 Share Option Scheme prior to such termination shall continue to be valid and exercisable in accordance with the rules of the 2015 Share Option Scheme.

Options to subscribe for up to 103,701,180 shares remained ungranted under the 2015 Share Option Scheme as at 1 January 2023. As a result of the termination of the 2015 Share Option Scheme, these share options will not be granted. During the year ended 31 December 2024, movement in the share options granted under the 2015 Share Option Scheme and details of these options as at 31 December 2024 and the date of this report are as follows:

	As at 1 January 2024	Expired during the year	As at 31 December 2024 and the date of this report	Share price immediately before offer date	Exercise price	Vesting date	Exercisable period
				HK$	HK$		
Executive directors							
Mr. Zhang Hwo Jie							
– Granted on 3 November 2017	17,000,000	(17,000,000)	–	1.08	1.10	2 January 2020	2 January 2020 to 4 November 2024
– Granted on 3 November 2021	1,700,000	–	1,700,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
Mr. Zhang Jian Hua							
– Granted on 3 November 2021	1,700,000	–	1,700,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
Mr. Zhang Yaohua							
– Granted on 3 November 2017	17,000,000	(17,000,000)	–	1.08	1.10	2 January 2020	2 January 2020 to 4 November 2024
– Granted on 3 November 2021	1,700,000	–	1,700,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
Ms. Zhang Yan Yi (Note 1)							
– Granted on 3 November 2021	400,000	–	400,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
Independent non-executive directors							
Mr. Lam Hiu Lo							
– Granted on 3 November 2021	400,000	–	400,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
Dr. Chai Ngai Chiu Sunny							
– Granted on 3 November 2021	400,000	–	400,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
Ms. Ling Kit Sum							
– Granted on 3 November 2021	400,000	–	400,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
Employees of the Group							
Mr. Zhang Hanming (Note 2)							
– Granted on 3 November 2021	400,000	–	400,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
Ms. Zhang Quian Yi (Note 3)							
– Granted on 3 November 2017	300,000	(300,000)	–	1.08	1.10	2 January 2020	2 January 2020 to 4 November 2024
– Granted on 3 November 2021	400,000	–	400,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
Other employees of the Group							
– Granted on 3 November 2017	15,700,000	(15,700,000)	–	1.08	1.10	2 January 2020	2 January 2020 to 4 November 2024
– Granted on 3 November 2021	50,000,000	(50,000,000)	–	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2024
– Granted on 3 November 2021	11,700,000	–	11,700,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
	119,200,000	(100,000,000)	19,200,000				

Notes:

1. Ms. Zhang Yan Yi is a daughter of the Chairman of the Group. She is responsible for the internal process and risk management of the Group. Ms. Zhang Yan Yi was appointed as an executive director on 21 July 2023.

2. Mr. Zhang Hanming is the father of three of the executive directors of the Company, namely, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua, and the grandfather of Ms. Zhang Yan Yi, an executive director. Mr. Zhang Hanming previously worked in the Chinese government for many years before his retirement, and is now a consultant of the Group in the areas of government regulations and communication.

3. Ms. Zhang Quian Yi is a daughter of the Chairman of the Group, the niece of two of the executives directors of the Company, Mr. Zhang Jian Hua and Mr. Zhang Yaohua, and the sister of Ms. Zhang Yan Yi, an executive director of the Company. Ms. Zhang Quian Yi is responsible for the supply chain management of the Group.

As at 31 December 2024, 19,200,000 shares were available for issue under the 2015 Share Option Scheme for options granted prior to the termination of the 2015 Share Option Scheme, representing approximately 1.10% of the Company's issued share capital as at the date of this report.

The fair value of the 19,200,000 options granted on 3 November 2021 was HK$13,587,000 as at 31 December 2024.

The fair values were calculated using the Black-Scholes valuation model and the significant inputs into the model were as follows:

	Vesting period	**Exercise price**	**Expected volatility**	**Expected life**	**Risk-free rate**	**Dividend paid-out rate**
		HK$				
Granted on 3 November 2021	3 November 2021 to 2 May 2023	1.80	56.78%	3.75 years	1.00%	1.35%

The expected volatility is based on historic volatility adjusted for any expected change to future volatility based on publicly available information. Dividend paid-out rate is based on historical dividend paid-out rate. Changes in these subjective input assumptions could affect the fair value estimate. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

The following is a summary of the 2015 Share Option Scheme:

1. *Purpose of the 2015 Share Option Scheme:*

   The purpose of the 2015 Share Option Scheme is to provide the eligible participants with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group by granting options to them as incentives or rewards.

2. *Participants of the 2015 Share Option Scheme:*

   a. Employees of the Group (whether full-time or part-time);

   b. Directors (including executive directors, non-executive directors and independent non-executive directors) of the Group;

   c. Substantial shareholders of each member of the Group;

   d. Associates of directors or substantial shareholders of the Group;

   e. The trustees of any trust pre-approved by the Board, the beneficiaries (or in case of discretionary trust, the discretionary objects) of which include any of the above-mentioned persons; and

   f. Business associates (including (i) any adviser or consultant (in the areas of technical, financial or corporate management) to any member of the Group; (ii) any provider of goods and/or services to the Group; or (iii) any customer of the goods and/or services of the Group who, at the sole determination of the Board, is not a competitor of the Group and has contributed to the development and expansion of the Group and/or whose contribution to the future development and expansion of the Group is desired)

3. *Maximum entitlement of each eligible participant under the 2015 Share Option Scheme:*

   The total number of shares issued and to be issued upon the exercise of options granted and to be granted to each eligible participant (including both exercised and outstanding options) in any period of twelve (12) consecutive months up to and including the date of grant shall not exceed 1% of the shares in issue as at the date of grant.

4. ***Period within which the option may be exercised by a grantee under the 2015 Share Option Scheme:***

   Subject to the rules of the 2015 Share Option Scheme, options may be exercised by an eligible participant (or in the case of his death, his personal representative(s)), in whole or in part, at any time during the period commencing from the date of grant and ending on such date as the Board may determine in granting the option but in any event not exceeding ten (10) years from the date of grant.

5. ***Vesting period of options granted under the 2015 Share Option Scheme:***

   An eligible participant to whom any option is granted is required to satisfy all the conditions (including any performance target if required to be achieved) imposed by the Board before he may exercise any of his options.

6. ***The subscription price of a share payable on the exercise of any particular option:***

   The subscription price of a share payable on the exercise of any particular option granted under the 2015 Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price shall at least be the highest of:

   (i) the nominal value of the shares of the Company;

   (ii) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of offer, which shall be a trading day; and

   (iii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer; or (where applicable) such price as from time to time adjusted pursuant to the 2015 Share Option Scheme.

7. ***The remaining life of the 2015 Share Option Scheme:***

   The 2015 Share Option Scheme was terminated on 18 May 2023.

(b) 2023 Share Option Scheme

On 18 May 2023, the Company resolved to terminate the 2015 Share Option Scheme and adopt a new share option scheme (the "2023 Share Option Scheme"). The 2023 Share Option Scheme became effective on 18 May 2023.

Pursuant to the terms of the 2023 Share Option Scheme, the maximum number of shares in respect of which options may be granted thereunder and any share options or share award to be granted under any other schemes of the Group shall not in aggregate exceed 174,091,980 shares, representing 10% of the Company's issued shares as at the date of approval of the 2023 Share Option Scheme unless the Company obtains a fresh approval from its shareholders in general meeting. No share option was granted under the 2023 Share Option Scheme since its adoption. 119,200,000 share options and 19,200,000 share options were granted under the 2015 Share Option Scheme as at 1 January 2024 and 31 December 2024, respectively. Accordingly, options to subscribe for up to 54,891,980 shares (representing approximately 3.15% of the issued share capital as at the date of this report) and 154,891,980 shares (representing approximately 8.90% of the issued share capital as at the date of this report) are available for grant under the 2023 Share Option Scheme as at 1 January 2024 and as at 31 December 2024. Options relating to 17,409,198 shares (representing approximately 1% of the issued shares as at the date of this report) to be granted to service providers under the service provider sublimit set out in the 2023 Share Option Scheme, and any share options or share award schemes of the Group as at 1 January 2024 and 31 December 2024 are available.

The following is a summary of the 2023 Share Option Scheme:

1. *Purpose of the 2023 Share Option Scheme:*

   The purpose of the 2023 Share Option Scheme is to provide the eligible participants with an opportunity to obtain equity interest in the Company, thus linking their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group by granting options to them as incentives or reward.

2. *Participants of the 2023 Share Option Scheme:*

   a. directors and chief executive of the Company;

   b. employees (where full-time or part-time) of any member of the Group (including persons who are granted options under the 2023 Share Option Scheme as an inducement to enter into employment contracts with any member of the Group);

c. service provider(s), being any persons who provide services to a member of the Group relating to the Group's business of precision manufacturing services and production of moulds and components and automated assembly services for its office automation equipment business and automotive components business on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, including;

(i) any persons who have stepped down from a directorship or employment position within the Group, but continues to provide advisory or consultancy services to the Group; and

(ii) any advisors, consultants and/or independent contractors providing advisory services, consultancy and/or other professional services to the Group (such as specific-industry advice on the Group's business and technical, financial or corporate management and strategic advice) where the continuity and frequency of their services are akin to those of employees.

but for the avoidance of doubt, excluding (a) any placing agents and/or financial advisers providing advisory services for fundraising, mergers or acquisition, and (b) auditors, valuers and/or other professional service providers of the Group who provide assurance or are required to perform their services with impartiality and objectivity.

3. *Total number of shares available for issue under the 2023 Share Option Scheme and the percentage of issued shares that it represents:*

Pursuant to the terms of the 2023 Share Option Scheme, the maximum number of shares in respect of which options may be granted thereunder and any share options or share award granted under any other schemes of the Group shall not in aggregate exceed 174,091,980 shares, representing 10% of the Company's issued shares as at the date of approval of the 2023 Share Option Scheme unless the Company obtains a fresh approval from its shareholders in general meeting. Accordingly, options to subscribe for up to 154,891,980 shares (representing approximately 8.90% of the issued share capital as at the date of this report) are available for grant under the 2023 Share Option Scheme as at 31 December 2024.

4. *Maximum entitlement of each eligible participant under the 2023 Share Option Scheme:*

The maximum number of shares which may be issued upon the exercise of all options granted to any eligible participant (including both exercised and outstanding options, but excluding any options lapsed in accordance with the terms of the 2023 Share Option Scheme) in any twelve (12) month period up to and including the date of grant must not exceed 1% of the shares in issue as at the date of grant.

5. *Period within which the option may be exercised by a grantee under the 2023 Share Option Scheme:*

Subject to the terms of the 2023 Share Option Scheme, including terms relating to vesting period and performance targets relating to a grantee, a grantee may exercise a share option within a period of ten (10) years from the date of grant.

6. *Vesting period of options granted under the 2023 Share Option Scheme:*

An eligible participant to whom an option is granted is required to satisfy all the conditions (including any performance target if required to be achieved) imposed by the Board before he may exercise any of his options. An option must be held by the option holder for at least twelve (12) months before the option can be exercised, except that an option which has been or may be granted to an option holder who is an employee of any member of the Group may have a shorter vesting period if determined at the discretion of the Board (or the remuneration committee of the Board where the arrangements relate to a grant of an option to an option holder who is a director or a senior manager of the Group) as falling within such circumstances set out in the 2023 Share Option Scheme.

7. *The amount payable on application or acceptance of the option and the period within which payments must be made:*

Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant of the option. Any offer may be open for acceptance, in whole or in part, in a board lot for dealing in the Company's shares on the Stock Exchange or an integral multiple thereof. An offer is open for acceptance within 21 days from the date of offer provided that no offer shall be open for acceptance after the expiry of the scheme period or after the 2023 Share Option Scheme has been terminated.

8. *The basis for determining the exercise price of options granted:*

The exercise price shall be determined by the Board and such price shall at least be the highest of: (i) the nominal value of the Company's shares; (ii) the closing price of the shares as stated in the daily quotation sheet of the Stock Exchange on the date of offer, which shall be a business day; and (iii) the average closing price of the shares as stated in the daily quotation sheets of the Stock Exchange for the five (5) business days immediately preceding the date of offer.

9. *The remaining life of the 2023 Share Option Scheme:*

Unless terminated earlier in accordance with the terms of the 2023 Share Option Scheme, the 2023 Share Option Scheme is valid and effective for a period of ten (10) years following the date of approval by resolution of the shareholders on 18 May 2023 and will expire on 17 May 2033.

DISCLOSURE OF INTERESTS IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 31 December 2024, the interests and/or short positions of the directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have taken under such provisions of the SFO), and/or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and The Stock Exchange of Hong Kong Limited were as follows:

(i) Long position in the shares of the Company

Name of director	Corporate interests	Personal interests	Interest of spouse	Personal interests in underlying shares held under equity derivatives (Note 1)	Total interests	Approximate percentage of interest in the Company as at 31 December 2024
Mr. Zhang Hwo Jie	673,750,000 (Note 2)	33,152,000	–	1,700,000	708,602,000	40.70%
Mr. Zhang Jian Hua	–	664,000	–	1,700,000	2,364,000	0.14%
Mr. Zhang Yaohua	673,750,000 (Note 2)	55,164,000	156,000	1,700,000	730,770,000	41.98%
Ms. Zhang Yan Yi	–	–	–	400,000	400,000	0.02%
Mr. Lam Hiu Lo	–	–	–	400,000	400,000	0.02%
Dr. Chai Ngai Chiu Sunny	–	–	–	400,000	400,000	0.02%
Ms. Ling Kit Sum	–	–	–	400,000	400,000	0.02%

Notes:

1. These interests represent the directors' beneficial interests in the underlying shares in respect of share options granted by the Company to the directors as beneficial owners, details of which are set out in the section headed "Share Options" above.

2. Mr. Zhang Hwo Jie and Mr. Zhang Yaohua held 52.93% and 47.07% of the entire issued capital of Prosper Empire Limited respectively, and Prosper Empire Limited was interested in 38.70% of the entire issued capital of the Company as at 31 December 2024. Under the SFO, Mr. Zhang Hwo Jie and Mr. Zhang Yaohua are both deemed to be interested in the shares held by Prosper Empire Limited.

(ii) Long position in the shares of Prosper Empire Limited, an associated corporation of the Company

Name of director	Capacity	Approximate percentage of interest in Prosper Empire Limited as at 31 December 2024
Mr. Zhang Hwo Jie	Personal interests	52.93%
Mr. Zhang Yaohua	Personal interests	47.07%

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, the interests or short positions of the persons (other than a director or chief executive of the Company) in the shares or underlying shares of the Company as recorded in the register of interests kept by the Company under section 336 of the SFO were as follows:

Name	Capacity	Number of shares	Number of underlying shares held under equity derivatives	Total interests	Approximate percentage of interest
Prosper Empire Limited	Beneficial owner	673,750,000	–	673,750,000	38.70%
Ms. Shen Chan Jie Lin	Interest of spouse (Note 1)	706,902,000	1,700,000	708,602,000	40.70%
Ms. Jiang Lu	Beneficial owner	156,000	–	156,000	0.01%
	Interest of spouse (Note 2)	728,914,000	1,700,000	730,614,000	41.97%

Notes:

1. Under the SFO, Ms. Shen Chan Jie Lin is deemed to be interested in the shares held by Mr. Zhang Hwo Jie, who is interested in 52.93% of the issued share capital of Prosper Empire Limited. The interests disclosed by Ms. Shen Chan Jie Lin included the 673,750,000 shares of the Company held by Prosper Empire Limited.

2. Under the SFO, Ms. Jiang Lu is deemed to be interested in the shares held by Mr. Zhang Yaohua, who is interested in 47.07% of the issued share capital of Prosper Empire Limited. The interests disclosed by Ms. Jiang Lu included the 673,750,000 shares of the Company held by Prosper Empire Limited.

PURCHASES, SALE AND REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2024 and up to the date of this report.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands where the Company is incorporated.

CLOSURE OF REGISTER OF MEMBERS

To determine which shareholders will be eligible to attend and vote at the forthcoming annual general meeting to be held on Tuesday, 20 May 2025, the register of members of the Company will be closed from Wednesday, 14 May 2025 to Tuesday, 20 May 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, namely, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 13 May 2025.

Subject to the shareholders' approval of the recommended final dividend at the annual general meeting of the Company, the final dividend will be payable on Thursday, 12 June 2025 to shareholders whose names appear on the register of members on Wednesday, 28 May 2025. To determine eligibility for the final dividend, the register of members of the Company will be closed from Saturday, 24 May 2025 to Wednesday, 28 May 2025, both days inclusive, during which period no share transfer will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, namely, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 23 May 2025.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on page 73 to page 98.

CHANGE OF DIRECTORS' INFORMATION

During year ended 31 December 2024 and up to the date of this report, there were changes in the directors' information as follows:

Ms. Ling Kit Sum, an independent non-executive director of the Company, has been appointed as an independent non-executive director of Chinney Kin Wing Holdings Limited, which is listed on the Main Board of The Stock Exchange of Hong Kong Limited, with effect from 2 December 2024. Ms. Ling has also been appointed by the Education Bureau as a Panel Member of Review Boards on School Complaints for two years from 17 January 2025 to 16 January 2027. Ms. Ling has also been elected as an honorary secretary of The Hong Kong Federation of Youth Groups with effect from 18 October 2024. Ms. Ling was appointed as a member of the nomination committee of the Company on 28 March 2025.

AUDIT COMMITTEE

The Company has set up an audit committee, in accordance with the requirements of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules, for the purpose of reviewing the financial reporting process, risk management, internal control system and corporate governance matters of the Group. The audit committee comprises the three independent non-executive directors, namely, Ms. Ling Kit Sum, Mr. Lam Hiu Lo and Dr. Chai Ngai Chiu Sunny, with Ms. Ling Kit Sum as the chairman. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control, corporate governance and financial reporting matters with management including a review of the audited consolidated financial statements for the year ended 31 December 2024.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, the directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules during the year ended 31 December 2024 and up to the date of this report.

AUDITOR

The consolidated financial statements for the year ended 31 December 2024 have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

By order of the Board
Zhang Hwo Jie
Chairman

Hong Kong, 28 March 2025

To the Shareholders of EVA Precision Industrial Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of EVA Precision Industrial Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 126 to 225, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

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

Key audit matter identified in our audit is related to risk of revenue recognition on sales of moulds and components.

Key Audit Matter	**How our audit addressed the Key Audit Matter**
Risk of revenue recognition on sales of moulds and components Refer to note 5 for the Group's accounting policies on revenue recognition and the analysis of the Group's revenue for the year ended 31 December 2024. The Group recognised revenue of HK$6,297 million for the year ended 31 December 2024. We focused on revenue recognition due to its magnitude. Proper control is essential to ensure that sales are recognised in the correct period and for the correct amount. Therefore, it required significant time and resource to audit.	We understood, evaluated and validated management's key internal controls in its revenue recognition process. We performed analysis on revenue by comparing the actual result of the current year with that of the prior year. We tested samples of sales transactions against purchase orders and other shipping supporting documents where relevant. We tested sales transactions that took place before and after the balance sheet date, on a sample basis, to assess whether the sales transactions were recognised in the correct reporting periods. We tested samples of journal entries posted to revenue accounts on risk-based criteria and inspected the relevant supporting documents, consistent with the Group's revenue recognition accounting policy. Based on the procedures performed above, we considered that the Group's sales transactions being tested were recognised in a manner consistent with the Group's revenue recognition accounting policy.

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lee, Kin Wah, Albert.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**2,680,862**	2,682,224
Right-of-use assets	7	**334,567**	293,661
Intangible assets	8	**3,088**	4,055
Investments in associates	10	**21,051**	29,501
Prepayments, deposits and other receivables	13	**103,685**	95,375
Financial assets at fair value through other comprehensive income	14	**15,132**	11,954
Deferred income tax assets	20	**4,271**	4,733
		3,162,656	3,121,503
Current assets			
Inventories	11	**639,885**	640,802
Trade receivables	12	**1,794,336**	1,820,258
Prepayments, deposits and other receivables	13	**65,339**	142,576
Restricted bank deposits	15	**73,534**	104,448
Cash and cash equivalents	15	**1,738,949**	1,610,592
		4,312,043	4,318,676
LIABILITIES			
Current liabilities			
Trade payables	16	**1,509,715**	1,492,264
Contract liabilities	17	**132,241**	95,722
Accruals and other payables	18	**271,245**	256,095
Bank borrowings	19	**847,599**	1,149,136
Lease liabilities	7	**20,741**	15,341
Current income tax liabilities		**30,097**	31,194
		2,811,638	3,039,752

	Note	2024 HK$'000	2023 HK$'000
Net current assets		**1,500,405**	1,278,924
Total assets less current liabilities		**4,663,061**	4,400,427
LIABILITIES			
Non-current liabilities			
Bank borrowings	19	**1,436,900**	1,321,006
Lease liabilities	7	**63,014**	59,502
Deferred income tax liabilities	20	**21,226**	22,205
		1,521,140	1,402,713
Net assets		**3,141,921**	2,997,714
EQUITY			
Capital and reserves			
Share capital	21	**174,092**	174,092
Reserves	22	**2,967,829**	2,823,622
Total equity		**3,141,921**	2,997,714

The accompanying notes are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 126 to 225 were approved by the Board of Directors on 28 March 2025 and were signed on its behalf.

Zhang Hwo Jie
Chairman

Zhang Jian Hua
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 HK$'000	2023 HK$'000
Revenue	5	**6,296,926**	6,182,658
Cost of sales	24	**(4,921,294)**	(4,891,094)
Gross profit		**1,375,632**	1,291,564
Other income	23	**42,206**	49,187
Other (losses)/gains – net	23	**(27,333)**	37,067
Selling and marketing costs	24	**(318,983)**	(326,357)
General and administrative expenses	24	**(692,696)**	(660,670)
Impairment loss on property, plant and equipment		**(6,137)**	–
Operating profit		**372,689**	390,791
Finance income	26	**32,429**	42,403
Finance costs	26	**(121,139)**	(128,905)
Share of loss of associates	10	**(7,593)**	(499)
Profit before income tax		**276,386**	303,790
Income tax expense	27	**(32,879)**	(66,695)
Profit for the year		**243,507**	237,095
Other comprehensive income for the year, net of tax			
Item that may be reclassified to profit or loss			
– Currency translation differences		**(34,582)**	(17,491)
Item that will not be reclassified to profit or loss			
– Revaluation gains/(losses) on financial assets at fair value through other comprehensive income		**8,190**	(3,549)
Total comprehensive income for the year		**217,115**	216,055

	Note	2024 HK$'000	2023 HK$'000
Profit for the year attributable to equity holders of the Company		**243,507**	237,095
Total comprehensive income for the year attributable to equity holders of the Company		**217,115**	216,055
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in HK cents per share)			
– basic	28	**14.0**	13.6
– diluted	28	**14.0**	13.6

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Attributable to equity holders of the Company		
		Share capital HK$'000	Reserves HK$'000	Total HK$'000
Balance at 1 January 2024		174,092	2,823,622	2,997,714
Comprehensive income				
Profit for the year		–	243,507	243,507
Other comprehensive losses				
Revaluation gains on financial assets at fair value through other comprehensive income		–	8,190	8,190
Currency translation differences		–	(34,582)	(34,582)
Total comprehensive income for the year		–	217,115	217,115
Transactions with owners				
Dividends paid		–	(72,908)	(72,908)
		–	(72,908)	(72,908)
Balance at 31 December 2024		174,092	2,967,829	3,141,921

	Note	Attributable to equity holders of the Company		
		Share capital HK$'000	Reserves HK$'000	Total HK$'000
Balance at 1 January 2023		174,092	2,664,312	2,838,404
Comprehensive income				
Profit for the year		–	237,095	237,095
Other comprehensive losses				
Revaluation losses on financial assets at fair value through other comprehensive income		–	(3,549)	(3,549)
Currency translation differences		–	(17,491)	(17,491)
Total comprehensive income for the year		–	216,055	216,055
Transactions with owners				
Employee share option scheme:				
Value of employee services	21	–	10,454	10,454
Dividends paid		–	(67,199)	(67,199)
		–	(56,745)	(56,745)
Balance at 31 December 2023		174,092	2,823,622	2,997,714

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Cash generated from operations	30	**862,394**	538,116
Interest received		**32,429**	42,403
Interest paid		**(147,087)**	(152,589)
Income tax paid		**(33,958)**	(52,779)
Net cash inflow from operating activities		**713,778**	375,151
Cash flows from investing activities			
Purchases of property, plant and equipment		**(330,107)**	(400,636)
Increase in prepayment for a land lease		**–**	(43,715)
Proceeds from disposal of property, plant and equipment	30	**4,337**	7,171
Proceeds from disposal of a financial asset at fair value through other comprehensive income		**–**	9,242
Proceeds from redemption of a financial asset at fair value through other comprehensive income		**5,012**	–
Decrease/(increase) in restricted bank deposits		**30,914**	(34,849)
Decrease in short-term bank deposits		**–**	39,194
Net cash outflow from investing activities		**(289,844)**	(423,593)

	Note	**2024** **HK$'000**	2023 HK$'000
Cash flows from financing activities			
Proceeds from borrowings	30	**1,483,104**	497,000
Repayments of borrowings	30	**(1,668,747)**	(462,166)
Repayments of principal element of lease payments	30	**(20,280)**	(19,845)
Repayments of interest element of lease payments	30	**(4,153)**	(4,035)
Dividends paid	22	**(72,908)**	(67,199)
Net cash outflow from financing activities		**(282,984)**	(56,245)
Net increase/(decrease) in cash and cash equivalents		**140,950**	(104,687)
Cash and cash equivalents at beginning of the year		**1,610,592**	1,722,162
Exchange losses on cash and cash equivalents		**(12,593)**	(6,883)
Cash and cash equivalents at end of the year	15	**1,738,949**	1,610,592

The accompanying notes are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

EVA Precision Industrial Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the provision of precision manufacturing services, focusing on the production of moulds and components with high quality standard and dimensional accuracy.

The Company was incorporated in the Cayman Islands on 12 July 2004 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 11 May 2005.

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

2 BASIS OF PREPARATION

The basis and principal accounting policies applied in the preparation of these consolidated financial statements are set out below and corresponding notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and the disclosure requirements of the Hong Kong Company Ordinance 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 other comprehensive income ("FVOCI") which are carried at fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2 BASIS OF PREPARATION (CONTINUED)

(a) Interpretation and amendments to existing standards adopted by the Group

The following interpretation and amendments to existing standards are mandatory for the first time for the financial year beginning 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants
Amendments to HKAS 16	Lease liability in sale and leaseback
Hong Kong Interpretation 5 (Revised)	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

The adoption of these interpretation and amendments to existing standards did not result in any substantial change to the Group's accounting policies. The interpretation and amendments to existing standards listed above had no material impact on the consolidated financial statements.

The Group has not applied any interpretation and amendments to existing standards that is not yet effective for the current accounting period.

2 BASIS OF PREPARATION (CONTINUED)

(b) New standards, amendments to existing standards and interpretation that have been issued and are relevant to the Group but not effective for the financial year beginning 1 January 2024 and have not been early adopted

		Effective for annual periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
HKFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	1 August 2025
HKFRS S2	Climate-related Disclosures	1 August 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors of the Group are in the process of assessing the financial impact of the adoption of the above new standards, amendments to existing standards and interpretation and do not expect them to have a material impact in the current or future reporting periods and on foreseeable future transactions. The directors of the Group will adopt the new standards, amendments to existing standards and interpretation when they become effective.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in Mainland China and Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Chinese Renminbi ("RMB"), Japanese Yen, Euro, Mexican Peso, Vietnam Dong and the United States Dollars ("US$"). Foreign exchange risk also arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group manages its foreign exchange risks by performing regular reviews and the Group has not arranged any hedges against foreign exchange exposures.

The following table details the sensitivity of the Group's post-tax profit to a strengthening/weakening of the major currencies to which its net assets are exposed. The percentage movement applied to the currency is based on the average movements in the previous year. The analysis has been performed based on the movement occurring at the start of the year.

	2024 **HK$'000**
Chinese Renminbi 3.4% depreciation against Hong Kong dollars	**(9,275)**
Japanese Yen 10.9% depreciation against Hong Kong dollars	**(46)**
Euro 6.9% depreciation against Hong Kong dollars	**17**
Mexican Peso 19.3% depreciation against Hong Kong dollars	**4,126**
Vietnam Dong 7.58% depreciation against Hong Kong dollars	**909**
US dollars 0.4% depreciation against Hong Kong dollars	**(3,655)**
Decrease in post-tax profit	**(7,924)**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

	2023 HK$'000
Chinese Renminbi 2.6% depreciation against Hong Kong dollars	(10,651)
Japanese Yen 6.3% depreciation against Hong Kong dollars	(118)
Euro 3.6% appreciation against Hong Kong dollars	233
Mexican Peso 15.6% appreciation against Hong Kong dollars	(2,134)
Vietnam Dong 3.03% depreciation against Hong Kong dollars	351
US dollars 0.2% appreciation against Hong Kong dollars	1,457
Decrease in post-tax profit	(10,862)

Chinese Renminbi is currently not a freely convertible currency in the international market. The conversion of Chinese Renminbi into foreign currencies and the remittance of Chinese Renminbi out of the Mainland China are subject to the rules and regulations of the foreign exchange control promulgated by the Mainland China government.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) *Market risk* (Continued)

(ii) Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its bank deposits, bank borrowings and lease liabilities. Bank deposits and bank borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Bank borrowings and lease liabilities obtained at fixed rates expose the Group to fair value interest rate risk.

Details of the Group's bank deposits, bank borrowings and lease liabilities have been disclosed in Notes 15, 19 and 7 to the consolidated financial statements.

The Group currently does not use any interest rate swaps to hedge its exposure to interest rate risk.

At 31 December 2024, a 100 basis points (i.e. 1%) fall/rise in market interest rates for all currencies in which the Group had net borrowings, after offsetting bank deposits, would increase/decrease post-tax profit (2023: increase/decrease post-tax profit) by approximately HK$$6,724,000 (2023: HK$6,256,000), mainly as a result of lower/higher interest expense on floating rate borrowings.

(b) *Credit risk*

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, short-term bank deposits, restricted bank deposits, trade receivables, deposits and other receivables. The carrying amounts of these asset categories represent the Group's maximum exposure to credit risk in relation to financial assets. Credit risk is monitored on an ongoing basis with reference to the financial position of the debtors, past experience and other factors.

As at 31 December 2023 and 2024, all the bank balances are deposited in major reputable financial institutions, and in the opinion of management, without significant credit risk. Management does not expect any losses from non-performance by these banks.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

For trade receivables, the Group performs credit evaluations of its customers. The credit period of the majority of the Group's trade receivables is generally between 30 to 180 days.

The Group considers its maximum exposure to credit risk to be as follows:

	2024	2023
	HK$'000	HK$'000
Deposits and other receivables	**45,012**	105,306
Trade receivables	**1,794,336**	1,820,258
Restricted bank deposits	**73,534**	104,448
Cash and cash equivalents	**1,738,949**	1,610,592

The majority of the Group's trade receivables is aged within the granted credit period. Refer to Note 12 for disclosure of concentrations of credit risk of trade receivables.

Credit quality of deposits and other receivables has been assessed by reference to historical information about the counterparty default rates. The existing counterparties have not defaulted to the Group in the past.

(i) Impairment of financial assets

The Group has trade receivables and deposit and other receivables that are subject to the expected credit loss model. While restricted bank deposits, short-term bank deposits and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the shared credit risk characteristic and days past due. Expected credit losses are based on past repayment history, historical credit losses experience and available forward-looking information.

The expected loss rates are based on the repayment profiles of trade receivables over a period of 12 months before the statement of financial position date and the corresponding historical credit losses experienced within this period and available forward-looking information.

On that basis, the loss allowance as at 31 December 2024 and 31 December 2023 was determined based on past due date as follows for trade receivables:

	As at 31 December 2024 Current	As at 31 December 2023 Current
Gross carrying amount	**1,795,524**	1,821,446
Loss allowance	**(1,188)**	(1,188)
Lifetime expected loss rate	**0.07%**	0.07%

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 180 days past due.

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Bank borrowings with repayable on demand clause are grouped within balances due within 12 months on the assumption that the bank will exercise its discretion to request for immediate repayment. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
As at 31 December 2024					
Bank borrowings	**846,099**	**1,058,800**	**378,100**	**–**	**2,282,999**
Lease liabilities	**20,741**	**16,438**	**25,092**	**21,484**	**83,755**
Interest payables	**104,680**	**55,381**	**21,276**	**1,403**	**182,740**
Trade payables	**1,509,715**	**–**	**–**	**–**	**1,509,715**
Other payables	**93,094**	**–**	**–**	**–**	**93,094**
	2,574,329	**1,130,619**	**424,468**	**22,887**	**4,152,303**
As at 31 December 2023					
Bank borrowings	1,139,251	1,057,106	263,900	–	2,460,257
Lease liabilities	15,341	11,641	27,990	19,871	74,843
Interest payables	136,233	62,499	17,976	1,512	218,220
Trade payables	1,492,264	–	–	–	1,492,264
Other payables	99,403	–	–	–	99,403
	2,882,492	1,131,246	309,866	21,383	4,344,987

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) *Liquidity risk* (Continued)

The table below is a maturity analysis of term loans with repayable on demand clauses based on agreed repayment schedules set out in the loan agreements. The amounts include interest payments computed using contractual rates.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
As at 31 December 2024					
Bank borrowings	**838,145**	**1,066,754**	**378,100**	**–**	**2,282,999**
Lease liabilities	**20,741**	**16,438**	**25,092**	**21,484**	**83,755**
Interest payables	**104,680**	**55,381**	**21,276**	**1,403**	**182,740**
Trade payables	**1,509,715**	**–**	**–**	**–**	**1,509,715**
Other payables	**93,094**	**–**	**–**	**–**	**93,094**
	2,566,375	**1,138,573**	**424,468**	**22,887**	**4,152,303**
As at 31 December 2023					
Bank borrowings	1,139,251	1,057,106	263,900	–	2,460,257
Lease liabilities	15,341	11,641	27,990	19,871	74,843
Interest payables	136,233	62,499	17,976	1,512	218,220
Trade payables	1,492,264	–	–	–	1,492,264
Other payables	99,403	–	–	–	99,403
	2,882,492	1,131,246	309,866	21,383	4,344,987

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes the bank borrowings and lease liabilities, net of cash and cash equivalents and short-term bank deposits, and equity attributable to equity holders of the Company, comprising issued share capital, share premium, retained earnings and other reserves.

The directors of the Company review the capital structure on a regular basis by considering the cost of capital and the risks associated with each class of capital. Based on recommendation of directors, the Group will balance its overall capital structure through the level of dividends, new share issues and share buy-backs as well as repayment of existing borrowings.

In addition, consistent with others in the industry, the Group also monitors capital structure on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity.

The gearing ratios were as follows:

	2024 **HK$'000**	2023 HK$'000
Bank borrowings (Note 19)	**2,284,499**	2,470,142
Lease liabilities (Note 7)	**83,755**	74,843
Less: Cash and cash equivalents (Note 15)	**(1,738,949)**	(1,610,592)
Total net debt	**629,305**	934,393
Total equity	**3,141,921**	2,997,714
Gearing ratio	**20.0%**	31.2%

The net debt to equity ratio decreased from 31.2% to 20.0% resulted primary from collection of cash from trade receivables is faster than settlement of trade payable, increase in the advance payments from customers and decrease in finance cost.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method.

The different methods of valuation have been defined as follows:

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The fair value of the unlisted equity securities is determined based on recent arm's length transactions or valuation by an external valuer using income approach, asset-based approach or market approach and the key underlying assumptions used included revenue growth rate, profit margin, price-to-book multiple, adjusted net asset value, and marketability discount.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

The following table presents the Group's assets that are measured at fair value:

	Level 3	
	2024	2023
	HK$'000	HK$'000
Financial assets at FVOCI – unlisted equity securities	**15,132**	11,954

There were no transfers between levels during the year.

The following table presents the changes in level 3 instruments for the years ended 31 December 2023 and 2024.

	2024	2023
	HK$'000	HK$'000
As at 1 January	**11,954**	28,647
Redemption on investment	**(5,012)**	–
Disposal	**–**	(13,144)
Revaluation gains/(losses) transferred to other comprehensive income	**8,190**	(3,549)
As at 31 December	**15,132**	11,954

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Useful lives of property, plant and equipment and intangible assets

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

(b) Impairment of long-lived assets

The Group conducts impairment reviews of assets when events or changes in circumstances indicate that their carrying amounts may not be recoverable or annually in accordance with relevant accounting standards. An impairment loss is recognised when the carrying amount of an asset is lower than the greater of its fair value less costs to sell and value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Impairment of trade and other receivables

The Group makes loss allowance of trade and other receivables based on the assumption about risk of expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(d) Income taxes

The Group is subject to income taxes in Hong Kong, Mainland China, Macau, Vietnam and Mexico. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated cost to completion and the estimated costs necessary to make the sale. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. Management reassesses the estimation at the end of each reporting period.

5 REVENUE AND SEGMENT INFORMATION

(a) Revenue

	2024 HK$'000	2023 HK$'000
Sales of moulds and components	**6,173,735**	6,049,096
Others (Note)	**123,191**	133,562
	6,296,926	6,182,658

The Group derives all revenue from the sales of goods at a point in time.

Note: Others mainly represent proceeds from sales of scrap materials.

Accounting policy – revenue recognition – sales of goods

The Group's sales mainly consist of mould and components. Revenue is recognised when control of the products has transferred, being when the products are delivered to the customers, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Deposits received from customers are classified as contract liabilities and then recognised as revenue when the obligation is performed.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive directors and senior management collectively. They review the Group's internal reporting in order to assess performance and allocate resources.

The Group is organised into two main business segments, namely (i) Office automation equipment and (ii) Automotive components. Also, investments in associates and financial assets at FVOCI are reported as un-allocated assets as at 31 December 2024 in information provided to the chief operating decision-maker as they are not directly related to the segment performance.

The chief operating decision-maker assesses the performance of the operating segment based on a measure of revenue and profit before interest and tax.

Information provided to the chief operating decision-maker is measured in a manner consistent with that in the consolidated financial statements.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

The segment results and other segment items are as follows:

	2024			2023		
	Office automation equipment HK$'000	**Automotive components HK$'000**	**Total HK$'000**	Office automation equipment HK$'000	Automotive components HK$'000	Total HK$'000
Revenue	**4,341,834**	**1,955,092**	**6,296,926**	4,295,475	1,887,183	6,182,658
Segment results	**333,282**	**89,824**	**423,106**	337,365	108,727	446,092
Unallocated expenses			**(50,417)**			(55,301)
Finance income			**32,429**			42,403
Finance costs			**(121,139)**			(128,905)
Share of loss of associates			**(7,593)**			(499)
Profit before income tax			**276,386**			303,790
Income tax expense			**(32,879)**			(66,695)
Profit for the year			**243,507**			237,095
Depreciation	**129,522**	**174,295**	**303,817**	121,009	153,488	274,497
Amortisation	**967**	**-**	**967**	1,792	–	1,792

For the years ended 31 December 2023 and 2024, unallocated expenses represent corporate expenses.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

The segment assets, liabilities and capital expenditure are as follows:

	2024				2023			
	Office automation equipment HK$'000	Automotive components HK$'000	Un-allocated HK$'000	Total HK$'000	Office automation equipment HK$'000	Automotive components HK$'000	Un-allocated HK$'000	Total HK$'000
Assets	**4,282,114**	**3,148,948**	**43,637**	**7,474,699**	4,163,505	3,222,271	54,403	7,440,179
Liabilities	**1,118,575**	**873,220**	**2,340,983**	**4,332,778**	1,116,327	800,687	2,525,451	4,442,465
Capital expenditure	**135,571**	**179,179**	**-**	**314,750**	288,463	173,076	–	461,539

Segment assets consist primarily of property, plant and equipment, right-of-use assets, intangible assets, inventories, trade receivables, restricted bank deposits, short-term bank deposits and certain prepayments, deposits and other receivables, and cash and cash equivalents.

Segment liabilities comprise operating liabilities but exclude bank borrowings, current income tax liabilities, deferred income tax liabilities and certain accruals and other payables.

Capital expenditure comprises additions to property, plant and equipment and right-of-use assets.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

Segment assets and liabilities are reconciled to the Group's assets and liabilities as follows:

	As at 31 December			
	2024		2023	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	**HK$'000**	HK$'000	HK$'000
Segment assets/liabilities	**7,431,062**	**1,991,795**	7,385,776	1,917,014
Unallocated:				
Investments in associates	**21,051**	**–**	29,501	–
Financial assets at FVOCI	**15,132**	**–**	11,954	–
Cash and cash equivalents	**1,220**	**–**	1,474	–
Deferred income tax assets	**4,271**	**–**	4,733	–
Prepayments, deposits and other receivables	**1,963**	**–**	6,741	–
Current income tax liabilities	**–**	**30,097**	–	31,194
Deferred income tax liabilities	**–**	**21,226**	–	22,205
Bank borrowings	**–**	**2,284,499**	–	2,470,142
Accruals and other payables	**–**	**5,161**	–	1,910
Total	**7,474,699**	**4,332,778**	7,440,179	4,442,465

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

An analysis of the Group's two major customer (2023: one major customer), which accounts for 10% or more of the Group's external revenue, is as follows:

	2024	2023
	HK$'000	HK$'000
Customer A	**2,186,462**	2,148,142
Customer B	**631,304**	–

Revenue from external customers, based on the destination of the shipment, and assets by geographical region are as follows:

	2024				2023			
	The People's Republic of China ("PRC")	**Vietnam**	**Mexico**	**Total**	The People's Republic of China ("PRC")	Vietnam	Mexico	Total
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**4,571,324**	**926,824**	**798,778**	**6,296,926**	4,629,458	849,366	703,834	6,182,658
Assets by geographical region								
Total non-current assets	**2,369,104**	**341,299**	**452,253**	**3,162,656**	2,419,070	279,185	423,248	3,121,503
Total assets	**5,623,117**	**981,886**	**869,696**	**7,474,699**	5,826,413	797,389	816,377	7,440,179

6 PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK$'000	Buildings HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction-in-progress HK$'000	Total HK$'000
Year ended 31 December 2024							
Opening net book amount	**26,555**	**962,538**	**888,411**	**144,005**	**9,913**	**650,802**	**2,682,224**
Exchange differences	**(180)**	**(8,171)**	**(7,227)**	**(661)**	**(24)**	**(3,560)**	**(19,823)**
Additions	**-**	**6,554**	**23,004**	**5,661**	**2,146**	**277,385**	**314,750**
Transfers	**-**	**169,552**	**174,931**	**28,913**	**1,639**	**(375,035)**	**-**
Disposals	**-**	**-**	**(12,586)**	**(2,075)**	**(154)**	**(1,670)**	**(16,485)**
Impairment	**-**	**(4,576)**	**(1,522)**	**(39)**	**-**	**-**	**(6,137)**
Depreciation	**-**	**(73,142)**	**(170,432)**	**(28,084)**	**2,009**	**-**	**(273,667)**
Closing net book amount	**26,375**	**1,052,755**	**894,579**	**147,720**	**11,511**	**547,922**	**2,680,862**
As at 31 December 2024							
Cost	**26,375**	**1,720,515**	**2,325,754**	**642,265**	**46,028**	**547,922**	**5,308,859**
Accumulated depreciation and impairment	**-**	**(667,760)**	**(1,431,175)**	**(494,545)**	**(34,517)**	**-**	**(2,627,997)**
Net book amount	**26,375**	**1,052,755**	**894,579**	**147,720**	**11,511**	**547,922**	**2,680,862**
Year ended 31 December 2023							
Opening net book amount	26,491	921,290	792,244	136,217	8,736	568,730	2,453,708
Exchange differences	64	(2,151)	(1,136)	(262)	(4)	(5,529)	(9,018)
Additions	–	4	5,170	6,181	1,966	448,218	461,539
Transfers	–	109,985	251,626	27,999	1,922	(354,735)	36,797
Disposals	–	–	(10,157)	(834)	(549)	(5,882)	(17,422)
Depreciation	–	(66,590)	(149,336)	(25,296)	(2,158)	–	(243,380)
Closing net book amount	26,555	962,538	888,411	144,005	9,913	650,802	2,682,224
As at 31 December 2023							
Cost	26,555	1,566,337	2,271,912	623,531	43,760	650,802	5,182,897
Accumulated depreciation	–	(603,799)	(1,383,501)	(479,526)	(33,847)	–	(2,500,673)
Net book amount	26,555	962,538	888,411	144,005	9,913	650,802	2,682,224

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation expense is recognised in the consolidated statement of comprehensive income as follows:

	2024 HK$'000	2023 HK$'000
Cost of sales	**195,476**	167,478
Selling and marketing costs	**4,578**	4,529
General and administrative expenses	**73,613**	71,373
	273,667	243,380

The Group's interests in land and buildings are analysed as follows:

	2024 HK$'000	2023 HK$'000
Buildings in Mainland China and Vietnam, located on land with land use rights of between 10 and 50 years	**856,743**	766,156
Building in Mexico, located on freehold land	**196,012**	196,382
	1,052,755	962,538

Analysis of construction-in-progress is as follows:

	2024 HK$'000	2023 HK$'000
Construction costs of buildings	**330,548**	448,105
Cost of machinery	**217,374**	202,697
	547,922	650,802

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Accounting policy – Property, plant and equipment

Land and buildings comprise mainly factories and offices. Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Freehold land is stated at historical cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Plant and machinery	10 years
Furniture and fixtures	5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Construction-in-progress, representing buildings, plant and machinery on which construction work has not been completed and machinery pending installation, is stated at historical cost, which includes construction expenditures incurred, cost of machinery, and other direct costs capitalised during the construction and installation period, less accumulated impairment losses, if any. No depreciation is provided in respect of construction-in-progress until the construction and installation work is completed. On completion, the construction-in-progress is transferred to appropriate categories of property, plant and equipment.

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

Gains and losses on sales are determined by comparing proceeds with carrying amounts and recognised within 'Other (losses)/gains – net' in the consolidated statement of comprehensive income.

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Balances recognised in the consolidated statement of financial position

Right-of-use assets

	Leasehold land and land use rights HK$'000	Land under finance lease HK$'000	Plant and machinery under finance lease HK$'000	Factory and office premises HK$'000	Total HK$'000
Year ended 31 December 2024					
Opening net book amount	**220,011**	**5,149**	**-**	**68,501**	**293,661**
Depreciation	**(7,149)**	**(263)**	**-**	**(22,738)**	**(30,150)**
Addition	**43,708**	**-**	**-**	**31,593**	**75,301**
Exchange differences	**(2,094)**	**-**	**-**	**(2,151)**	**(4,245)**
Closing net book amount	**254,476**	**4,886**	**-**	**75,205**	**334,567**
As at 31 December 2024					
Cost	**326,971**	**9,613**	**-**	**177,274**	**513,858**
Accumulated depreciation	**(72,495)**	**(4,727)**	**-**	**(102,069)**	**(179,291)**
Net book amount	**254,476**	**4,886**	**-**	**75,205**	**334,567**
Year ended 31 December 2023					
Opening net book amount	227,518	5,412	43,056	101,560	377,546
Disposal	–	–	(159)	(13,113)	(13,272)
Depreciation	(6,169)	(263)	(6,098)	(18,587)	(31,117)
Transfer	–	–	(36,797)	–	(36,797)
Exchange differences	(1,338)	–	(2)	(1,359)	(2,699)
Closing net book amount	220,011	5,149	–	68,501	293,661
As at 31 December 2023					
Cost	288,452	9,613	–	159,484	457,549
Accumulated depreciation	(68,441)	(4,464)	–	(90,983)	(163,888)
Net book amount	220,011	5,149	–	68,501	293,661

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(a) Balances recognised in the consolidated statement of financial position (Continued)

Lease liabilities

	2024 HK$'000	2023 HK$'000
Current portion	**20,741**	15,341
Non-current portion	**63,014**	59,502
	83,755	74,843

(b) Amounts recognised in the consolidated statement of comprehensive income

	2024 HK$'000	2023 HK$'000
Depreciation charge of right-of-use assets	**30,150**	31,117
Unwinding of interests on lease liabilities	**4,153**	4,035
Operating lease rental for short-term and low value leases	**2,021**	2,468

The total cash outflow of leases for the year ended 31 December 2024 was approximately HK$26,454,000 (2023: HK$26,348,000).

The total additional leases of land use right, and factory and office premises for the year ended 31 December 2024 were approximately HK$43,708,000 and HK$31,593,000 respectively.

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(b) Amounts recognised in the consolidated statement of comprehensive income (Continued)

Depreciation expense is recognised in the consolidated statement of comprehensive income as follows:

	2024	2023
	HK$'000	HK$'000
Cost of sales	**1,160**	6,098
General and administrative expenses	**28,990**	25,019
	30,150	31,117

Accounting policy – Right-of-use assets and lease liabilities

All land in Mainland China is state-owned or collectively-owned and no individual land ownership right exists. The Group has acquired the rights to use certain land in Mainland China. The premiums paid for leasehold land and land use rights are treated as prepayments for operating leases, recorded as leasehold land and land use rights, and are amortised over the lease/land use right periods using the straight-line method.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(b) Amounts recognised in the consolidated statement of comprehensive income (Continued)

Accounting policy – Right-of-use assets and lease liabilities (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

- amounts expected to be payable by the Group under residual value guarantees

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and

- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(b) Amounts recognised in the consolidated statement of comprehensive income (Continued)

Accounting policy – Right-of-use assets and lease liabilities (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the Group (through recent financing or market data) which has a similar payment profile to the lease, then the Group use that rate as a starting point to determine the incremental borrowing rate.

Variable lease payments based on an index or rate are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(b) Amounts recognised in the consolidated statement of comprehensive income (Continued)

Accounting policy – Right-of-use assets and lease liabilities (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

8 INTANGIBLE ASSETS

	Goodwill HK$'000	Software HK$'000	Total HK$'000
Year ended 31 December 2024			
Opening net book amount	**2,510**	**1,545**	**4,055**
Amortisation	**–**	**(967)**	**(967)**
Closing net book amount	**2,510**	**578**	**3,088**
At 31 December 2024			
Cost	**2,510**	**8,959**	**11,469**
Accumulated amortisation	**–**	**(8,381)**	**(8,381)**
Net book amount	**2,510**	**578**	**3,088**
Year ended 31 December 2023			
Opening net book amount	2,510	3,337	5,847
Amortisation	–	(1,792)	(1,792)
Closing net book amount	2,510	1,545	4,055
At 31 December 2023			
Cost	2,510	8,959	11,469
Accumulated amortisation	–	(7,414)	(7,414)
Net book amount	2,510	1,545	4,055

For the year ended 31 December 2024, amortisation expense of HK$967,000 (2023: HK$1,792,000) has been charged to 'general and administrative expenses' in the consolidated profit or loss.

8 INTANGIBLE ASSETS (CONTINUED)

Goodwill is allocated to the CGUs that are expected to benefit from the synergies of the combination, as follows:

	2024 **HK$'000**	2023 HK$'000
Corporate	**2,510**	2,510
At 31 December	**2,510**	2,510

Management performed a goodwill impairment assessment and determined no impairment charge was necessary against goodwill at 31 December 2024 (2023: Nil).

The recoverable amount of the CGU is determined based on value-in-use calculation. The calculation uses one year cash flow projections prepared based on financial budgets approved by the management. Cash flows beyond the budget period is extrapolated using an estimated growth rate which does not exceed the long-term average growth rate in which the CGU operates.

The key parameters used for value-in-use calculations are as follows:

	2024 **HK$'000**	2023 HK$'000
Revenue growth rate	**11.5%**	19.5%
Gross profit margin	**1.5%**	1.9%
Terminal growth rate	**1.0%**	1.0%
Pre-tax discount rate	**5.68%**	6.81%

Based on the result of the impairment assessment performed, the recoverable amounts of the CGU exceeded its carrying amounts. As a result, no additional provision for impairment loss on the CGU is required.

8 INTANGIBLE ASSETS (CONTINUED)

The recoverable amounts of the CGU would still exceeded its remaining carrying amounts if the assumptions were changes as follows:

- Lowering terminal growth rate to 0.0%; or
- Raising pre-tax discount rate by 5.0%; or
- Lowering revenue growth rate by 3.0% of the expected growth rate.

9 SUBSIDIARIES

The following is a list of the principal subsidiaries held indirectly by the Company at 31 December 2024:

Name	Place of incorporation/ establishment, operations and type of legal entity	Issued/registered and fully paid up capital	Percentage of equity interest attributable to the Group		Principal activities
			Direct	Indirect	
EVA Group Limited	Hong Kong, limited liability company	HK$15,000	–	100%	Investment holding
Digit Automotive Limited	Hong Kong, limited liability company	HK$1	–	100%	Investment holding
EVA Metal Mould Products Limited	British Virgin Islands, limited liability company	US$1.12	100%	–	Investment holding
Eva Precision Industrial (Eastern China) Limited (億和精密工業(華東)有限公司)	British Virgin Islands, limited liability company	US$1	100%	–	Investment holding
EVA Limited	Hong Kong, limited liability company	HK$200,000,000	–	100%	Trading of moulds and components

9 SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment, operations and type of legal entity	Issued/registered and fully paid up capital	Percentage of equity interest attributable to the Group		Principal activities
			Direct	Indirect	
EVA Plastic Mould Products (HK) Limited	Hong Kong, limited liability company	HK$280,000	–	100%	Trading of moulds and components
Okutatu (Macao Commercial Offshore) Limited	Macau, limited liability company	MOP500,000	–	100%	Trading of moulds and components
Shenzhen EVA Precision Technology Group Limited* (深圳市億和精密科技集團有限公司)	Mainland China, limited liability company	HK$221,880,000	–	100%	Manufacturing of moulds and components
Yihe Plastic and Electronic Products (Shenzhen) Co., Limited* (億和塑膠電子製品(深圳)有限公司)	Mainland China, limited liability company	HK$195,000,000	–	100%	Manufacturing of moulds and components
EVA Precision Industrial (Suzhou) Limited* (億和精密工業(蘇州)有限公司)	Mainland China, limited liability company	US$69,000,000	–	100%	Manufacturing of moulds and components
Zhongshan Digit Automotive Technology Limited* (中山數碼模汽車技術有限公司)	Mainland China, limited liability company	HK$220,000,000	–	100%	Manufacturing of moulds and components
Shenzhen EVA Mould Manufacturing Limited* (深圳億和模具製造有限公司)	Mainland China, limited liability company	HK$340,000,000	–	100%	Manufacturing of moulds
Digit Stamping Technology (Wuhan) Limited* (數碼模沖壓技術(武漢)有限公司)	Mainland China, limited liability company	RMB431,995,188	–	100%	Manufacturing of moulds and components

9 SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment, operations and type of legal entity	Issued/registered and fully paid up capital	Percentage of equity interest attributable to the Group		Principal activities
			Direct	Indirect	
Chongqing Digit Auto Body Ltd.* (重慶數碼模車身模具有限公司)	Mainland China, limited liability company	RMB380,000,000	–	100%	Manufacturing of moulds
EVA Hai Phong Precision Industrial Co., Ltd.	Vietnam, limited liability company	US$40,000,000	–	100%	Manufacturing of moulds and components
Digit Automotive de Mexico S.A. de C.V.	Mexico, limited liability company	MXN19,000	–	100%	Manufacturing of moulds and components
EVA Precision Industrial (Weihai) Limited* (億和精密工業(威海)有限公司)	Mainland China, limited liability company	US$120,000,000	–	100%	Manufacturing of moulds and components
Sichuan Junyuan Investment Management Limited* (四川駿源投資管理有限公司)	Mainland China, limited liability company	RMB130,000,000	–	100%	Property development
Yixinhe Investment (Suzhou) Limited* (億新和投資(蘇州)有限公司)	Mainland China, limited liability company	US$30,000,000	–	100%	Investment holding
Shenzhen Ewisdom Investment Holdings Limited* (深圳億智投資控股有限公司)	Mainland China, limited liability company	RMB18,000,000	–	100%	Investment holding
Intops (Weihai) Electronics Co., Limited* (因塔思(威海)電子有限公司)	Mainland China, limited liability company	RMB28,975,346	–	100%	Manufacturing of moulds and components

9 SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment, operations and type of legal entity	Issued/registered and fully paid up capital	Percentage of equity interest attributable to the Group		Principal activities
			Direct	Indirect	
Shenzhen Huaxian Intelligent Technology Co., Ltd* (深圳華先智造科技有限公司)	Mainland China, limited liability company	RMB10,000,000	–	100%	Manufacturing of moulds and components
Shenzhen Digit Automotive Technology Limited* (深圳數碼模汽车技術有限公司)	Mainland China, limited liability company	RMB816,162,259	–	100%	Manufacturing of moulds and components
Shenzhen EVA Technology Intelligent Manufacturing Co., Ltd.* (深圳市億和科技智造有限公司)	Mainland China, limited liability company	RMB134,269,421	–	100%	Manufacturing of moulds and components
Sichuan Digit Automotive Technology Limited* (四川數碼模汽車技術有限公司)	Mainland China, limited liability company	RMB10,000,000	–	100%	Manufacturing of moulds and components
Ewisdom Hai Phong Precision Industrial Company Limited	Vietnam, limited liability company	US$7,000,000	–	100%	Manufacturing of moulds and components
EVA Quang Ninh Precision Industrial Company Limited	Vietnam, limited liability company	US$10,000,000	–	100%	Manufacturing of moulds and components
Shenyang Digit Automotive Technology Limited* (沈陽數碼模汽車技術有限公司)	Mainland China, limited liability company	RMB10,000,000	–	100%	Manufacturing of moulds and components
Digit Technology Corporation Limited	Hong Kong, limited liability company	HK$1	–	100%	Trading of moulds and components

The English names of certain subsidiaries represent the best effort by the management of the Company in translating their Chinese names as they do not have official English names.

* Registered as wholly foreign owned enterprises under PRC law

10 INVESTMENTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
As at 1 January	**29,501**	30,591
Exchange differences	**(857)**	(591)
Share of losses	**(7,593)**	(499)
As at 31 December	**21,051**	29,501

Details of the associates:

Name	Place of establishment, operations and kind of legal entity	Percentage of equity interest attributable to the Group		Principal activities	Measurement method
		2024	2023		
Shenzhen Jinggong Microcredit Limited (深圳市精工小額貸款有限公司)	Mainland China, limited liability company	**40%**	40%	Microcredit business	Equity
Shenzhen L&L Auto-tech Co., Ltd. (深圳興和瑜創新科技有限公司)	Mainland China, limited liability company	**28%**	28%	Design and manufacturing of reduction drive	Equity

There are no contingent liabilities and capital commitment relating to the Group's interests in associates, and no contingent liabilities of the associates themselves.

10 INVESTMENTS IN ASSOCIATES (CONTINUED)

Set out below is summarised financial information of Shenzhen Jinggong Microcredit Limited ("Microcredit"), which is material to the Group:

Summarised statement of financial position

	Microcredit	
	2024	2023
	HK$'000	HK$'000
ASSETS		
Non-current assets	**889**	1,166
Current assets	**52,513**	73,636
LIABILITIES		
Current liabilities	**775**	1,050
Net current assets	**51,738**	72,586
Net assets	**52,627**	73,752

10 INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised statement of comprehensive income

	Microcredit	
	2024	2023
	HK$'000	HK$'000
Reconciliation of carrying amounts:		
Net assets as at 1 January	**73,752**	76,478
Loss for the year	**(18,982)**	(1,247)
Other comprehensive loss	**(2,143)**	(1,479)
Net assets as at 31 December	**52,627**	73,752
Interest in an associate (40%)	**21,051**	29,501
Revenue	**2,664**	4,037
Loss before income tax	**(18,982)**	(1,247)
Income tax expense	**–**	–
Net loss for the year	**(18,982)**	(1,247)
Share of loss of an associate (40%)	**(7,593)**	(499)

Aggregate information of another associate

Shenzhen L&L Auto-tech Co., Ltd., the another associate, the Group has not recognised share of loss amounting to HK$558,000 for the year ended 31 December 2024 (31 December 2023: profit amounting to HK$51,000). This associate was at net liability position as at both 31 December 2024 and 31 December 2023.

11 INVENTORIES

	2024 HK$'000	2023 HK$'000
Raw materials	**235,466**	305,563
Work-in-progress	**204,576**	205,113
Finished goods	**243,780**	166,366
	683,822	677,042
Less: Provision for inventory obsolescence	**(43,937)**	(36,240)
Inventories – net	**639,885**	640,802

The cost of inventories recognised as expense and included in cost of sales amounted to HK$3,746,609,000 (2023: HK$3,868,994,000).

Movements of the Group's provision relating to inventories are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**36,240**	26,996
Provision for inventory obsolescence	**7,697**	9,244
At 31 December	**43,937**	36,240

The inventory provision has been included in 'Cost of sales' in the consolidated statement of comprehensive income.

Accounting policy – Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Cost of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

12 TRADE RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	**1,795,524**	1,821,446
Less: Loss allowance	**(1,188)**	(1,188)
Trade receivables – net	**1,794,336**	1,820,258

The credit period granted by the Group to its customers is generally 30 to 180 days. The aging of the trade receivables based on invoice date is as follows:

	2024 HK$'000	2023 HK$'000
0 to 90 days	**1,263,565**	1,325,777
91 to 180 days	**531,959**	495,669
	1,795,524	1,821,446
Less: Loss allowance	**(1,188)**	(1,188)
Trade receivables – net	**1,794,336**	1,820,258

The carrying amounts of trade receivables approximate their fair values.

The top five customers and the largest customer accounted for 53.63% (2023: 49.15%) and 13.25% (2023: 12.5%), respectively, of the trade receivables balance as at 31 December 2024. Other than these major customers, there is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

As at 31 December 2024, no trade receivables were past due (2023: Nil).

12 TRADE RECEIVABLES (CONTINUED)

Movements of loss allowance are as follows:

	2024 HK$'000	2023 HK$'000
As at 1 January	**1,188**	1,188
Net impairment losses on financial assets	**–**	–
As at 31 December	**1,188**	1,188

Trade receivables are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HK$	**151,051**	169,418
US$	**855,199**	805,939
RMB	**768,086**	834,672
Others	**21,188**	11,417
	1,795,524	1,821,446

Accounting policy – Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are generally due for settlement within 180 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.1(b)(ii) for a description of the Group's impairment policies.

13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Non-current:		
Deposits for purchases of property, plant and equipment	**74,095**	23,385
Loan to a supplier (Note a)	**25,764**	24,481
Prepayment for a land lease	**–**	43,715
Others	**3,826**	3,794
	103,685	95,375
Current:		
Consideration receivables from disposal of financial assets at FVOCI (Note c)	**10,824**	14,726
Consideration receivables from disposal of a subsidiary (Note c)	**3,544**	3,544
Prepayments for purchases of raw materials	**40,539**	55,867
Value-added tax recoverable	**5,249**	61,646
Prepayment of utilities expenses	**1,949**	1,456
Receivables from employees and staff advances (Note b)	**2,413**	4,428
Deposits placed with customs in Mainland China	**419**	424
Receivables from the former subsidiaries (Note b)	**51,115**	51,120
Receivables from an associate (Note b)	**6,517**	6,517
Others	**8,542**	8,620
	131,111	208,348
Loss allowance	**(65,772)**	(65,772)
	65,339	142,576

13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Note a: The loan receivable from a supplier is interest bearing at 3.50% per annum, repayable on 31 December 2026 and denominated in Renminbi.

Note b: Receivables from employees and staff advances, receivables from the former subsidiaries and receivables from an associate are unsecured, non-interest bearing, repayable on demand and denominated in Renminbi.

Note c: Consideration receivables from disposal of financial assets at fair value through other comprehensive income and consideration receivables from disposal of a subsidiary are unsecured, non-interest bearing, repayable upon completion of disposal and denominated in Renminbi.

As at the year ended 31 December 2024, no additional loss allowance for deposits and other receivables was made (2023: Nil).

Movements of loss allowance are as follows:

	2024	2023
	HK$'000	HK$'000
As at 1 January	**65,772**	65,772
Provision of impairment losses on financial assets, net	**–**	–
As at 31 December	**65,772**	65,772

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVOCI comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

	2024	2023
	HK$'000	HK$'000
Unlisted:		
Equity securities – Mainland China, at fair value	**15,132**	11,954

The fair values of the unlisted equity securities were determined by reference to the net asset value estimated by an independent firm of professional valuers. The fair values are within level 3 of the fair value hierarchy (see Note 3.3).

The financial assets at FVOCI are denominated in RMB.

Movements of the financial assets at FVOCI are as follows:

	2024	2023
	HK$'000	HK$'000
As at 1 January	**11,954**	28,647
Redemption on investment	**(5,012)**	–
Disposal (Note)	**–**	(13,144)
Revaluation gains/(losses) transferred to other comprehensive income	**8,190**	(3,549)
As at 31 December	**15,132**	11,954

Note: On disposal of the equity instrument, any related balance within 'Financial assets at FVOCI reserve' is reclassified to 'Retained earnings'.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

Accounting policy – Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: those to be measured subsequently at fair value (either through OCI or through profit or loss), or those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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

(b) Recognition and derecognition

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

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

Accounting policy – Financial assets (Continued)

(c) ***Measurement*** (Continued)

(i) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in 'Other losses – net' in the statement of comprehensive income. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

15 RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

	2024	2023
	HK$'000	HK$'000
Restricted bank deposits	**73,534**	104,448
Cash and cash equivalents	**1,738,949**	1,610,592
	1,812,483	1,715,040

As at 31 December 2024, the effective interest rate and respective average maturity days of the restricted bank deposits and cash and cash equivalents were as follows:

	2024		2023	
	Effective interest rate (per annum)	**Average maturity (days)**	Effective interest rate (per annum)	Average maturity (days)
Restricted bank deposits	**1.1%**	**180**	1.2%	180
Cash and cash equivalents	**0.6%**	**7**	0.9%	7

15 RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS (CONTINUED)

Restricted bank deposits and cash and cash equivalents were denominated in the following currencies:

	2024	2023
	HK$'000	HK$'000
HK$	**381,136**	385,434
RMB	**552,231**	724,803
US$	**835,158**	572,795
Japanese yen	**374**	1,638
Euro	**10,129**	13,137
Vietnamese dong	**31,452**	16,194
Mexican peso	**1,732**	733
Others	**271**	306
	1,812,483	1,715,040

The carrying amounts of restricted bank deposits and cash and cash equivalents approximate their fair values.

As at 31 December 2024, the Group had restricted bank deposits and cash and cash equivalents amounting to approximately HK$1,140,735,000 (2023: HK$1,165,416,000) which were denominated in different currencies and held in the PRC. These cash and bank balances are subject to rules and regulations of foreign exchange control promulgated by the PRC government.

16 TRADE PAYABLES

The aging of trade payables based on invoice date is as follows:

	2024 HK$'000	2023 HK$'000
0 to 90 days	**1,376,505**	1,359,656
91 to 180 days	**133,210**	132,608
	1,509,715	1,492,264

The carrying amounts of trade payables approximate their fair values and are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HK$	**13,183**	13,804
RMB	**956,133**	948,596
US$	**529,412**	519,433
Others	**10,987**	10,431
	1,509,715	1,492,264

17 CONTRACT LIABILITIES

The Group has recognised the following assets and liabilities related to contracts with customers:

	2024	2023
	HK$'000	HK$'000
Receipt in advance from customers	**132,241**	95,722

Contract liabilities for receipt in advance increased by HK$36,519,000 (2023: decreased by HK$3,566,000) due to more (2023: due to less) prepayments from customers.

For the year ended 31 December 2024, HK$95,722,000 (2023: HK$99,288,000) of revenue recognised was included in the contract liability balance at the beginning of the period.

18 ACCRUALS AND OTHER PAYABLES

	2024	2023
	HK$'000	HK$'000
Payable for purchase of property, plant and equipment	**45,581**	40,329
Accrued utilities expenses	**4,166**	4,213
Accrued wages, salaries and welfare	**166,352**	144,447
Accrued operating expenses	**7,633**	8,032
Purchase consideration balance payable for the acquisition of subsidiaries	**8,266**	18,732
Other payables	**39,247**	40,342
	271,245	256,095

18 ACCRUALS AND OTHER PAYABLES (CONTINUED)

The carrying amounts of other payables (excluding accruals) approximate their fair values and are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HK$	**2,325**	2,435
RMB	**75,501**	87,581
Others	**15,268**	9,387
	93,094	99,403

19 BANK BORROWINGS

	2024 HK$'000	2023 HK$'000
Current:		
Short-term bank loans	**348,195**	444,601
Portion of long-term loans from banks due for repayment within one year (including those repayable on demand)	**499,404**	704,535
	847,599	1,149,136
Non-current:		
Portion of long-term loans from banks due for repayment after one year	**1,436,900**	1,321,006
Total bank borrowings	**2,284,499**	2,470,142

19 BANK BORROWINGS (CONTINUED)

All bank borrowings are interest-bearing and carried at amortised cost.

All bank borrowings bore floating interest rates and the carrying amounts of bank borrowings approximate their fair values.

The Group's bank borrowings are repayable as follows:

	2024	2023
	HK$'000	HK$'000
Within 1 year or on demand	**847,599**	1,149,136
Between 1 and 2 years	**1,058,800**	1,057,106
Between 2 and 5 years	**378,100**	263,900
	2,284,499	2,470,142

The carrying amounts of the bank borrowings are denominated in the following currencies:

	2024	2023
	HK$'000	HK$'000
HK$	**2,230,700**	2,420,541
RMB	**53,799**	49,601
	2,284,499	2,470,142

19 BANK BORROWINGS (CONTINUED)

As at 31 December 2024, the effective interest rates (per annum) of the Group's bank borrowings were as follows:

	Short-term bank loans		Long-term bank loans	
	2024	2023	**2024**	2023
HK dollars	**5.83%**	6.70%	**5.83%**	6.91%
Renminbi	**2.83%**	3.13%	**0.02%**	–

As at 31 December 2024, the Group has undrawn floating rate borrowing facilities of approximately HK$595,800,000 (2023: HK$455,200,000).

As at 31 December 2024 and 2023, no asset was pledged as collateral for the Group's bank borrowings.

20 DEFERRED TAXATION

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax recoverable against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The offset amounts are as follows:

20 DEFERRED TAXATION (CONTINUED)

	2024	2023
	HK$'000	HK$'000
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than 12 months	**4,271**	4,733
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered after more than 12 months	**(20,219)**	(21,198)
Deferred income tax liabilities to be recovered within 12 months	**(1,007)**	(1,007)
Deferred income tax liabilities, net	**(16,955)**	(17,472)

The gross movement of the deferred income tax liabilities, net is as follow:

	2024	2023
	HK$'000	HK$'000
As at 1 January	**(17,472)**	(16,443)
Credited/(charged) to profit or loss (Note 27)	**517**	(1,029)
As at 31 December	**(16,955)**	(17,472)

20 DEFERRED TAXATION (CONTINUED)

The nature of items giving rise to the deferred income tax liabilities, without taking into consideration of the offsetting of balances within the same jurisdiction are as follows:

	Right-of-use assets	Fair value gains	Withholding tax	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2023	(13,097)	(17,863)	(5,129)	(36,089)
Credited to profit or loss	4,561	787	–	5,348
As at 31 December 2023	(8,536)	(17,076)	(5,129)	(30,741)
(Charged)/credited to profit or loss	(2,206)	950	–	(1,256)
As at 31 December 2024	(10,742)	(16,126)	(5,129)	(31,997)

The nature of items giving rise to the deferred income tax assets, without taking into consideration of the offsetting of balances within the same jurisdiction are as follows:

	Lease liabilities	Tax loss	Fair value loss	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2023	15,439	3,191	1,016	19,646
Charged to profit or loss	(6,045)	(304)	(28)	(6,377)
As at 31 December 2023	9,394	2,887	988	13,269
Credited/(charged) to profit or loss	2,502	(672)	(57)	1,773
As at 31 December 2024	11,896	2,215	931	15,042

The above deferred income tax liabilities in respect of withholding tax related to the unremitted retained earnings of certain subsidiaries. In addition, deferred income tax liabilities of HK$109,574,000 (2023: HK$103,625,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries as such amounts are considered likely to be reinvested permanently.

20 DEFERRED TAXATION (CONTINUED)

Deferred income tax assets are recognised for tax loss carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$63,365,000 (2023: HK$61,641,000) in respect of losses amounting to HK$308,481,000 (2023: HK$297,627,000) that can be carried forward against future taxable income. Tax losses of HK$88,211,000, HK$61,863,000, HK$33,488,000, HK$3,001,000, HK$23,711,000, HK$24,883,000, HK$32,139,000 and HK$41,185,000 will expire in 2025, 2026, 2027, 2028, 2029, 2030, 2032 and 2033 respectively (2023: HK$307,000, HK$88,211,000, HK$61,863,000, HK$33,488,000, HK$3,001,000, HK$12,550,000, HK$24,883,000, HK$32,139,000 and HK$41,185,000 will expire in 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2032 and 2033 respectively).

Accounting policy – Deferred income tax

Inside basis differences

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

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

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

Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

21 SHARE CAPITAL

	Note	Number of ordinary shares (thousands)	Nominal value HK$'000
Authorised:			
As at 1 January 2023, 31 December 2023 and 2024		200,000,000	200,000,000
Issued and fully paid:			
As at 1 January 2023, 31 December 2023 and 2024		1,740,920	174,092

Share options

In 2024, the Company adopted a share option scheme (the "2023 Share Option Scheme"). Under the 2023 Share Option Scheme, the Company's directors may, at their sole discretion, grant to any director or employee of the Group the right to take up options to subscribe for shares of the Company at the highest of (i) the closing price of shares of the Company as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") on the day of the offer of grant; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the day of the offer of the grant; and (iii) the nominal value of shares. A nominal consideration of HK$1 is payable on acceptance of the grant of an option. The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2023 Share Option Scheme and any other share option scheme of the Company shall not, in aggregate, exceed 10% of the relevant shares or securities of the Company in issue as at the date on which the 2023 Share Option Scheme is approved and adopted by resolution of the Shareholders ("effective date"). The maximum number of shares to be issued upon the exercise of all outstanding options granted to the Service Providers and yet to be exercised under the 2023 Share Option Scheme and any other share option scheme of the Company shall not, in aggregate, exceed 1% of the relevant shares or securities of the Company in issue as at the effective date.

21 SHARE CAPITAL (CONTINUED)

Share options (Continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2024 Average exercise price per share HK$	2024 Number of options '000	2023 Average exercise price per share HK$	2023 Number of options '000
As at 1 January	**1.51**	**119,200**	1.51	119,200
Lapsed	**–**	**(100,000)**	–	–
		19,200		119,200

Share options outstanding as at the end of the year have the following expiry dates and exercise prices:

Expiry date	2024 Exercise Price HK$	2024 Number of Options '000	2023 Exercise Price HK$	2023 Number of Options '000
4 November 2024	**–**	**–**	1.10	50,000
5 November 2024	**–**	**–**	1.80	50,000
5 November 2027	**1.80**	**19,200**	1.80	19,200
		19,200		119,200

No share-based payment charged to the consolidated statement of comprehensive income during the year ended 31 December 2024 (2023: HK$10,454,000).

21 SHARE CAPITAL (CONTINUED)

Accounting policy – Share-based payments

Share-based payment expenses should be recognised over the period during which the employees provide the relevant services. Once the grant date has been established, the entity revises the earlier estimate so that the amounts recognised for services received is ultimately based on the grant date fair value of the equity instruments.

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments ("options") of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets and the requirement to remain an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each statement of financial position date, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

22 RESERVES

	Share premium HK$'000	Capital reserve (i) HK$'000	Statutory reserves (ii) HK$'000	Capital redemption reserve (iii) HK$'000	Share options reserve HK$'000	Financial assets at FVOCI reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
As at 1 January 2024	**950,474**	**(735)**	**253,555**	**40,061**	**74,527**	**(20,572)**	**(136,537)**	**1,662,849**	**2,823,622**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**243,507**	**243,507**
Dividends paid	**(72,908)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(72,908)**
Other comprehensive loss									
– Currency translation differences	**-**	**-**	**-**	**-**	**-**	**-**	**(34,582)**	**-**	**(34,582)**
– Revaluation losses on financial assets at FVOCI	**-**	**-**	**-**	**-**	**-**	**8,190**	**-**	**-**	**8,190**
Transfer to statutory reserves	**-**	**-**	**33,451**	**-**	**-**	**-**	**-**	**(33,451)**	**-**
Transfer to retained earnings upon lapse of share options	**-**	**-**	**-**	**-**	**(60,940)**	**-**	**-**	**60,940**	**-**
As at 31 December 2024	**877,566**	**(735)**	**287,006**	**40,061**	**13,587**	**(12,382)**	**(171,119)**	**1,933,845**	**2,967,829**

	Share premium HK$'000	Capital reserve (i) HK$'000	Statutory reserves (ii) HK$'000	Capital redemption reserve (iii) HK$'000	Share options reserve HK$'000	Financial assets at FVOCI reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
As at 1 January 2023	1,017,673	(735)	226,635	40,061	64,073	(35,461)	(119,046)	1,471,112	2,664,312
Profit for the year	–	–	–	–	–	–	–	237,095	237,095
Dividends paid	(67,199)	–	–	–	–	–	–	–	(67,199)
Other comprehensive loss									
– Currency translation differences	–	–	–	–	–	–	(17,491)	–	(17,491)
– Revaluation losses on financial assets at FVOCI	–	–	–	–	–	(3,549)	–	–	(3,549)
Employee share option scheme:									
Value of employee services	–	–	–	–	10,454	–	–	–	10,454
Transfer to retained earnings upon disposal of a financial asset at fair value through other comprehensive income	–	–	–	–	–	18,438	–	(18,438)	–
Transfer to statutory reserves	–	–	26,920	–	–	–	–	(26,920)	–
As at 31 December 2023	950,474	(735)	253,555	40,061	74,527	(20,572)	(136,537)	1,662,849	2,823,622

22 RESERVES (CONTINUED)

Notes:

(i) The capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to a reorganisation over the nominal value of the share capital of the Company issued in exchange therefor. The reorganisation took place in April 2005 in contemplation of the listing of the Company's shares on The Stock Exchange of Hong Kong Limited.

(ii) In accordance with the articles of association of the relevant subsidiaries established in Mainland China and the Mainland China rules and regulations, the Mainland China subsidiaries are required to transfer not less than 10% of their net profit as stated in the financial statements prepared under Mainland China accounting regulations to statutory reserves before the corresponding Mainland China subsidiaries can distribute any dividend. Such a transfer is not required when the amount of statutory reserves reaches 50% of the corresponding subsidiaries' registered capital. The statutory reserve shall only be used to make up losses of the corresponding subsidiaries, to expand the corresponding subsidiaries' production operations, or to increase the capital of the corresponding subsidiaries. Upon approval of the corresponding subsidiaries' shareholders in general meetings, the subsidiaries may convert their statutory reserves into registered capital and issue bonus capital to the existing owners in proportion to the existing ownership structure.

(iii) The capital redemption reserve resulted from repurchase of the Company's own shares on The Stock Exchange of Hong Kong Limited. The repurchased shares were cancelled upon repurchase. An amount equivalent to the par value of the shares cancelled was transferred from the Company's retained earnings to capital redemption reserve.

23 OTHER INCOME AND OTHER GAINS/(LOSSES) – NET

	2024 HK$'000	2023 HK$'000
Other income		
Government grants	**21,027**	23,996
Storage income	**21,179**	10,606
Others	**–**	14,585
	42,206	49,187
Other (losses)/gains – net		
Loss on disposal of property, plant and equipment	**(12,148)**	(10,251)
Net exchange (losses)/gains	**(18,759)**	32,966
Gain on disposal of shareholdings of an associate	**–**	675
Gain on lease termination	**–**	10,624
Others	**3,574**	3,053
	(27,333)	37,067

24 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and general and administrative expenses are analysed as follows:

	2024	2023
	HK$'000	HK$'000
Depreciation of property, plant and equipment	**273,667**	243,380
Depreciation of right-of-use assets	**30,150**	31,117
Amortisation of intangible assets	**967**	1,792
Employee benefit expenses (Note 25)	**1,159,906**	1,092,307
Auditor's remuneration		
– Audit services	**4,490**	4,490
– Non-audit services	**1,365**	758
Changes in inventories of finished goods and work-in- progress	**(76,877)**	36,361
Raw materials and consumables used	**3,823,486**	3,832,633
Provision for inventory obsolescence	**7,697**	9,244
Subcontracting expenses	**9,016**	12,573
Utilities expenses	**79,561**	77,482
Transportation expenses	**59,529**	57,543
Packaging expenses	**143,776**	147,108
Marketing expenses	**12,057**	9,779
Office expenses	**71,834**	67,962
Operating lease payments for short-term and low value leases	**2,021**	2,468
Others	**330,328**	251,124
	5,932,973	5,878,121

25 EMPLOYEE BENEFIT EXPENSES

	2024	2023
	HK$'000	HK$'000
Wages, salaries and bonus	**1,014,467**	949,852
Staff welfare	**56,268**	58,488
Retirement benefit – defined contribution plans (a)	**89,171**	73,513
Share-based payment (Note 21)	**–**	10,454
	1,159,906	1,092,307

(a) Retirement benefits – defined contribution plans

As stipulated by rules and regulations in Mainland China, the Group contributes to a state-sponsored retirement plan for its employees in Mainland China, which is a defined contribution plan. The Group and its employees contribute a certain percentage of the employees' basic wages/salary as specified by the local government, and the Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plan is responsible for the entire pension obligations payable to retired employees.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its Hong Kong employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions are subject to a cap of HK$1,500 per month.

During the year ended 31 December 2024, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK$89,171,000 (2023: HK$73,513,000). As at 31 December 2024, the Group was not entitled to any forfeited contributions to reduce its future contributions (2023: Nil).

25 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2023: three) directors whose emoluments are reflected in the analysis in Note 34.

The emoluments payable to the remaining one (2023: two) individuals are as follows:

	2024	2023
	HK$'000	HK$'000
Salaries	**960**	1,840
Discretionary bonus	**1,080**	400
Contribution to pension scheme	**18**	36
Share options granted	**–**	190
	2,058	2,466

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
Emolument bands		
HK$1,000,001 to HK$1,500,000	**–**	2
HK$2,000,001 to HK$2,500,000	**1**	–
	1	2

During the year, no emolument was paid by the Group to any of the directors of the Company and the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2023: Nil).

25 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Five highest paid individuals (Continued)

Accounting policy – Employee benefits

Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the statement of financial position date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Pension obligations

Group companies participate in several defined contribution plans. The plans are generally funded through payments to trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employment costs when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, taking into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

26 FINANCE INCOME/COSTS

	2024 HK$'000	2023 HK$'000
Finance income		
Interest income on bank deposits	**32,429**	42,403
Finance costs		
Interest expense on:		
Bank borrowings	**147,087**	162,474
Lease liabilities – plant and machinery	**–**	15
Lease liabilities – factory and office premises	**4,153**	4,020
Interest capitalised (Note)	**(30,101)**	(37,604)
	121,139	128,905

Note: The capitalisation rate used to determine the amount of borrowings costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during the year and in this case it is 5.60% (2023: 6.83%).

27 INCOME TAX EXPENSE

	2024 HK$'000	2023 HK$'000
Current taxation		
– Mainland China corporate income tax	45,420	50,346
– Vietnam corporate income tax	9,160	7,402
– Mexico corporate income tax	2,460	16,195
Over-provision in prior years	(23,644)	(8,277)
Deferred income tax (Note 20)	(517)	1,029
	32,879	66,695

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the domestic tax rate applicable to profits/(losses) in the respective countries/places of business of the group entities, as follows:

	2024 HK$'000	2023 HK$'000
Profit before income tax	276,386	303,790
Tax calculated at domestic rates applicable to profits/ (losses) in the respective countries/places of business	30,595	56,505
Income not subject to tax	(6,216)	(14,241)
Expenses not deductible for tax purpose	55,768	44,497
Tax concession	(25,343)	(20,568)
Tax losses for which no deferred income tax assets were recognised (including recognition of previously unrecognised deferred income tax assets)	1,719	12,835
Utilisation of tax loss previously not recognised	–	(2,155)
Recognition of deferred income tax assets	–	(1,901)
Over-provision in prior years	(23,644)	(8,277)
Tax charge	32,879	66,695

27 INCOME TAX EXPENSE (CONTINUED)

The weighted average applicable tax rate for the year ended 31 December 2024 was approximately 11.1% (2023: 18.6%). The decrease is primarily due to changes in the profitability of the subsidiaries in the respective jurisdictions of tax in the current year.

(a) Hong Kong profits tax

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

(b) Mainland China corporate income tax

Income tax of the subsidiaries of the Group established in Mainland China has been provided at the following tax rates:

(i) Provision for Mainland China corporate income tax is calculated at the statutory rate of 25% (2023: 25%) on the assessable income of each of the Group's entities, except that certain subsidiaries of the Group operating in Mainland China are eligible for certain tax exemptions and concessions including tax holiday and reduced income tax rate during the year.

(ii) EVA Precision Industrial (Suzhou) Limited, Shenzhen EVA Mould Manufacturing Limited, Chongqing Digit Auto Body Ltd., Shenzhen EVA Precision Technology Group Limited, Zhongshan Digit Automotive Technology Limited, Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd., Digit Stamping Technology (Wuhan) Limited, Shenzhen Digit Automotive Technology Limited and EVA Precision Industrial (Weihai) Limited are each recognised by the Chinese Government as a "National High and New Technology Enterprise" and are therefore subject to a preferential tax rate of 15% during the years ended 31 December 2023 and 2024.

Under the Corporate Income Tax Law of Mainland China, dividend distributions out of profit of foreign invested enterprises earned after January 2008 are subject to corporate withholding income tax at 10%, or at a reduced rate of 5% for subsidiaries of Hong Kong incorporated holding companies.

27 INCOME TAX EXPENSE (CONTINUED)

(c) Other income taxes

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and, accordingly, is exempted from Cayman Islands income tax.

The Company's subsidiaries established in the British Virgin Islands are exempted from British Virgin Islands income tax.

The subsidiary established and operating in Vietnam is subjected to a preferential tax rate of 10% for the first 15 years from the year of commencing operations. It is also entitled to full exemption from corporate income tax for the first four years from the earlier of (i) the year when profit is generated for the first time or (ii) the fourth year of commencing operations; and a 50% reduction in corporate income tax for the next nine years. The Vietnam subsidiary of the Group was under 75% reduction in total from corporate income tax in Vietnam for the years ended 31 December 2023 and 2024.

Provision for Mexico Corporate income tax was calculated at the statutory rate of 30% for the years ended 31 December 2023 and 2024.

Provisions for income taxes in other jurisdictions are based on the assessable profits of the respective subsidiaries and the applicable tax rates.

Accounting policy – Current income tax

Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income or equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

28 EARNINGS PER SHARE

Basic

	2024	2023
Profit attributable to equity holders of the Company (HK$'000)	**243,507**	237,095
Weighted average number of ordinary shares in issue ('000)	**1,740,920**	1,740,920
Basic earnings per share (HK cents per share)	**14.0**	13.6

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (i.e. share options). A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual quoted share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted earnings per share for the year ended 31 December 2024 equals to the basic earnings per share as the exercise of the outstanding share options would be anti-dilutive.

28 EARNINGS PER SHARE (CONTINUED)

Accounting policy – earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account, the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

29 DIVIDENDS

	2024 **HK$'000**	2023 HK$'000
Interim dividend paid of HK2.20 cents (2023: HK2.10 cents) per share	**38,282**	36,559
Proposed final dividend of HK2.00 cents (2023: HK1.99 cents) per share	**34,818**	34,644
	73,100	71,203

A final dividend in respect of the year ended 31 December 2024 of HK$2.00 cents per share, totaling of HK$34,818,000 has been proposed for approval at the forthcoming annual general meeting. These financial statements have not reflected this dividend payable.

30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2024	2023
	HK$'000	HK$'000
Profit before income tax	**276,386**	303,790
Adjustments for:		
– Depreciation of property, plant and equipment	**273,667**	243,380
– Depreciation of right-of-use assets	**30,150**	31,117
– Amortisation of intangible assets	**967**	1,792
– Loss on disposal of property, plant and equipment	**12,148**	10,251
– Impairment loss on property, plant and equipment	**6,137**	–
– Gain on lease termination	**–**	(10,624)
– Share of loss of associates	**7,593**	499
– Provision for inventory obsolescence	**7,697**	9,244
– Share-based payment	**–**	10,454
– Interest income	**(32,429)**	(42,403)
– Interest expense	**121,139**	128,905
Changes in working capital:		
– Inventories	**(6,780)**	(11,443)
– Trade receivables	**25,922**	(139,098)
– Prepayments, deposits and other receivables	**75,929**	(16,951)
– Trade payables	**17,451**	2,432
– Accruals and other payables	**9,898**	20,337
– Contract liabilities	**36,519**	(3,566)
Cash generated from operations	**862,394**	538,116

30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2024 HK$'000	2023 HK$'000
Net book amount	**16,485**	17,422
Loss on disposal of property, plant and equipment	**(12,148)**	(10,251)
Proceeds	**4,337**	7,171

Net debt reconciliation

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

	2024 HK$'000	2023 HK$'000
Cash and cash equivalents	**1,738,949**	1,610,592
Lease liabilities – repayable within one year	**(20,741)**	(15,341)
Lease liabilities – repayable after one year	**(63,014)**	(59,502)
Bank borrowings – repayable within one year	**(847,599)**	(1,149,136)
Bank borrowings – repayable after one year	**(1,436,900)**	(1,321,006)
Net debt	**(629,305)**	(934,393)
Cash and liquid investments	**1,738,949**	1,610,592
Gross debt – fixed interest rates	**(83,755)**	(74,843)
Gross debt – variable interest rates	**(2,284,499)**	(2,470,142)
Net debt	**(629,305)**	(934,393)

30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Net debt reconciliation (Continued)

		Liabilities from financing activities		
	Cash and cash equivalents	Lease liabilities	Bank borrowings	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Net debt as at 1 January 2023	1,722,162	(120,227)	(2,425,423)	(823,488)
Cash flows	(104,687)	23,880	(34,834)	(115,641)
Interest accrual	–	–	(9,885)	(9,885)
Lease termination	–	23,896	–	23,896
Unwinding interest	–	(4,035)	–	(4,035)
Foreign exchange adjustments	(6,883)	1,643	–	(5,240)
Net debt as at 31 December 2023	1,610,592	(74,843)	(2,470,142)	(934,393)
Cash flows	140,590	24,433	187,143	352,166
Interest accrual	–	–	(1,500)	(1,500)
New leases	–	(31,593)	–	(31,593)
Unwinding interest	–	(4,153)	–	(4,153)
Foreign exchange adjustments	(12,593)	2,401	–	(10,192)
Net debt as at 31 December 2024	1,738,949	(83,755)	(2,284,499)	(629,305)

31 CAPITAL COMMITMENTS

Capital expenditures at the end of the year contracted but not yet incurred are as follows:

	2024	2023
	HK$'000	HK$'000
Contracted but not provided for		
– Construction of buildings	**245,066**	145,313
– Purchase of plant and machinery	**50,031**	31,911
	295,097	177,224

32 RELATED PARTY TRANSACTIONS

Zhang Hwo Jie and Zhang Yaohua, the Company's executive directors, have beneficial interests in Prosper Empire Limited, which owned 38.70% (2023: 38.70%) of the Company's shares as at 31 December 2024.

(a) Key management compensation

	2024	2023
	HK$'000	HK$'000
Salaries, allowances and bonus	**26,850**	25,890
Share-based payment	**–**	998
Retirement benefits – defined contribution plans	**90**	90
	26,940	26,978

The following transactions were undertaken by the Group with related party. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(b) Balances with a related party

	2024	2023
	HK$'000	HK$'000
Receivables from an associate		
Shenzhen L&L Auto-tech Co., Ltd.	**–**	456

33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK$'000	2023 HK$'000
ASSETS		
Non-current assets		
Investments in subsidiaries	**123,358**	123,358
Amounts due from subsidiaries	**1,479,838**	1,328,261
	1,603,196	1,451,619
Current assets		
Cash and cash equivalents	**1,220**	1,474
	1,220	1,474
LIABILITIES		
Current liabilities		
Accruals and other payables	**99,302**	85,116
Bank borrowing	**142,500**	–
	241,802	85,116
Net current liabilities	**(240,582)**	(83,642)
Total assets less current liabilities	**1,362,614**	1,367,977
Net assets	**1,362,614**	1,367,977
EQUITY		
Capital and reserves		
Share capital	**174,092**	174,092
Reserves	**1,188,522**	1,193,885
Total equity	**1,362,614**	1,367,977

33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Reserve movement of the Company:

	Share premium HK$'000	Contributed surplus (Note) HK$'000	Capital redemption reserve HK$'000	Share options reserve HK$'000	(Accumulated deficits)/ retained Earnings HK$'000	Total HK$'000
Balance at 1 January 2024	**950,474**	**121,351**	**40,061**	**74,527**	**7,472**	**1,193,885**
Profit for the year	**–**	**–**	**–**	**–**	**67,545**	**67,545**
Dividends paid	**(72,908)**	**–**	**–**	**–**	**–**	**(72,908)**
Transfer to retained earnings upon lapse of share options	**–**	**–**	**–**	**(60,940)**	**60,940**	**–**
Balance at 31 December 2024	**877,566**	**121,351**	**40,061**	**13,587**	**135,957**	**1,188,522**
Balance at 1 January 2023	1,017,673	121,351	40,061	64,073	(656)	1,242,502
Profit for the year	–	–	–	–	8,128	8,128
Dividends paid	(67,199)	–	–	–	–	(67,199)
Employee share option scheme:						
Value of employee services	–	–	–	10,454	–	10,454
Balance at 31 December 2023	950,474	121,351	40,061	74,527	7,472	1,193,885

Note: The contributed surplus of the Company represents the difference between the costs of investments in subsidiaries acquired pursuant to a reorganisation over the nominal value of the share capital of the Company issued in exchange therefor.

34 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 December 2024 is set out below:

Name	Fees HK$'000	Salaries HK$'000	Discretionary bonus HK$'000	Allowances and benefits in kind HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Executive directors						
Mr. Zhang Hwo Jie	–	5,760	2,480	–	18	8,258
Mr. Zhang Jian Hua	–	5,760	1,480	–	18	7,258
Mr. Zhang Yaohua (Note i)	–	5,760	2,480	–	18	8,258
Ms. Zhang Yan Yi (Note ii)	–	600	1,050	–	18	1,668
Independent non-executive directors						
Mr. Lam Hiu Lo	160	–	–	–	–	160
Dr. Chai Ngai Chiu Sunny	160	–	–	–	–	160
Ms. Ling Kit Sum	160	–	–	–	–	160
	480	17,880	7,490	–	72	25,922

34 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

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

The remuneration of every director and the chief executive for the year ended 31 December 2023 is set out below:

Name	Fees	Salaries	Discretionary bonus	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors						
Mr. Zhang Hwo Jie	–	5,760	2,480	269	18	8,527
Mr. Zhang Jian Hua	–	5,760	1,480	269	18	7,527
Mr. Zhang Yaohua (Note i)	–	5,760	2,480	269	18	8,527
Ms. Zhang Yan Yi (Note ii)	–	460	500	63	18	1,041
Independent non-executive directors						
Mr. Lam Hiu Lo	160	–	–	63	–	223
Dr. Chai Ngai Chiu Sunny	160	–	–	63	–	223
Ms. Ling Kit Sum	160	–	–	63	–	223
	480	17,740	6,940	1,059	72	26,291

Note:

(i) Zhang Yaohua is also the Chief Executive of the Group.

(ii) Zhang Yan Yi was appointed as the executive director of the Group on 21 July 2023.

34 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

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

None of the directors waived or agreed to waive any emoluments paid/payable by the Group during the year (2023: Nil).

During the year, no emoluments, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2023: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2023: Nil). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2023: Nil).

No director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2023: Nil).

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

35.1 Principles of consolidation and equity accounting

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December 2024.

(a) Subsidiaries

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

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.1 Principles of consolidation and equity accounting (Continued)

(b) *Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group hold a between 20% and 50% of the voting rights. Investment in associates are accounted for using the equity method of accounting after initially being recognised at cost.

(c) *Equity method*

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'Share of loss of associates' in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Financial information reported by the associate has been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in an associate are recognized in profit or loss.

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.2 Changes in ownership interests

When the Group ceases to have control, any retained interests in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified by applicable HKFRSs where appropriate.

35.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

35.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified collectively as the executive directors and senior management that make strategic decisions.

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.5 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'Other gains/(losses) – net'.

Translation differences on non-monetary financial assets, such as equities classified as financial assets at FVOCI, are included in other comprehensive income.

(c) *Group companies*

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

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.5 Foreign currency translation (Continued)

(c) *Group companies* (Continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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

(d) *Disposal of foreign operation and partial disposal*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that include a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interest and are not recognised in profit or loss. For all other partial disposals (that is, reduction in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.6 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.6 Intangible assets (Continued)

(b) *Software* (Continued)

- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Amortisation is calculated using the straight-line method to allocate the cost of source codes over their estimated useful lives of five years.

35.7 Impairment of investments in subsidiaries and non-financial assets

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

35.8 Fair value of financial assets at FVOCI

The fair value of financial assets at FVOCI that is not traded in an active market is determined by using valuation techniques including income approach, asset-based approach or market approach. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

35.10 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts

35.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group entity purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled.

35.12 Trade payables, accruals and other payables

These amounts represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

35.14 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowings costs are recognised in profit or loss in the period in which they are incurred.

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

35.16 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

35.17 Government grants

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

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

Government grants relating to the purchase of plant and equipment and land use right (which is grouped as right-of-use assets) are initially included in liabilities as deferred government grants and when such plant and equipment and land use right are built or purchased, the received government grants are netted off with carrying value of the related assets.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.18 Interest income

Interest income is presented as finance income (Note 26) where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

35.19 Dividend income

Dividends are received from financial assets measured at fair value through profit or loss (FVPL) and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

FIVE YEARS FINANCIAL SUMMARY

	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
CONSOLIDATED RESULTS					
Turnover	**6,296,926**	6,182,658	6,268,065	5,108,777	4,008,459
Profit/(loss) attributable to equity holders of the Company	**243,507**	237,095	206,017	155,190	(15,371)
CONSOLIDATED BALANCE SHEET					
Non-current assets	**3,162,656**	3,121,503	2,959,919	2,931,918	2,830,973
Current assets	**4,312,043**	4,318,676	4,296,853	3,641,718	3,270,512
Current liabilities	**(2,811,638)**	(3,039,752)	(2,859,486)	(3,255,991)	(2,773,904)
Non-current liabilities	**(1,521,140)**	(1,402,713)	(1,558,882)	(559,204)	(717,889)
Net assets	**3,141,921**	2,997,714	2,838,404	2,788,441	2,609,692
Share capital	**174,092**	174,092	174,092	174,912	171,658
Reserves	**2,967,829**	2,823,622	2,664,312	2,613,529	2,438,034
Total equity	**3,141,921**	2,997,714	2,838,404	2,788,441	2,609,692

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Zhang Hwo Jie *(Chairman)*
Mr. Zhang Jian Hua *(Vice Chairman)*
Mr. Zhang Yaohua *(Chief Executive Officer)*
Ms. Zhang Yan Yi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Hiu Lo
Dr. Chai Ngai Chiu Sunny
Ms. Ling Kit Sum

AUDIT COMMITTEE

Ms. Ling Kit Sum *(Chairman)*
Mr. Lam Hiu Lo
Dr. Chai Ngai Chiu Sunny

NOMINATION COMMITTEE

Mr. Zhang Hwo Jie *(Chairman)*
Mr. Lam Hiu Lo
Dr. Chai Ngai Chiu Sunny

REMUNERATION COMMITTEE

Mr. Lam Hiu Lo *(Chairman)*
Mr. Zhang Hwo Jie
Dr. Chai Ngai Chiu Sunny

HEAD OFFICE

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REGISTERED OFFICE

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COMPANY SECRETARY

Ms. Lee Hiu Laam Joyce

AUTHORISED REPRESENTATIVES

Mr. Zhang Hwo Jie
Ms. Lee Hiu Laam Joyce

STOCK CODE

838

PRINCIPAL BANKERS

Hong Kong

Bank of China (Hong Kong) Limited
Bank of Shanghai (Hong Kong) Limited
China Construction Bank Corporation Limited
  Hong Kong Branch
China Minsheng Banking Corp., Ltd.
  Hong Kong Branch
Chong Hing Bank Limited
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
  Corporation Limited
MUFG Bank, Ltd.
United Overseas Bank Limited

CORPORATE INFORMATION

LEGAL ADVISOR

MinterEllison LLP

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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WEBSITE

www.eva-group.com
www.irasia.com/listco/hk/evaholdings

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