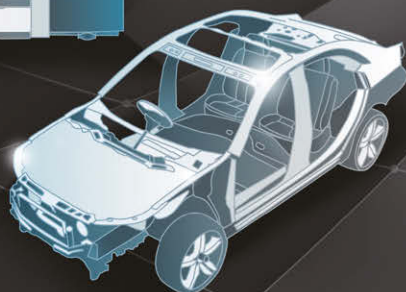




EVA Precision Industrial Holdings Limited 億和精密工業控股有限公司

(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)



2025 中期報告 INTERIM REPORT

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Zhang Hwo Jie (*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

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
Ms. Ling Kit Sum
(*appointed on 28 March 2025*)

REMUNERATION COMMITTEE

Mr. Lam Hiu Lo (*Chairman*)
Mr. Zhang Hwo Jie
Dr. Chai Ngai Chiu Sunny

HEAD OFFICE

Unit 8, 6th Floor, Greenfield Tower
Concordia Plaza
No.1 Science Museum Road
Kowloon, Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

COMPANY SECRETARY

Ms. Lee Hiu Laam Joyce

AUTHORISED REPRESENTATIVES

Mr. Zhang Hwo Jie
Ms. Lee Hiu Laam Joyce

STOCK CODE

838



CORPORATE INFORMATION

PRINCIPAL BANKERS

Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
DBS Bank (Hong Kong) Limited
United Overseas Bank Limited
Dah Sing Bank, Limited
China Construction Bank Corporation Limited
Hong Kong Branch
Bank of Shanghai (Hong Kong) Limited
Luso International Banking Limited

LEGAL ADVISOR

MinterEllison LLP

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong
Investor Services Limited
Shops 1712-1716, 17/F
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

WEBSITE

www.eva-group.com
www.irasia.com/listco/hk/evaholdings

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

| | | Unaudited | |
|--|------|---------------------------------|-------------|
| | | Six months ended 30 June | |
| | Note | 2025 | 2024 |
| | | HK\$'000 | HK\$'000 |
| Revenue | 6 | 3,055,327 | 2,999,779 |
| Cost of sales | | (2,435,501) | (2,397,115) |
| Gross profit | | 619,826 | 602,664 |
| Other income | 20 | 19,869 | 21,938 |
| Other gains/(losses) – net | 20 | 11,778 | (7,161) |
| Selling and marketing costs | | (115,201) | (117,011) |
| General and administrative expenses | | (328,382) | (304,448) |
| Operating profit | 21 | 207,890 | 195,982 |
| Finance income | 22 | 15,207 | 17,071 |
| Finance costs | 22 | (57,477) | (64,582) |
| Impairment losses for investment in associates | 9 | – | (7,200) |
| Share of profits/(losses) of associates | 9 | 257 | (220) |
| Profit before income tax | | 165,877 | 141,051 |
| Income tax expense | 23 | (30,949) | (13,238) |
| Profit for the period | | 134,928 | 127,813 |
| Other comprehensive income for the period, net of tax | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| – Currency translation differences | | 26,177 | 33,619 |
| Items that will not be reclassified to profit or loss | | | |
| – Revaluation gains on financial assets at fair value through other comprehensive income | | – | 711 |
| Total comprehensive income for the period | | 161,105 | 162,143 |

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025



| | | Unaudited | |
|--|------|---------------------------------|----------|
| | | Six months ended 30 June | |
| | Note | 2025 | 2024 |
| | | HK\$'000 | HK\$'000 |
| Profit for the period attributable to equity holders of the Company | | 134,928 | 127,813 |
| Total comprehensive income for the period attributable to equity holders of the Company | | 161,105 | 162,143 |
| Earnings per share for profit attributable to equity holders of the Company during the period (expressed in HK cents per share) | | | |
| – basic | 24 | 7.8 | 7.3 |
| – diluted | 24 | 7.8 | 7.3 |

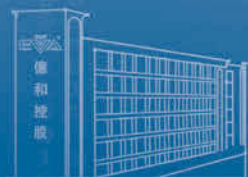
The notes are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

| | Note | Unaudited 30 June 2025 HK\$'000 | Audited 31 December 2024 HK\$'000 |
|--|------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 2,756,835 | 2,680,862 |
| Right-of-use assets | 8 | 322,613 | 334,567 |
| Intangible assets | 7 | 2,944 | 3,088 |
| Investments in associates | 9 | 22,532 | 21,051 |
| Financial assets at fair value through other comprehensive income | 11 | 15,132 | 15,132 |
| Prepayments, deposits and other receivables | 10 | 83,782 | 103,685 |
| Deferred income tax assets | 16 | 4,298 | 4,271 |
| | | 3,208,136 | 3,162,656 |
| Current assets | | | |
| Inventories | | 639,235 | 639,885 |
| Trade receivables | 12 | 1,785,814 | 1,794,336 |
| Prepayments, deposits and other receivables | 10 | 89,288 | 65,339 |
| Restricted bank deposits | | 61,513 | 73,534 |
| Short-term bank deposits | | 8,426 | — |
| Cash and cash equivalents | | 1,753,284 | 1,738,949 |
| | | 4,337,560 | 4,312,043 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade payables | 13 | 1,461,897 | 1,509,715 |
| Contract liabilities | | 159,290 | 132,241 |
| Accruals and other payables | 14 | 271,980 | 271,245 |
| Bank borrowings | 15 | 934,874 | 847,599 |
| Lease liabilities | 8 | 19,764 | 20,741 |
| Current income tax liabilities | | 43,771 | 30,097 |
| | | 2,891,576 | 2,811,638 |

**CONDENSED CONSOLIDATED INTERIM
STATEMENT OF FINANCIAL POSITION**
AS AT 30 JUNE 2025



| | Note | Unaudited 30 June 2025 HK\$'000 | Audited 31 December 2024 HK\$'000 |
|--|------|--|--|
| Net current assets | | <u>1,445,984</u> | <u>1,500,405</u> |
| Total assets less current liabilities | | <u>4,654,120</u> | <u>4,663,061</u> |
| Non-current liabilities | | | |
| Bank borrowings | 15 | 1,318,400 | 1,436,900 |
| Lease liabilities | 8 | 54,487 | 63,014 |
| Deferred income tax liabilities | 16 | 20,780 | 21,226 |
| | | <u>1,393,667</u> | <u>1,521,140</u> |
| Net assets | | <u>3,260,453</u> | <u>3,141,921</u> |
| EQUITY | | | |
| Capital and reserves | | | |
| Share capital | 17 | 173,044 | 174,092 |
| Reserves | 19 | 3,087,409 | 2,967,829 |
| Total equity | | <u>3,260,453</u> | <u>3,141,921</u> |

The notes are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

| | Unaudited | | |
|---|---|------------------|------------------|
| | Attributable to equity holders of the Company | | |
| | Share capital | Reserves | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Note 17) | (Note 19) | |
| Balance at 1 January 2025 | 174,092 | 2,967,829 | 3,141,921 |
| Comprehensive income | | | |
| Profit for the period | – | 134,928 | 134,928 |
| Other comprehensive income | | | |
| Currency translation differences | – | 26,177 | 26,177 |
| Total comprehensive income for the period | – | 161,105 | 161,105 |
| Transactions with owners | | | |
| Dividend paid | – | (34,608) | (34,608) |
| Repurchase of share | (1,048) | (6,917) | (7,965) |
| | (1,048) | (41,525) | (42,573) |
| Balance at 30 June 2025 | 173,044 | 3,087,409 | 3,260,453 |

The notes are an integral part of these condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED INTERIM
STATEMENT OF CHANGES IN EQUITY**
FOR THE SIX MONTHS ENDED 30 JUNE 2025



| | Unaudited | | |
|--|--|-----------------------------------|-------------------|
| | Attributable to equity holders of the Company | | |
| | Share capital HK\$'000 (Note 17) | Reserves HK\$'000 (Note 19) | Total HK\$'000 |
| Balance at 1 January 2024 | 174,092 | 2,823,622 | 2,997,714 |
| Comprehensive income | | | |
| Profit for the period | – | 127,813 | 127,813 |
| Other comprehensive income | | | |
| Currency translation differences | – | 33,619 | 33,619 |
| Revaluation gains on financial assets at fair value through other comprehensive income | – | 711 | 711 |
| Total comprehensive income for the period | – | 162,143 | 162,143 |
| Transactions with owners | | | |
| Dividend paid | – | (34,645) | (34,645) |
| | – | (34,645) | (34,645) |
| Balance at 30 June 2024 | 174,092 | 2,951,120 | 3,125,212 |

The notes are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

| | Unaudited | |
|---|---------------------------------|-----------|
| | Six months ended 30 June | |
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| Cash flows from operating activities | | |
| Cash generated from operations | 337,163 | 361,709 |
| Interest received | 15,207 | 17,071 |
| Interest paid | (57,590) | (81,265) |
| Income tax paid | (17,748) | (21,913) |
| Net cash inflow from operating activities | 277,032 | 275,602 |
| Cash flows from investing activities | | |
| Purchases of property, plant and equipment | (185,831) | (147,975) |
| Redemption on investment | – | 2,766 |
| Increase in investments accounted for using equity method | (802) | – |
| Proceeds from sales of property, plant and equipment | 3,983 | 1,896 |
| Increase in short-term bank deposits | (8,426) | (47,409) |
| Decrease in restricted bank deposits | 12,021 | 29,766 |
| Net cash outflow from investing activities | (179,055) | (160,956) |

**CONDENSED CONSOLIDATED INTERIM
STATEMENT OF CASH FLOWS**
FOR THE SIX MONTHS ENDED 30 JUNE 2025



| | Unaudited | |
|---|---------------------------------|-----------|
| | Six months ended 30 June | |
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 520,657 | 604,861 |
| Repayments of borrowings | (556,920) | (654,120) |
| Repayments of principal element of lease payments | (10,261) | (8,804) |
| Repayments of interest element of lease payments | (1,970) | (1,806) |
| Dividend paid | (34,608) | (34,645) |
| Repurchase of shares | (7,965) | – |
| Net cash outflow from financing activities | (91,067) | (94,514) |
| Net increase in cash and cash equivalents | 6,910 | 20,132 |
| Cash and cash equivalents at the beginning of the period | 1,738,949 | 1,610,592 |
| Exchange gains on cash and cash equivalents | 7,425 | 35,575 |
| Cash and cash equivalents at the end of the period | 1,753,284 | 1,666,299 |

The notes are an integral part of these condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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. Its registered office is at 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 condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated, and was approved for issue on 27 August 2025.

The condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2024, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



3 ACCOUNTING POLICIES (CONTINUED)

(a) Relevant amendments to existing standards effective for the financial year beginning 1 January 2025

Amendments to HKAS 21 and Lack of Exchangeability (amendments)
HKFRS 1

The adoption of the above amendments to standards does not have any significant impact to the results and financial position of the Group.

(b) The following new standards, amendments to standards and interpretations have been issued but not yet effective for the financial year beginning of 1 January 2025 and have not been early adopted

| | | Effective for annual periods beginning on or after |
|--|--|---|
| Amendments to HKFRS 9 and HKFRS 7 | Amendments to the Classification and Measurement of Financial Instruments (amendments) | 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 (new standard) | 1 January 2027 |
| HKFRS 19 | Subsidiaries without Public Accountability: Disclosures (new standard) | 1 January 2027 |
| Amendments to HK Int 5 | Hong Kong Interpretation 5 Presentation of Financial statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments) | 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 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES (CONTINUED)

(b) The following new standards, amendments to standards and interpretations have been issued but not yet effective for the financial year beginning of 1 January 2025 and have not been early adopted (CONTINUED)

The directors of the Group will adopt the new amendments to standards when they become effective. The directors of the Group are in the process of assessing the financial impact of the adoption of the above new amendments to standards, none of which is expected to have a significant effect on the consolidated financial statements of the Group, except for HKFRS 18 which will impact the presentation of profit and loss. The Group is still in the process of evaluating the impact of adoption of HKFRS 18.

4 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2024.

5 FINANCIAL RISK MANAGEMENT

(a) 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.

The condensed consolidated interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024.

There have been no changes in any risk management policies since 31 December 2024.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

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.

At 30 June 2025

| | Less than 1 year HK\$'000 | Between 1 and 2 years HK\$'000 | Between 2 and 5 years HK\$'000 | More than 5 years HK\$'000 | Total HK\$'000 |
|-------------------|------------------------------------|---|---|-------------------------------------|-------------------|
| Bank borrowings | 928,336 | 518,700 | 799,700 | – | 2,246,736 |
| Lease liabilities | 19,764 | 12,942 | 23,905 | 17,640 | 74,251 |
| Interest payables | 79,553 | 48,970 | 32,428 | – | 160,951 |
| Trade payables | 1,461,897 | – | – | – | 1,461,897 |
| Other payables | 104,781 | – | – | – | 104,781 |

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 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) 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 | More than 5 years HK\$'000 | Total HK\$'000 |
|------------------------|------------------------------------|---|---|-------------------------------------|-------------------|
| At 30 June 2025 | | | | | |
| Bank borrowings | 928,336 | 518,700 | 799,700 | – | 2,246,736 |
| Lease liabilities | 19,764 | 12,942 | 23,905 | 17,640 | 74,251 |
| Interest payables | 79,553 | 48,970 | 32,428 | – | 160,951 |
| Trade payables | 1,461,897 | – | – | – | 1,461,897 |
| Other payables | 104,781 | – | – | – | 104,781 |

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 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



6 REVENUE AND SEGMENT INFORMATION

(a) Revenue

| | Six months ended 30 June | |
|-------------------------------|--------------------------|------------------|
| | 2025 HK\$'000 | 2024 HK\$'000 |
| Sale of moulds and components | 2,990,305 | 2,935,017 |
| Others (Note) | 65,022 | 64,762 |
| | 3,055,327 | 2,999,779 |

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.

(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 fair value through other comprehensive income are reported as un-allocated assets 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 segments 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 condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

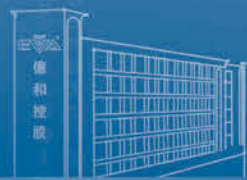
(b) Segment information (Continued)

The segment results and other segment items are as follows:

| | Six months ended 30 June 2025 | | | | Six months ended 30 June 2024 | | | |
|---|-----------------------------------|--------------------------|----------------------------------|-----------|-----------------------------------|--------------------------|----------------------------------|-----------|
| | Office automation equipment | Automotive components | Inter- segment elimination | Total | Office automation equipment | Automotive components | Inter- segment elimination | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Sales to external customers | 2,016,535 | 1,038,792 | - | 3,055,327 | 2,056,701 | 943,078 | - | 2,999,779 |
| Inter-segment sales | 19,766 | 57,009 | (76,775) | - | 5,333 | 46,639 | (51,972) | - |
| Total | 2,036,301 | 1,095,801 | (76,775) | 3,055,327 | 2,062,034 | 989,717 | (51,972) | 2,999,779 |
| Segment results | 138,962 | 85,406 | | 224,368 | 164,533 | 51,806 | | 216,339 |
| Unallocated expenses | | | | (16,478) | | | | (20,357) |
| Finance income | | | | 15,207 | | | | 17,071 |
| Finance costs | | | | (57,477) | | | | (64,582) |
| Impairment losses for investment in associates | | | | - | | | | (7,200) |
| Share of profits/(losses) of associates | | | | 257 | | | | (220) |
| Profit before income tax | | | | 165,877 | | | | 141,051 |
| Income tax expenses | | | | (30,949) | | | | (13,238) |
| Profit for the period | | | | 134,928 | | | | 127,813 |
| Depreciation | 71,090 | 99,849 | | 170,939 | 62,124 | 86,474 | | 148,598 |
| Amortisation | 144 | - | | 144 | 822 | - | | 822 |

For the six months ended 30 June 2025 and 2024, unallocated expenses represent corporate expenses.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

The segment assets and liabilities are as follows:

| | As at 30 June 2025 | | | | As at 31 December 2024 | | | |
|-------------|-----------------------------------|--------------------------|------------------|------------------|-----------------------------------|--------------------------|------------------|------------------|
| | Office automation equipment | Automotive components | Un- allocated | Total | Office automation equipment | Automotive components | Un- allocated | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Assets | <u>4,335,432</u> | <u>3,166,194</u> | <u>44,070</u> | <u>7,545,696</u> | <u>4,282,114</u> | <u>3,148,948</u> | <u>43,637</u> | <u>7,474,699</u> |
| Liabilities | <u>1,096,260</u> | <u>865,488</u> | <u>2,323,495</u> | <u>4,285,243</u> | <u>1,118,575</u> | <u>873,220</u> | <u>2,340,983</u> | <u>4,332,778</u> |

The segment capital expenditure is as follows:

| | Six months ended 30 June 2025 | | | | Six months ended 30 June 2024 | | | |
|---------------------|-----------------------------------|--------------------------|------------------|----------------|-----------------------------------|--------------------------|------------------|----------------|
| | Office automation equipment | Automotive components | Un- allocated | Total | Office automation equipment | Automotive components | Un- allocated | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Capital expenditure | <u>146,961</u> | <u>74,698</u> | <u>-</u> | <u>221,659</u> | <u>108,898</u> | <u>89,496</u> | <u>-</u> | <u>198,394</u> |

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

Segment assets and liabilities are reconciled to the Group's assets and liabilities at 30 June 2025 as follows:

| | Assets HK\$'000 | Liabilities HK\$'000 |
|--|----------------------------------|---------------------------------------|
| Segment assets/liabilities | 7,501,626 | 1,961,748 |
| Unallocated: | | |
| Investments in associates | 22,532 | – |
| Financial assets at fair value through other comprehensive income | 15,132 | – |
| Cash and cash equivalents | 1,449 | – |
| Deferred income tax assets | 4,298 | – |
| Prepayments, deposits and other receivables | 659 | – |
| Current income tax liabilities | – | 43,771 |
| Deferred income tax liabilities | – | 20,780 |
| Bank borrowings | – | 2,253,274 |
| Accruals and other payables | – | 5,670 |
| Total | 7,545,696 | 4,285,243 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

Segment assets and liabilities are reconciled to the Group's assets and liabilities at 31 December 2024 as follows:

| | Assets HK\$'000 | Liabilities HK\$'000 |
|--|--------------------|-------------------------|
| Segment assets/liabilities | 7,431,062 | 1,991,795 |
| Unallocated: | | |
| Investments in associates | 21,051 | – |
| Financial assets at fair value through other comprehensive income | 15,132 | – |
| Cash and cash equivalents | 1,220 | – |
| Deferred income tax assets | 4,271 | – |
| Prepayments, deposits and other receivables | 1,963 | – |
| Current income tax liabilities | – | 30,097 |
| Deferred income tax liabilities | – | 21,226 |
| Bank borrowings | – | 2,284,499 |
| Accruals and other payables | – | 5,161 |
| Total | <u>7,474,699</u> | <u>4,332,778</u> |

During the six months ended 30 June 2025, the aggregated revenue from the top customer, which contributed more than 10% of the Group's revenue, amounted to approximately HK\$939,277,000 (six months ended 30 June 2024: the top customers: HK\$1,002,813,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

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

Revenues by geographical region

| | Six months ended 30 June 2025 | | | | Six months ended 30 June 2024 | | | |
|---------|--|---------------------|--------------------|-------------------|-------------------------------|---------------------|--------------------|-------------------|
| | The People's Republic of China ("PRC") HK\$'000 | Vietnam HK\$'000 | Mexico HK\$'000 | Total HK\$'000 | PRC HK\$'000 | Vietnam HK\$'000 | Mexico HK\$'000 | Total HK\$'000 |
| Revenue | <u>2,258,624</u> | <u>436,576</u> | <u>360,127</u> | <u>3,055,327</u> | <u>2,241,238</u> | <u>376,883</u> | <u>381,658</u> | <u>2,999,779</u> |

Assets by geographical region

| | As at 30 June 2025 | | | | As at 31 December 2024 | | | |
|--------------------------|--------------------|---------------------|--------------------|-------------------|------------------------|---------------------|--------------------|-------------------|
| | PRC HK\$'000 | Vietnam HK\$'000 | Mexico HK\$'000 | Total HK\$'000 | PRC HK\$'000 | Vietnam HK\$'000 | Mexico HK\$'000 | Total HK\$'000 |
| Total non-current assets | <u>2,364,449</u> | <u>394,167</u> | <u>449,520</u> | <u>3,208,136</u> | <u>2,369,104</u> | <u>341,299</u> | <u>452,253</u> | <u>3,162,656</u> |
| Total assets | <u>5,711,481</u> | <u>967,759</u> | <u>866,456</u> | <u>7,545,696</u> | <u>5,623,117</u> | <u>981,886</u> | <u>869,696</u> | <u>7,474,699</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



7 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

| | Property, plant and equipment HK\$'000 | Intangible assets HK\$'000 |
|--|---|----------------------------------|
| Opening net book amount at 1 January 2025 | 2,680,862 | 3,088 |
| Additions | 221,659 | – |
| Disposals | (5,787) | – |
| Depreciation/amortisation | (156,903) | (144) |
| Exchange differences | 17,004 | – |
| Closing net book amount at 30 June 2025 | <u>2,756,835</u> | <u>2,944</u> |
| Opening net book amount at 1 January 2024 | 2,682,224 | 4,055 |
| Additions | 139,729 | – |
| Disposals | (2,253) | – |
| Depreciation/amortisation | (135,398) | (822) |
| Exchange differences | (1,754) | – |
| Closing net book amount at 30 June 2024 | <u>2,682,548</u> | <u>3,233</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

Right-of-use assets

| | Leasehold land and land use rights HK\$'000 | Land under finance lease HK\$'000 | Factory and office premises HK\$'000 | Total HK\$'000 |
|---|--|--|---|---------------------------|
| Opening net book amount at 1 January 2025 | 254,476 | 4,886 | 75,205 | 334,567 |
| Additions | - | - | - | - |
| Depreciation | (3,556) | (131) | (10,349) | (14,036) |
| Exchange differences | 1,445 | - | 637 | 2,082 |
| Closing net book amount at 30 June 2025 | <u>252,365</u> | <u>4,755</u> | <u>65,493</u> | <u>322,613</u> |

| | Leasehold land and land use rights HK\$'000 | Land under finance lease HK\$'000 | Factory and office premises HK\$'000 | Total HK\$'000 |
|---|--|--|---|---------------------------|
| Opening net book amount at 1 January 2024 | 220,011 | 5,149 | 68,501 | 293,661 |
| Additions | 43,708 | - | 14,957 | 58,665 |
| Depreciation | (3,580) | (131) | (9,489) | (13,200) |
| Exchange differences | (190) | - | (1,069) | (1,259) |
| Closing net book amount at 30 June 2024 | <u>259,949</u> | <u>5,018</u> | <u>72,900</u> | <u>337,867</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



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

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

Lease liabilities

| | As at 30 June 2025 HK\$'000 | As at 31 December 2024 HK\$'000 |
|--|--------------------------------------|--|
| Current portion | 19,764 | 20,741 |
| Non-current portion | 54,487 | 63,014 |
| | 74,251 | 83,755 |
| Lease liabilities – Factory and office premises | 74,251 | 83,755 |

(b) The Group's leasing activities

The Group leases various buildings, machineries and equipment. Rental contracts are typically made for fixed periods of 2 to 11 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, but certain lease liabilities are effectively secured as the right to the leased assets revert to the lessors in the event of default. As at 30 June 2025 and 31 December 2024, there is no secured right-of-use assets.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 INVESTMENTS IN ASSOCIATES

| | Six months ended 30 June | |
|--|---------------------------------|----------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| At 1 January | 21,051 | 29,501 |
| Investment during the period (note) | 802 | – |
| Share of profits/(losses) | 257 | (220) |
| Impairment losses for investment in associates | – | (7,200) |
| Exchange differences | 422 | (119) |
| At 30 June | 22,532 | 21,962 |

Note:

During the period ended 30 June 2025, the Group acquired a 49% equity interest in PA-Digit (Wuhan) Automotive CO., Ltd, a company incorporated in PRC, which is engaged in the manufacturing of automobile chassis, brake assembly and other key automobile components and parts and technology research and development. The acquisition gives the Group significant influence over PA-Digit (Wuhan) Automotive CO., Ltd, and the investment is accounted for using the equity method.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



9 INVESTMENTS IN ASSOCIATES (CONTINUED)

The assets, liabilities and results of Shenzhen Jinggong Microcredit Limited ("Microcredit"), which are material to the Group, are shown below:

| | As at | |
|--------------------|--------------------------------------|---------------------------------|
| | 30 June 2025 HK\$'000 | 31 December 2024 HK\$'000 |
| Assets | | |
| Non-current assets | 2,767 | 889 |
| Current assets | 52,185 | 52,513 |
| Liabilities | 626 | 775 |
| Net current assets | 51,559 | 51,738 |
| Net assets | 54,326 | 52,627 |

| | Six months ended 30 June | |
|----------------------------|---------------------------------|------------------|
| | 2025 HK\$'000 | 2024 HK\$'000 |
| Revenue | 1,546 | 1,078 |
| Profit/(losses) | 642 | (550) |
| Percentage held at 30 June | 40% | 40% |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | As at | |
|--|--------------------------------------|---------------------------------|
| | 30 June 2025 HK\$'000 | 31 December 2024 HK\$'000 |
| Non-current: | | |
| Deposits for purchases of property, plant and equipment | 53,061 | 74,095 |
| Loan to a supplier (Note a) | 26,905 | 25,764 |
| Others | 3,816 | 3,826 |
| | 83,782 | 103,685 |
| Current: | | |
| Prepayments for purchases of raw materials | 67,669 | 40,539 |
| Value-added tax recoverable | – | 5,249 |
| Prepayment of utilities expenses | 5 | 1,949 |
| Receivables from employees and staff advances (Note b) | 3,132 | 2,413 |
| Deposits placed with customs in Mainland China | 423 | 419 |
| Receivables from the former subsidiaries (Note d) | 51,120 | 51,115 |
| Receivables from an associate (Note d) | 6,517 | 6,517 |
| Consideration receivable from disposal of financial assets at fair value through other comprehensive income (Note c) | 10,824 | 10,824 |
| Consideration receivables from disposal of a subsidiary (Note c) | 3,544 | 3,544 |
| Others | 11,826 | 8,542 |
| | 155,060 | 131,111 |
| Loss allowance (Note c, d) | (65,772) | (65,772) |
| | 89,288 | 65,339 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Note a: The loan to a supplier is interest bearing at 3.50% per annum, repayable on 31 December 2026 and denominated in Renminbi ("RMB").

Note b: Receivables from employees and staff advances are unsecured, non-interest bearing, repayable on demand and denominated in RMB.

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 RMB, loss allowance of these receivables have been fully provided.

Note d: Receivables from the former subsidiaries and receivables from an associate are unsecured, non-interest bearing, repayable on demand and denominated in RMB. Certain loss allowance of these receivables have been provided.

During the six months ended 30 June 2024 and 30 June 2025, no additional loss allowance was recorded for its deposits and other receivables.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | As at | |
|--|--------------------------------------|---------------------------------|
| | 30 June 2025 HK\$'000 | 31 December 2024 HK\$'000 |
| Unlisted: | | |
| Equity securities – PRC, at fair value | 15,132 | 15,132 |

The fair values of the unlisted equity securities were determined by reference to recent transaction prices in arm's length transactions, net asset value or valuation determined by an independent firm of professional valuers by using discounted cash flow projections. The fair values are within level 3 of the fair value hierarchy.

The financial assets at fair value through other comprehensive income are denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Movement of the financial assets at fair value through other comprehensive income is as follows:

| | Six months ended 30 June | |
|--|---------------------------------|----------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| At 1 January | 15,132 | 11,954 |
| Redemption on investment | – | (2,766) |
| Revaluation gains transferred to other comprehensive income | – | 711 |
| At 30 June | 15,132 | 9,899 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



12 TRADE RECEIVABLES

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:

| | As at | |
|-------------------------|-----------------------------|---------------------------------|
| | 30 June 2025 HK\$'000 | 31 December 2024 HK\$'000 |
| 0 to 90 days | 1,262,939 | 1,263,565 |
| 91 to 180 days | 524,063 | 531,959 |
| | 1,787,002 | 1,795,524 |
| Less: loss allowance | (1,188) | (1,188) |
| Trade receivables – net | 1,785,814 | 1,794,336 |

The top five customers and the largest customer accounted for 37.45% (31 December 2024: 53.63%) and 10.36% (31 December 2024: 13.25%), respectively, of the trade receivables balance as at 30 June 2025. 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.

During the six months ended 30 June 2025, no additional loss allowance was recorded for its trade receivables (six months ended 30 June 2024: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 TRADE PAYABLES

The aging of trade payables is based on invoice date as follows:

| | As at | |
|-----------------|--------------------------------------|--|
| | 30 June 2025 HK\$'000 | 31 December 2024 HK\$'000 |
| 0 to 90 days | 959,935 | 1,376,505 |
| 91 to 180 days | 501,883 | 133,210 |
| 181 to 360 days | 79 | — |
| | <u>1,461,897</u> | <u>1,509,715</u> |

14 ACCRUALS AND OTHER PAYABLES

| | As at | |
|---|--------------------------------------|--|
| | 30 June 2025 HK\$'000 | 31 December 2024 HK\$'000 |
| Payable for purchase of property, plant and equipment | 53,254 | 45,581 |
| Accrued utilities expenses | 4,803 | 4,166 |
| Accrued wages, salaries and welfare | 145,227 | 166,352 |
| Accrued operating expenses | 17,169 | 7,633 |
| Purchase consideration balance payables for the acquisition of subsidiaries | 6,958 | 8,266 |
| Other payables | <u>44,569</u> | <u>39,247</u> |
| | <u>271,980</u> | <u>271,245</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



15 BANK BORROWINGS

| | As at | |
|---|--------------------------------------|---------------------------------|
| | 30 June 2025 HK\$'000 | 31 December 2024 HK\$'000 |
| Current | | |
| Short-term bank loans | 350,657 | 348,195 |
| Portion of long-term loans from banks due for repayment within one year (including those repayable on demand) | 584,217 | 499,404 |
| | 934,874 | 847,599 |
| Non-current | | |
| Portion of long-term loans from banks due for repayment after one year | 1,318,400 | 1,436,900 |
| Total bank borrowings | 2,253,274 | 2,284,499 |

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 BANK BORROWINGS (CONTINUED)

The Group's bank borrowings are repayable as follows:

| | As at | |
|-----------------------|--------------------------------------|--|
| | 30 June 2025 HK\$'000 | 31 December 2024 HK\$'000 |
| Within 1 year | 934,874 | 847,599 |
| Between 1 and 2 years | 518,700 | 1,058,800 |
| Between 2 and 5 years | 799,700 | 378,100 |
| | <u>2,253,274</u> | <u>2,284,499</u> |

Bank borrowings were denominated in below currencies:

| | As at | |
|------|--------------------------------------|--|
| | 30 June 2025 HK\$'000 | 31 December 2024 HK\$'000 |
| HK\$ | 2,138,338 | 2,230,700 |
| RMB | 114,936 | 53,799 |
| | <u>2,253,274</u> | <u>2,284,499</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



15 BANK BORROWINGS (CONTINUED)

As at 31 December 2024 and 30 June 2025, the effective interest rates (per annum) of the Group's bank borrowings were as follows:

| | Short-term bank loans | | Long-term bank loans | |
|------|-----------------------|------------------|----------------------|------------------|
| | June 2025 | December 2024 | June 2025 | December 2024 |
| HK\$ | 3.49% | 5.83% | 4.50% | 5.83% |
| RMB | 2.42% | 2.83% | 0.02% | 0.02% |

As at 30 June 2025, the Group has undrawn floating rate borrowing facilities of approximately HK\$705,800,000 (31 December 2024: HK\$595,800,000).

16 DEFERRED TAXATION

The analysis of deferred income tax liabilities, net is as follows:

| | As at | |
|--------------------------------------|-----------------------------|---------------------------------|
| | 30 June 2025 HK\$'000 | 31 December 2024 HK\$'000 |
| Deferred income tax assets | 4,298 | 4,271 |
| Deferred income tax liabilities | (20,780) | (21,226) |
| Deferred income tax liabilities, net | (16,482) | (16,955) |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 DEFERRED TAXATION (CONTINUED)

The gross movements of the deferred income tax liabilities, net are as follow:

| | Six months ended 30 June | |
|--------------------------------------|---------------------------------|----------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| At 1 January | (16,955) | (17,472) |
| Credited/(charged) to profit or loss | 473 | (1,079) |
| At 30 June | (16,482) | (18,551) |

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 HK\$'000 | Fair value gains HK\$'000 | Withholding tax HK\$'000 | Total HK\$'000 |
|--------------------------------------|---|--|---|---------------------------|
| At 1 January 2025 | (10,742) | (16,126) | (5,129) | (31,997) |
| Credited to profit or loss | 1,044 | 475 | - | 1,519 |
| At 30 June 2025 | (9,698) | (15,651) | (5,129) | (30,478) |
| At 1 January 2024 | (8,536) | (17,076) | (5,129) | (30,741) |
| (Charged)/credited to profit or loss | (2,366) | 475 | - | (1,891) |
| At 30 June 2024 | (10,902) | (16,601) | (5,129) | (32,632) |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



16 DEFERRED TAXATION (CONTINUED)

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 HK\$'000 | Tax loss HK\$'000 | Fair value loss HK\$'000 | Total HK\$'000 |
|--------------------------------------|---|------------------------------|---|---------------------------|
| At 1 January 2025 | 11,896 | 2,215 | 931 | 15,042 |
| Charged to profit or loss | (1,018) | - | (28) | (1,046) |
| At 30 June 2025 | 10,878 | 2,215 | 903 | 13,996 |
| At 1 January 2024 | 9,394 | 2,887 | 988 | 13,269 |
| Credited/(charged) to profit or loss | 2,471 | (1,631) | (28) | 812 |
| At 30 June 2024 | 11,865 | 1,256 | 960 | 14,081 |

17 SHARE CAPITAL

Ordinary shares, issued and fully paid:

| | Number of shares (thousands) | Share capital HK\$'000 |
|------------------------------------|---|-----------------------------------|
| At 1 January 2025 and 30 June 2025 | 1,740,920 | 174,092 |
| Repurchase of shares | (10,482) | (1,048) |
| At 30 June 2025 | 1,730,438 | 173,044 |
| At 1 January 2024 and 30 June 2024 | 1,740,920 | 174,092 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 SHARE OPTION SCHEME

In 2023, 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.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

| Six months ended 30 June | | | |
|--|------------------------------|--|------------------------------|
| 2025 | | 2024 | |
| Average exercise price per share HK\$ | Number of options '000 | Average exercise price per share HK\$ | Number of options '000 |
| 1.8 | 19,200 | 1.51 | 119,200 |

At 1 January and 30 June

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



18 SHARE OPTION SCHEME (CONTINUED)

Share options outstanding at 30 June 2025 and 30 June 2024 have the following expiry dates and exercise prices:

| Expiry date | Exercise price per share | Number of share options | |
|-----------------|-----------------------------|----------------------------------|----------------------------------|
| | | As at 30 June 2025 '000 | As at 30 June 2024 '000 |
| 4 November 2024 | HK\$1.10 | – | 50,000 |
| 5 November 2024 | HK\$1.80 | – | 50,000 |
| 5 November 2027 | HK\$1.80 | 19,200 | 19,200 |
| | | 19,200 | 119,200 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 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 fair value through other comprehend- sive income reserve HK\$'000 | Exchange reserve HK\$'000 | Retained earnings HK\$'000 | Total HK\$'000 |
|--|------------------------------|------------------------------------|--|--|---|---|---------------------------------|----------------------------------|-------------------|
| Balance at 31 December 2024 | 877,566 | (735) | 287,006 | 40,061 | 13,587 | (12,382) | (171,119) | 1,933,845 | 2,967,829 |
| Profit for the period | - | - | - | - | - | - | - | 134,928 | 134,928 |
| Dividend paid | (34,608) | - | - | - | - | - | - | - | (34,608) |
| Other comprehensive income | | | | | | | | | |
| – Currency Translation differences | - | - | - | - | - | - | 26,177 | - | 26,177 |
| Premium on repurchase of shares | (6,917) | - | - | - | - | - | - | - | (6,917) |
| Capital redemption reserve arising from repurchase of shares | - | - | - | 1,048 | - | - | - | (1,048) | - |
| Balance at 30 June 2025 | <u>836,041</u> | <u>(735)</u> | <u>287,006</u> | <u>41,109</u> | <u>13,587</u> | <u>(12,382)</u> | <u>(144,942)</u> | <u>2,067,725</u> | <u>3,087,409</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



19 RESERVES (CONTINUED)

| | 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 fair value through other comprehend- sive income reserve HK\$'000 | Exchange reserve HK\$'000 | Retained earnings HK\$'000 | Total HK\$'000 |
|--|------------------------------|------------------------------------|--|--|--------------------------------------|---|---------------------------------|----------------------------------|-------------------|
| Balance at 31 December 2023 | 950,474 | (735) | 253,555 | 40,061 | 74,527 | (20,572) | (136,537) | 1,662,849 | 2,823,622 |
| Profit for the period | - | - | - | - | - | - | - | 127,813 | 127,813 |
| Dividend paid | (34,645) | - | - | - | - | - | - | - | (34,645) |
| Other comprehensive income | | | | | | | | | |
| – Translation differences | - | - | - | - | - | - | 33,619 | - | 33,619 |
| – Revaluation gains on financial assets at fair value through other comprehensive income | - | - | - | - | - | 711 | - | - | 711 |
| Employee share option scheme: value of employee services | - | - | - | - | - | - | - | - | - |
| Transfer to retained earnings upon disposal of a financial asset at fair value through other comprehensive income | - | - | - | - | - | - | - | - | - |
| Balance at 30 June 2024 | 915,829 | (735) | 253,555 | 40,061 | 74,527 | (19,861) | (102,918) | 1,790,662 | 2,951,120 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



20 OTHER INCOME AND OTHER GAINS/(LOSSES) – NET

| | Six months ended 30 June | |
|--|---------------------------------|----------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| Other income | | |
| Government grants | 8,322 | 9,922 |
| Others | 11,547 | 12,016 |
| | 19,869 | 21,938 |
| Other gains/(losses) – net | | |
| Losses on disposal of property, plant and equipment and right-of-use assets | (1,804) | (357) |
| Net exchange gains/(losses) | 13,582 | (6,804) |
| | 11,778 | (7,161) |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 OPERATING PROFIT

The operating profit is stated after charging the following:

| | Six months ended 30 June | |
|--|---------------------------------|-----------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| Raw materials used | 1,775,856 | 1,795,752 |
| Production overhead costs (excluding labour and depreciation expenses) | 179,049 | 175,861 |
| Staff costs, including directors' emoluments and share option costs | | |
| – Wages, salaries and bonus | 515,012 | 480,650 |
| – Staff welfare | 24,043 | 26,762 |
| – Retirement benefit – defined contribution plans | 50,449 | 41,515 |
| Depreciation | | |
| – Property, plant and equipment | 156,903 | 135,398 |
| – Right-of-use assets | 14,036 | 13,200 |
| Amortisation of intangible assets | 144 | 822 |
| Provision for inventory obsolescence | 26,414 | 15,316 |
| Operating lease rental for short-term and low-value leases | 424 | 867 |
| | 424 | 867 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



22 FINANCE INCOME/(COSTS)

| | Six months ended 30 June | |
|---|--------------------------|----------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| Finance income | | |
| Interest income from bank deposits | 15,207 | 17,071 |
| Finance costs | | |
| Interest expense on: | | |
| Bank borrowings | (62,628) | (80,660) |
| Lease liabilities – Factory and office premises | (1,970) | (1,806) |
| Interest capitalised | 7,121 | 17,884 |
| | (57,477) | (64,582) |

23 INCOME TAX EXPENSE

| | Six months ended 30 June | |
|---------------------------------------|--------------------------|----------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| Current taxation | | |
| – PRC corporate income tax | (17,123) | (24,043) |
| – Overseas corporate income tax | (13,802) | (6,341) |
| (Under)/over-provision in prior years | (497) | 18,225 |
| Deferred income tax | 473 | (1,079) |
| | (30,949) | (13,238) |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 INCOME TAX EXPENSE (CONTINUED)

(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 six months ended 30 June 2025 (six months ended 30 June 2024: 16.5%).

(b) Mainland China corporate income tax

Income tax for 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 was calculated at the statutory rate of 25% (six months ended 30 June 2024: 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 period.
- (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 six months ended 30 June 2024 and 2025.



23 INCOME TAX EXPENSE (CONTINUED)

(c) Other income taxes

The Company was 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 the Cayman Islands income tax.

The Company's subsidiaries established in the British Virgin Islands are exempted from the 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 six months ended 30 June 2025 (six months ended 30 June 2024: Same).

Provision for Mexico Corporate income tax was calculated at the statutory rate of 30% (six months ended 30 June 2024: same).

Provisions for income taxes in other jurisdictions are based on the assessable profits of the respective subsidiaries and the applicable tax rates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Basic

| | Six months ended 30 June | |
|---|--------------------------|-----------|
| | 2025 | 2024 |
| Profit attributable to equity holders of the Company (HK\$'000) | 134,928 | 127,813 |
| Weighted average number of ordinary shares in issue ('000) | 1,730,438 | 1,740,920 |
| Basic earnings per share (HK cents per share) | 7.8 | 7.3 |

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 market 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.

The computation of the diluted earnings per share did not assume the exercise of the Company's outstanding share options as their exercise prices were higher than the average market price of the Company's shares for both periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



25 DIVIDEND

An interim dividend of HK2.33 cents (six months ended 30 June 2024: HK2.2 cents) per ordinary share, amounting to HK\$40,319,000 (six months ended 30 June 2024: HK\$38,300,000), was declared by the directors of the Company for the six months ended 30 June 2025.

26 CAPITAL COMMITMENTS

Capital expenditure at the statement of financial position date committed but not yet incurred is as follows:

| | As at | |
|-----------------------------------|--------------------------------------|---------------------------------|
| | 30 June 2025 HK\$'000 | 31 December 2024 HK\$'000 |
| Contracted but not provided for | | |
| – Construction of buildings | 248,911 | 245,066 |
| – Purchase of plant and machinery | 51,016 | 50,031 |
| | 299,927 | 295,097 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

27 RELATED PARTY TRANSACTIONS

Mr. Zhang Hwo Jie and Mr. Zhang Yaohua, the Company's executive directors, have beneficial interests in Prosper Empire Limited, which owns 38.94% of the Company's shares as at 30 June 2025 (31 December 2024: 38.70%).

Key management compensation

| | Six months ended 30 June | |
|---|--------------------------|--------------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| Salaries and allowances | 9,570 | 9,570 |
| Retirement benefits – defined contribution plan | 45 | 45 |
| | 9,615 | 9,615 |

28 SUBSEQUENT EVENT

On 31 July 2025, the Group has entered in to a sales and purchase agreement with an independent third party for disposal of a land located in Weihai with the properties situated on the land, for a total consideration of RMB64,107,000, equivalent to approximately HK\$70,518,470.

It is estimated that the Group will recognise a gain from the disposal of approximately HK\$62,413,000 which will be recognised in the consolidated statement of comprehensive income upon completion of the transaction.

MANAGEMENT DISCUSSION AND ANALYSIS



OVERVIEW

Recapping the first half of 2025, the global political and economic landscape remained complex and volatile. At the impact of multiple factors, the global economy faced significant challenges. Nevertheless, key economies recorded divergent performances and that gave rise to highly uncertain external market environment, creating serious challenges for policymakers and market participants alike. Since the second quarter of 2025, the world was overshadowed by US tariff threats. Amid the tariff challenges and economic instability, even though the Group's office automation ("OA") equipment business was affected to some extent, the overall performance of the Group in the first half of the year remained stable, owed mainly to its two major synergistic strategic advantages – operating diversified businesses and expanding global presence – allowing it to demonstrate strong resilience amid economic instability, particularly under tariff pressures.

On the foundation of its two core segment businesses – OA equipment business and automotive component business, the Group has been vigorously developing information and communication technology ("ICT") related business. Backed by the Group's research and development ("R&D") expertise accumulated over the years, and cutting-edge manufacturing capabilities and efficient supply chain resources, the ICT business, on the foundation of stamping and automated processing technologies being used and integrating them with laser welding techniques, has developed internet server-related products, including server control boxes, energy storage units, and inverters, among others. Its key customers include a prominent Chinese high-tech company.

For the six months ended 30 June 2025, the Group's overall turnover remained stable, up 1.9% year-on-year to HK\$3,055,327,000 (1H2024: HK\$2,999,779,000), mainly attributable to the increased sales of OA equipment in Vietnam and server-related products in Southern China, plus the strong growth of domestic automobile sales in Chongqing and Wuhan. Operating profit increased by 6.1% year-on-year to HK\$207,890,000 (1H2024: HK\$195,982,000). Profit attributable to equity holders increased by 5.6% year-on-year to HK\$134,928,000 (1H2024: HK\$127,813,000). Basic earnings per share rose by 6.8% year-on-year to HK7.8 cents (1H2024: basic earnings per share of HK7.3 cents). The Group has been able to maintain stable turnover and improve profit mainly from implementing strategies to diversify its business and regional presence, as well as optimise internal management over the past decade or so. These initiatives included active destocking to lower wastage, managing supply chain, regulating suppliers, assessing potential risks of business partners, bargaining for better price with customers, exploring new markets, raising overall product value, and strengthening cooperation with long-term customers, all of which have helped the Group effectively tackle various risks.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period, the Group saw its overall gross profit margin widen slightly by 0.2 percentage points year-on-year to 20.3% (1H2024: 20.1%). The Group managed to maintain a relatively steady gross profit margin amid the economic and order instability, especially in the Weihai and Mexico plants, mainly due to the active cost reduction and efficiency improvement measures it has implemented starting a few years ago, including proactively reducing inventory backlog and bad debt risks, conducting internal reforms to implement lean production, thereby reducing hidden wastage, and streamlining to improve efficiency. These measures have laid a solid foundation for the Group to keep its gross margin strong and stable in the past few years. Moreover, the Group's industrial parks in Vietnam, Shiyan in Shenzhen, Chongqing and Wuhan recorded higher capacity utilisation rates, and having restructured its businesses to gradually reduce lower-margin products, plus efforts to optimise the structure of customer orders, the Group has boosted its internal competitiveness and maintained a steady gross margin level.

Furthermore, the Group has been implementing debt reduction policy starting two years ago to tackle challenges from the economic downturn and market uncertainties, its net debt-to-equity ratio has improved notably for two consecutive years. The policy has also supported the Group in lowering capital costs.

BUSINESS REVIEW

OA equipment

The Group has been developing its OA equipment business for more than three decades. With industry experience and excellent product quality, the Group has won unanimous praise and trust from customers, and our products have earned market favour.

While geopolitical tensions continued in the first half of 2025, the actual tariff disputes broke out in the second quarter, thus began to affect the Group's OA equipment business, causing a slight drop in sales in the first half year. The tariff influence is mainly on pushing up product prices and lowering order demand from end-users, and eventually requiring revision of customer sales order forecasts downward for the coming year. For the period, overall turnover of the OA equipment business decreased to HK\$2,016,535,000 (1H2024: HK\$ 2,056,701,000), 2.0% less than in the same period last year. In particular, the traditional OA equipment sales were down 6.0%, the main reason being the decline in sales of key market leading brands such as Fujifilm, Kyocera and Hewlett-Packard.

MANAGEMENT DISCUSSION AND ANALYSIS



Since 2022, the Group has strategically laid out its ICT business, actively engaging in the high-end IT industry. During the first half of 2025, sales related to server components saw a significant year-on-year increase of 60.1%, mainly reflective of the substantial surge in sales to major customers such as a Chinese high-tech customer. During the period, the Group continued its in-depth involvement in multiple projects of the major strategic ICT customers and secured large orders. At the same time, it also stepped up efforts to acquire other new customers in China to lay a foundation for landing continuous orders, showing its strong capabilities in R&D and growing the server market. Furthermore, during the period, the Group adopted advanced production processes and automated equipment, and actively promoted lean production and cost-efficiency measures. This greatly improved production efficiency, lowered costs, and earned strong customer recognition. Leveraging the Group's core capabilities and resource advantages, the ICT-related business will steadily expand in scale and strength, becoming a key growth engine and core competitive advantage for the Group's future.

The Vietnam market has been affected by geopolitical factors. In 2025, traditional OA equipment business has been gradually shifting to the south, while typhoon hitting in September last year had delayed certain production to the current year, sales in Vietnam therefore rebounded by 15.8%, mainly from the increase in orders from Fujifilm and Kyocera. The Group has been expanding its industrial park in Vietnam to match the relocation of OA equipment orders to the south. However, with the business relocation in progress and the geopolitical issues, orders from Southern China are expected to continue to drop in coming years, and as it takes time for the Vietnam facilities to expand production capacity so as to accommodate more orders, thus, eventually the Group expects to have to go through an adjustment period, with production on general decline, during the shift of OA equipment business orders to the south. Yet, the management believes that will only be temporary. Vietnam's manufacturing industry experienced short-term disruption from US tariff policies, however, production volume and business confidence have apparently rebounded in recent months. Expecting the manufacturing sector in Southeast Asia still having strong appeal, the Group sees output capacities of its industrial park in Haiphong, Vietnam and its temporarily leased factories in surrounding areas to be in high demand. To meet customer needs, the Group commenced construction of a new industrial park on a newly acquired leasehold land in Quang Ninh Province, Vietnam in 2024. The new industrial park will span approximately 60,000 square meters, 1.6 times the space in the existing Haiphong industrial park, and is expected to be completed and in operation in early 2026, helping raise the Group's overall production capacity markedly. The Group will adjust the completion schedule of the new industrial park regularly with the development plans of and orders from customers taken into account. The Group believes the shift of orders to the south will help consolidate the competitiveness of its business, allowing it to take advantage of the low costs, policy incentives of Vietnam and her proximity to China to grow its OA equipment business. The Group is optimistic about the prospect of its business in Vietnam in the next few years.

MANAGEMENT DISCUSSION AND ANALYSIS

In Shenzhen, prompted by intensifying geopolitical issues, leading Japanese customers, such as Fujifilm and Kyocera, has moved their orders to Southeast Asia. However, the impact of that shift was partially offset by the modest growth in local products, and turnover increased by 1.9%. In Suzhou, with Canon and Ricoh continuing to relocate orders to the south, turnover was roughly the same as in the same period last year, only up slightly by 0.5%. Given that Southern China region, impacted by the tariff issue, has accelerated the shift of orders to the south, the Group will actively strengthen its strategic partnership with customers to cope with market changes. Moreover, it will thoroughly evaluate and drive the expansion of Southeast Asia markets, taking full advantage of the production strengths and matching resources in the region to better serve key strategic customers. Through these measures, the Group hopes to improve its overall competitiveness and responsiveness to the market while securing more orders, so as to lay a solid foundation for future development.

The Group's industrial parks in Weihai continue to serve as the primary centres for the OA equipment business to manage domestic sales orders. The business is operated by the EVA Weihai (Double Islands Bay) Electronic Industrial Park ("Weihai (Double Islands Bay)") and EVA Weihai (Intops) Electronic Industrial Park ("Weihai (Intops)"). Since 2024, the overall sales of Weihai have shown continual decline, mainly due to domestic economic downturn causing macroeconomic changes, impacting the OA equipment business in China, as well as the changes in consumption patterns and habits of Chinese consumers. Among modern users, the mid-range-to-low-end office and home printers seem to be more popular, and since such high-end Japanese OA equipment customers have been gradually reducing their production scale in China, thus affecting the Group's overall operation in Weihai. During the period, overall sales in Weihai dropped significantly by 40.0% year-on-year. Therefore, the Group signed a sale and purchase agreement with Weihai Gaoxin Innovation Park Operation Management Co., Ltd in July 2025 to sell the land parcel and factory premises at Weihai (Intops). The Group plans to consolidate the current business operations of Weihai (Intops) with its industrial park in Weihai (Double Islands Bay) to optimise and streamline resource allocation, and improve overall manufacturing, production and operational efficiency, which is in line with its long-term strategic focus. The move will not only help centralise management and enhance synergies, but also help lower operating costs and improve the Group's market competitiveness. Furthermore, with the land parcel and related properties sold at reasonable prices, the Group has realised the value of its assets to help improve cash flow and financial support for future development.

MANAGEMENT DISCUSSION AND ANALYSIS



During the period, the segment recorded profit of HK\$138,962,000 (1H2024: HK\$164,533,000) with segmental profit margin at 6.8%. The decline in segment profit was mainly due to an overall drop in OA equipment orders, especially at the industrial park at Double Islands Bay, Weihai, where post-expansion market conditions caused a sharp order decrease and capacity utilisation decline. However, previously deployed equipment, personnel and other resources resulted in unavoidable fixed costs. Meanwhile, the expansion of the new industrial park in Quang Ninh Province, Vietnam, also generated some pre-operating expenses, collectively affecting the segment's profit. However, during the period, the Group continued to focus on strengthening inventory management, reducing low-margin products, improving order quality, and streamlining its structure, partly offsetting the impact caused by the decline in orders. Looking ahead, the Group will continue to keep its OA equipment business stable, develop more practical products based on market demand, thereby expand room for development.

Automotive components

In the first half of 2025, with the US proposing global tariff measures that would raise trade barriers, the global automotive industry faced higher manufacturing and sales costs challenge. That also created uncertainties along the global supply chain, pushing up operational expenses, thus placed substantial pressure on the profitability of the industry. Coupled with fierce competition and the fragmented supplier base worldwide, the business environment became even more challenging. However, focusing on innovation and scale, the automotive components business has shown strong resilience during such testing times, and achieved double-digit revenue growth again since it began business. The progress is the result of the Group's strategic focus in recent years on emerging technologies like new energy vehicle ("NEV") and autonomous driving, which have spurred a surge in demand for various components, with such new emphases as automotive lightweighting, batteries, and electronic control. By exploring opportunities in the NEV market, increasing relevant R&D investment, timely and flexibly adjusting its business plans, and optimising strategic deployment, the Group saw growth in both revenue and profit from its automotive components business. During the period, the segment performed well. At the hard work of its sales and production teams, turnover of the business increased by 10.1% year-on-year to HK\$1,038,792,000 (1H2024: HK\$943,078,000). In the latest two years, the Group has actively promoted technology R&D and market expansion in the new energy field. As the strategic customer base of NEVs gradually grows, the segment has also been able to secure more new orders on hand. Production for many of them has gradually begun in 2024, allowing the steady release of production capacity of the industrial parks in Wuhan, Chongqing and Mexico, and the segment to record double-digit growth in turnover.

MANAGEMENT DISCUSSION AND ANALYSIS

Benefiting still from the strong sales momentum built up in 2024, the Wuhan industrial park continued to deliver brilliant results in the first half of 2025, with sales climbing 32.4% against the same period last year, thanks mainly to the steady increase in the production scale of the Great Wall Motors project and the achievements in phase made in developing new markets. During the period, the industrial park landed orders for moulds, seat frames, chassis and other components from NEV customers at home and abroad, including Changan Automobile, Nobo Automotive, Stellantis and Tesla, and also brought new business sources and growth momentum to the Group's domestic and overseas automotive components production bases. As the Group's technology development and management & control centre, the Wuhan Industrial Park performs key tasks including providing technical support, mould development and product R&D for those new projects. To cater to global export demands for regions including Europe, the United States and the Middle East, the industrial parks in Wuhan and Mexico collaborate, with the former responsible for technical solutions and development, and exports to regions except North America, while the latter focuses on mass production orders from North America, working together to develop orders from the global market. Going forward, the Wuhan Industrial Park will continue to step up internal mechanism reforms, actively introduce and apply cutting-edge technologies, and accelerate product upgrades to consolidate its position in the high-end market. To date, other than having strengthened its technical reserves for welding assembly in such as automobile seat and chassis, the industrial park has also been actively recruiting various talent in order to help it secure more high-quality orders and drive sustainable growth in the future.

The industrial park in Shenzhen, although small in land area, is the Group's central production base for automobile seat moulds, which are primarily exported to the US and European markets. To mitigate operational risks from relying on the US and European markets, it also develops the domestic and Japanese markets. During the period, turnover of the automotive component business in Shenzhen increased by 23.9%, braced mainly by the increase in mould orders for export to Europe. During the period, the Group continued to actively invest in and roll out its market expansion strategy to increase its presence in overseas markets. Among the new orders on hand now, there are those for Adient's mould and component project in Japan, marking a business breakthrough in the Japanese automotive components market. That not only speaks clearly to the quality of the Group's seat frame mould products and R&D capabilities recognised by world-leading automotive seat suppliers, but has also opened a new business growth channel for the Group. With the cooperation between the Group and Japanese brand customers diving deeper, the new batch of orders are expected to give the Group momentum to achieve rapid growth in the next five years, helping consolidate its competitive advantage in the global automotive components industry chain.

MANAGEMENT DISCUSSION AND ANALYSIS



In the first half of 2025, the Group's automotive component business in Chongqing was in a new rapid growth phase, demonstrating strong development momentum. During the period, turnover of the operation increased by 31.2% year-on-year. The Chongqing Industrial Park has actively introduced advanced smart production equipment from around the world to significantly improve automation and efficiency. At the same time, it provides customers in the Chinese southwestern market with ancillary services including simultaneous design and engineering of auto body parts and supply of functional components of and assembly for auto body. In Chongqing, the Group further strengthened strategic partnerships with high-quality domestic automakers like Great Wall Motors and Changan Automobile, broadening cooperation areas and project reach. This successfully boosted technical collaboration and production-sales coordination, accelerating the Group's business goals for Chongqing and the southwestern region of China. In 2025, the Group was deeply involved in developing several popular car model projects such as Changan Deepal and Avatr in Chongqing. These models saw sales performance climbing in 2025 and are expected to sustain growth and mark a new milestone for turnover from the Chongqing industrial park.

In Zhongshan, weighed down by geopolitical risks, production of Japanese brand vehicles in China declined markedly in the past two years. Sales of especially Honda, Toyota and Nissan have been sluggish, hence correspondingly turnover from Southern China also shrank for the Japanese customers of the Group in Zhongshan, including Aisin, Yachiyo and Faurecia. Responding to changes in the industry landscape, the Group promptly adjusted its development strategy in Zhongshan, shifting focus from Japanese automotive customers to investing more resources and efforts in the NEV field, emphasising in particular development of products related to the new "three-electric" (battery, motor and electronic control) system. In addition to actively pursuing in-depth cooperation with a core customer in an in-vehicle electronics project, the Group vigorously expanded its customer base, optimised product structure, and strived to diversify its customer and business portfolio, so as to reduce the operational risks from relying on single market for the Zhongshan Industrial Park. During the period, turnover from Zhongshan fell slightly by 3.8%, with decline in the traditional business offset by the new "three electric" system business. Meanwhile, the Group continued to implement measures to reduce costs and increase efficiency in Zhongshan to enhance the Group's competitiveness in the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

In Mexico, the Group adjusted its order strategy in the first half of 2025, and turnover decreased by 5.6% year-on-year. Since existing customer orders exceeded production capacity, and the margins of some projects were contracted, in order to maintain efficiency and support long-term growth, the Group actively optimised its project structure to free up production capacity for high-value orders, improving operational quality and profitability. In 2025, benefited from the Wuhan Industrial Park's core technology and resource support, the Group has begun to consolidate and strengthen the management capabilities and operational synergy of the Mexican team. In the second half of 2025, the Group's efforts in Mexico will focus on cost reduction and efficiency enhancement. By optimising processes, management and quality control, the Group aim to improving overall product quality and profitability. At the same time, the new 630T press the Group bought for in Mexico in 2025 will begin operation in the second half year, which will see the production capacity there expand to better respond to the growing and diverse order demands from customers in Mexico.

During the period, the utilisation rates of the Group's industrial parks in Wuhan and Chongqing notably improved. At the same time, by gradually cutting low-margin products for existing customers to raise overall product value, the quality of customer orders continued to improve. As a result, overall segment profit of the automotive component business markedly increased. In the first half of 2025, the business made profit of HK\$85,406,000 (1H2024:HK\$51,806,000) with segmental profit margin at 7.8%.

PROSPECTS

Entering the second half year, the global political and economic environment will still be full of uncertainties. The ongoing geopolitical turbulence and persistent tensions among countries will obstruct international cooperation and trade. The US kicking off implementing tariff policies has made international trade environment more complicated and increased the risks and costs of business operations. On the other hand, with major economies entering the interest rate cut cycle, investment and consumer sentiment will likely be stimulated, but then that will trigger concerns over inflation risks as well, subsequently presenting double pressure on economic recovery. With different regions rolling out tax reforms and strategies to reallocate global capital flows and investment, business deployment and decisions of the Group as a multinational enterprise has been affected. In addition, the increasing frequency of extreme weather events has brought uncertainties to the production supply chain and economic activities, adding to market volatility and risks. While ridden with uncertainties, the challenging investment environment is also simmering with new development opportunities, requiring the Group to stay vigilant and flexible.

MANAGEMENT DISCUSSION AND ANALYSIS



In recent years, the global laser printer market has continued to grow steadily. The Group believes the order decline caused by tariff policy adjustments is temporary, that overall development of the sector remains resilient. In the laser printer market, mainstream international brands such as HP, Canon, and Fujifilm have claimed dominance for a long time, with advanced technologies and strong product lineups, helping them strengthen relationship with key clients in the corporate, education, healthcare, government and financial sectors. However, in recent years, as the Chinese economy thrives and can rely more and more on her own industrial chain, plus some domestic brands such as Lenovo, Pantum, and Zhixiang actively investing in independent R&D to meet demand for value-for-money products in the local market, the market share of domestic models has significantly increased. According to survey data of IDC and other third-party organisations, the market share of domestic brand laser printers in China has increased from 16% in 2010 to 42% in 2025, reflecting the rapid rise and increasing penetration of those brands in the domestic consumption market.

Although the paperless office trend in recent years has prompted digitalisation of certain applications, affecting the demand for low-end and general-purpose laser printers, high-end and multi-functional laser products with advantages including operating at high speed, low cost, being energy efficient, eco-friendly, and high printing quality have continued to gather strong growth momentum in the enterprise market. Especially in the public sector, financial industry, logistics and healthcare sectors, there are still massive rigid demand for printing of receipts, statements, and documents, which cannot be completely replaced by digital solutions, which explains the stable shipments and market shares of major brands in those fields.

At the same time, the Chinese market has shown great growth potential. As the economy transforms and consumption patterns change in the country, public institutions and small and medium enterprises are purchasing large numbers of China-made equipment. With domestic brands having cost and supply chain advantages, the laser printers they made have gradually become mainstream choices in China. That has not only reduced the dependence of enterprises on imported equipment, but has also helped Chinese brands actively deploy in emerging markets such as Southeast Asia, South America and the Middle East. In addition, with the Chinese market valuing such innovative directions as cloud management, mobile applications, and ecosystem services, local brands have been expanding their product lines, boosting customer stickiness and brand value, transitioning from traditional business models to effectively enhance competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

Holding a leading share in the OA equipment market, the Group, heeding the rise of domestic printer brands and the country promoting self-sufficiency of her IT application and innovation industry, has rapidly adjusted its strategy pinpointing the Chinese market. It is now working closely with domestic chip manufacturers and related ecosystem enterprises to jointly develop and launch printer products for independent Chinese brands. On top of meeting the diverse needs of local brands and the printing market in Mainland China, the move is also conducive to enhancing the overall level of self-sufficiency and control of the industry chain, driving the in depth integration of the Group's products and technologies with the local industry and fortifying its market leadership.

Facing international tariff pressures and geopolitical uncertainties, the Group will speed up deployment of production capacity overseas, actively increase production capacity in Vietnam, and has plan for the new industrial park in Quang Ninh, Vietnam to start operation early next year. The move, in addition to allowing the Group to effectively disperse regional risks, will also equip it for responding quickly to the growing demand for high-value products in major markets worldwide. At the same time, the Group is actively reviewing the scale of production capacity in Southeast Asia and expects there will be opportunities in the future to explore setting up factories and adding production lines in other Southeast Asian countries, to build a more flexible global supply chain, strengthen its competitiveness and risk resistance.

In the automotive sector, according to third-party organization forecasts, global light vehicle sales will only grow by approximately 1.7% in 2025. With the overall auto market slowing down, the performance of markets in Europe and the United States are lacking lustre, Asia (particularly China) has continued to be the market growth driver. As the global automotive industry faced multiple pressures from such as tariffs, high costs, and the transition to NEVs less than desirable, enterprises have to direct their resources to cope, in particular, focusing on developing traditional fuel vehicles and NEVs at the same time.

MANAGEMENT DISCUSSION AND ANALYSIS



Electrification, going intelligent and overseas markets have become the driving forces of rapid growth of China's auto industry, seeing it into a new stage of development. Looking at the second half year, policies such as trade-in and promotion of NEVs in rural areas will continue to stimulate the domestic NEV market. NEVs are clearly gaining dominance in the automotive market, commanding enterprises to continuously improve their products, technologies, and quality. Facing profound changes in the international and domestic environment, the Group has strived for innovative breakthroughs and to improve its capabilities, strengthening its core technological strengths. At its continuous investment in innovation including smart manufacturing, green technology and advanced materials, and training high-tech talent and professional teams, the Group expects its automotive component segment to maintain stronger growth momentum in the second half year. That will not only show the Group enjoying high market recognition for its products and services, but also its strengths in maintaining stable operations and its leadership in the complex and volatile industrial environment.

With the advent of the AI and big data era, global demand for data centres has grown notably, and that has in turn fuelled the demand for high-performance, highly reliable and high-quality servers and equipment. Such servers and relevant equipment supporting storage and processing of massive data, are not only part of the core infrastructure for digital transformation, but are also irreplaceable in enabling intelligent operation and innovative applications of enterprises. Hence, the demand for high-quality servers will continue to rise steadily in the future and become an important growth driver in information technology field. That considered, the Group will develop ICT business to meet changing market demand with the support of its global production layout and strong R&D team. Looking ahead, development of the ICT business will become an important growth engine for the Group, likely to allow it to reverse the outflow of OA equipment orders from Southern China, as well as offset the decline in export of automotive components and moulds, and the sluggish Japanese automotive business, bringing to it new vitality and business opportunities.

The Group aims to continue to grow in greater depth its two core businesses: namely the OA equipment and the automotive components, while pursuing diversified industrial upgrades, including developing the ICT business to combat unpredictable market risks. In the future, the Group will continue to seek guidance from technological innovation, actively embrace changes, seize new development opportunities to promote high-quality and sustainable development of its businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

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

| | Six months ended 30 June | | | |
|---|--------------------------|--------------|------------------|--------------|
| | 2025 HK\$'000 | | 2024 HK\$'000 | |
| By business segment | | | | |
| Turnover | | | | |
| <i>Office automation equipment division</i> | | | | |
| Design and fabrication of moulds | 75,751 | 2.5% | 89,396 | 3.0% |
| Manufacturing of components | 1,922,167 | 62.9% | 1,948,156 | 64.9% |
| Others (Note 1) | 18,617 | 0.6% | 19,149 | 0.6% |
| | 2,016,535 | 66.0% | 2,056,701 | 68.5% |
| <i>Automotive component division</i> | | | | |
| Design and fabrication of moulds | 60,837 | 2.0% | 67,770 | 2.3% |
| Manufacturing of components | 931,550 | 30.5% | 829,695 | 27.7% |
| Others (Note 1) | 46,405 | 1.5% | 45,613 | 1.5% |
| | 1,038,792 | 34.0% | 943,078 | 31.5% |
| Total | 3,055,327 | | 2,999,779 | |
| Segment results | | | | |
| Office automation equipment division | 138,962 | | 164,533 | |
| Automotive component division | 85,406 | | 51,806 | |
| Operating profit | 224,368 | | 216,339 | |
| Unallocated expenses | (16,478) | | (27,557) | |
| Finance income | 15,207 | | 17,071 | |
| Finance costs | (57,477) | | (64,582) | |
| Share of profits/(losses) of associates | 257 | | (220) | |
| Income tax expense | (30,949) | | (13,238) | |
| Profit attributable to equity holders of the Company | 134,928 | | 127,813 | |

Note 1: Others mainly represented sales of scrap materials.

MANAGEMENT DISCUSSION AND ANALYSIS



Turnover

During the period, the Group's turnover increased slightly by 1.9% to HK\$3,055,327,000, which was primarily contributed by the increased order momentum in the Group's office automation equipment business in Vietnam and the automotive component business in Chongqing and Wuhan, as well as the rise in internet server related sales in southern China, as a result of the Group's continuous efforts in strengthening relationships with existing customers and developing new customer orders in spite of challenging external market conditions.

Gross profit

During the period, gross profit margin improved to 20.3% (1H2024: 20.1%), which was mainly driven by higher capacity utilisation in our production plants in Vietnam, Chongqing and Wuhan, offsetting the decline in the capacity utilisation in Weihai, Zhongshan and Mexico. Furthermore, the increase in gross profit margin was also caused by strengthened internal management and enhanced operational efficiency.

Segment results

During the period, the Group's office automation equipment business recorded a decrease in segmental profit margin to 6.8%. It was mainly due to a drop in office automation equipment orders in Weihai caused by unfavourable market conditions, resulting in capacity utilisation decline. However, equipment, personnel and other resources deployed previously has led to unavoidable fixed costs. Meanwhile, the expansion of the new industrial park in Quang Ninh Province, Vietnam, also generated certain pre-operating expenses. These collectively affected the segment's profit.

The operating profit margin of the Group's automotive component segment significantly increased to 7.8%, as the capacity utilisation rates of the Group's industrial parks in Wuhan and Chongqing greatly improved as a result of increase in sales momentum and boosted production scale of major projects for the segment's major domestic customers during the period.

Unallocated expenses

During the period, unallocated expenses mainly represent corporate expenses of HK\$16,478,000 (1H2024: HK\$20,357,000). There was no impairment loss for investment in an associate (1H2024: HK\$7,200,000) during the six months ended 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance income and costs

For the six months ended 30 June 2025, as the outstanding bank borrowing balances were reduced and market interest rates dropped, the Group recorded a decrease in finance costs accordingly. The finance income also decreased as a result of decreased market interest rates.

Share of profits/(losses) of associates

Share of profits of associates represents the Group's share of 40% of the profit of the micro lending business through equity pick-up.

Income tax expense

Income tax expense for the six months ended 30 June 2025 mainly represents current income tax charge amounting to HK\$17,123,000 arising from the PRC corporate income tax and HK\$13,802,000 arising from overseas corporate income tax, and under-provision in prior years amounting to HK\$497,000, netted off by deferred income tax credit of HK\$473,000.

Profit attributable to equity holders of the Company

During the period, the Group recorded profit attributable to equity holders of the Company amounting to HK\$134,928,000 (1H2024: HK\$127,813,000), which was primarily caused by the increase in operating profit as mentioned above.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2025, the Group recorded similar net cash generated from operating activities amounting to HK\$277,032,000 (1H2024: HK\$275,602,000), which was driven by higher earnings before interest, taxes and depreciation, due to increase in overall operating results as explained above and reduced interest paid to banks as a result of market rate drop, partly offset by increased working capital requirements. During the period, the Group's capital expenditure increased to HK\$185,831,000 as the Group has commenced construction of the new industrial park in Quang Ninh Province in Vietnam in order to meet customer needs. Therefore, the Group recorded net cash used in investing activities amounting to HK\$179,055,000 (1H2024: HK\$160,956,000). The Group recorded a net decrease in bank borrowings of HK\$36,263,000 and lease payments of HK\$12,231,000 during the period. After payment of dividends amounting to HK\$34,608,000 and repurchase of shares totalling HK\$7,965,000, the Group recorded net cash used in financing activities of HK\$91,067,000 during the period (1H2024: HK\$94,514,000).

MANAGEMENT DISCUSSION AND ANALYSIS



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 has 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), majority of the Group's borrowings as at 30 June 2025 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

(a) Liquidity and capital adequacy ratios

| | 30 June 2025 | 31 December 2024 |
|--|--------------|------------------|
| Inventory turnover days (Notes 1 and 5) | 48 | 48 |
| Debtors' turnover days (Notes 2 and 5) | 106 | 104 |
| Creditors' turnover days (Notes 3 and 5) | 109 | 112 |
| Cash conversion cycle (Notes 4 and 5) | 45 | 40 |
| Current ratio (Notes 6 and 8) | 1.50 | 1.53 |
| Net debt-to-equity ratio (Notes 7 and 8) | 13.2% | 15.0% |

(b) Profitability ratios

| | 30 June 2025 | 30 June 2024 |
|---|--------------|--------------|
| Net profit margin (Notes 9 and 11) | 4.4% | 4.3% |
| Return on shareholders' equity (Notes 10 and 11) | 4.1% | 4.1% |

MANAGEMENT DISCUSSION AND ANALYSIS

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 period.
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 period.
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 period.
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\$74,251,000 as at 30 June 2025 (as at 31 December 2024: HK\$83,755,000). 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. Ratios for the six months ended 30 June 2024 and 2025 were calculated using the half-year profit of the Group for the respective periods.

MANAGEMENT DISCUSSION AND ANALYSIS



Inventory turnover days

As the Group's overall production and shipments to customers remained relatively stable as compared to 2024, the Group's inventory turnover days was unchanged for the first half of 2025.

Debtors' and creditors' turnover days

For the six months ended 30 June 2025, the Group's debtors' turnover days were lengthened slightly by 2 days as the portion of sales with longer credit periods increased during the second quarter which remained unpaid as at 30 June 2025 and were still within normal credit periods. Creditors' turnover days were shortened by 3 days as a higher percentage of the Group's purchases were made from suppliers with shorter credit periods during the period.

Cash conversion cycle

The increase in cash conversion cycle in the first half of 2025 was mainly caused by the increase in debtors' turnover days as well as the decrease in creditors' turnover days as mentioned above.

Current ratio and net debt-to-equity ratio

The Group's current ratio is similar to that of 31 December 2024. With a decrease in overall bank borrowing level and strong operating cash flows during the period, the Group's resulted net debt is smaller and with a continuous rise in shareholders' equity, the net debt-to-equity ratio further dropped from 15.0% to 13.2%.

Net profit margin and return on shareholders' equity

The increase in net profit margin during the period as compared to the first half of 2024 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 during the period remained constant as compared to the first half of 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

KEY RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

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. Complaints and feedback from customers were 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 period, 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 2025, the Group is honoured to be awarded the “Premiere Partner” for the 15th 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.

MANAGEMENT DISCUSSION AND ANALYSIS



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 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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

As at 30 June 2025, the Group's length of relationship with its five largest customers ranged from 8 years to more than 10 years. The Group's length of relationship with its five largest suppliers ranged from 4 years to more than 10 years.

For the six months ended 30 June 2025, sales to the five largest customers represented 60.7% 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.

The foreign currency risks arising from dealings with customers and suppliers in foreign currencies are discussed in the section headed "Foreign Currency Exposure" of this report.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group is committed to reducing our environmental footprint and minimising the negative impact of our business activities. During the 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.

MANAGEMENT DISCUSSION AND ANALYSIS



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.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group is subject to the laws and regulations in the countries in which it operates. Any failure to comply with laws and regulations could result in legal proceedings and expose us to civil or criminal liabilities. The long-term development of our business depends on a steady legal environment. Unanticipated changes in policies and regulatory practices may adversely affect our business. The Group will continue to ensure the highest compliance standard and engage independent legal services whenever necessary.

During the six months ended 30 June 2025, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on its business and operations.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN CURRENCY EXPOSURE

For the six months ended 30 June 2025, the Group's sales and raw material purchases were denominated in the following currencies:

| | Sales | Purchases |
|-------------------|--------------|------------------|
| Hong Kong dollars | 14.5% | 1.4% |
| US dollars | 48.6% | 53.1% |
| Renminbi | 35.4% | 44.8% |
| Other currencies | 1.5% | 0.7% |

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 63.1% of the Group's sales and 54.5% of its raw material purchases were made in USD and Hong Kong dollars (HKD) (which are pegged to USD) during the period. 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.

MANAGEMENT DISCUSSION AND ANALYSIS



HUMAN RESOURCES

The total number of the Group's employees was 10,163 as at 30 June 2025. 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 were organised to inspire the team spirit of the Group's staff, which included the organisation of company outings and sport activities in which the Group's employees, top management (including executive directors) and customers participated. 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 30 June 2025, the average length of services of the Group's employees below and above master grade was 3.3 years and 8.3 years respectively.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2025, there was no charge on the Group's assets.

MANAGEMENT DISCUSSION AND ANALYSIS

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\$200,000,000 as at 30 June 2025); and
- (ii) a revolving loan for an amount up to HK\$40,000,000 (the outstanding loan balance was HK\$40,000,000 as at 30 June 2025).

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\$5,333,000 as at 30 June 2025);

MANAGEMENT DISCUSSION AND ANALYSIS



- (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\$12,333,000 as at 30 June 2025);
- (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\$350,000,000 as at 30 June 2025); and
- (iv) a revolving loan facility of up to HK\$50,000,000 (the outstanding loan balance was HK\$45,000,000 as at 30 June 2025) and business card facility of up to HK\$200,000 (there was no outstanding balance as at 30 June 2025).

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\$264,000,000 as at 30 June 2025);
- (ii) a revolving loan of HK\$150,000,000 (there was no outstanding balance as at 30 June 2025) and a corporate credit card facility of HK\$600,000 (there was no outstanding balance as 30 June 2025).

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 30 June 2025.

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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 there was no outstanding balance as at 30 June 2025.

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 Hing Bank Limited in respect of a revolving loan facility of HK\$50,000,000 ("Chong Hing Facility Agreement") and there was no outstanding balance as at 30 June 2025.

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 30 June 2025.

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.

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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 30 June 2025.

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 30 June 2025); 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 30 June 2025).

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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\$135,000,000 as at 30 June 2025.

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.

A subsidiary of the Company had entered into a banking facility agreement with Dah Sing Bank Limited, in respect of the following facilities (“Dah Sing Facility Agreement”)

- (i) a term loan facility of HK\$100,000,000 with the final repayment date falling three years from the date of each drawdown (the outstanding loan balance was HK\$50,000,000 as at 30 June 2025); and
- (ii) another term loan facility of HK\$120,000,000, with the final repayment date falling three years from the date of each drawdown (the outstanding loan balance was HK\$120,000,000 as at 30 June 2025).

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.

MANAGEMENT DISCUSSION AND ANALYSIS



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 six months ended 30 June 2025, movement in the share options granted under the 2015 Share Option Scheme and details of these options as at 30 June 2025 and the date of this report are as follows:

| | As at 1 January 2025, 30 June 2025 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 2021 | 1,700,000 | 1.88 | 1.80 | 2 May 2023 | 2 May 2023 to 4 November 2027 |
| Mr. Zhang Jian Hua (Note 1) | | | | | |
| – Granted on 3 November 2021 | 1,700,000 | 1.88 | 1.80 | 2 May 2023 | 2 May 2023 to 4 November 2027 |

MANAGEMENT DISCUSSION AND ANALYSIS

| | As at 1 January 2025, 30 June 2025 and the date of this report | Share price immediately before offer date HK\$ | Exercise price HK\$ | Vesting date | Exercisable period |
|--|--|--|---------------------------|--------------|----------------------------------|
| Mr. Zhang Yaohua | | | | | |
| – Granted on 3 November 2021 | 1,700,000 | 1.88 | 1.80 | 2 May 2023 | 2 May 2023 to 4 November 2027 |
| Ms. Zhang Yan Yi | | | | | |
| – Granted on 3 November 2021 | 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 | 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 | 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 | 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 | 1.88 | 1.80 | 2 May 2023 | 2 May 2023 to 4 November 2027 |
| Ms. Zhang Quian Yi (Note 3) | | | | | |
| – Granted on 3 November 2021 | 400,000 | 1.88 | 1.80 | 2 May 2023 | 2 May 2023 to 4 November 2027 |

MANAGEMENT DISCUSSION AND ANALYSIS



| | As at 1 January 2025, 30 June 2025 and the date of this report | Share price immediately before offer date | Exercise price | Vesting date | Exercisable period |
|-------------------------------------|--|--|-------------------|--------------|----------------------------------|
| | | HK\$ | HK\$ | | |
| Other employees of the Group | | | | | |
| – Granted on 3 November 2021 | 11,700,000 | 1.88 | 1.80 | 2 May 2023 | 2 May 2023 to 4 November 2027 |
| | <u>19,200,000</u> | | | | |

Notes:

1. Mr. Zhang Jian Hua has tendered his resignation as an executive director of the Company with effect from 27 August 2025. Accordingly, Mr. Zhang Jian Hua ceased to be an executive director of the Company on 27 August 2025.

The 1,700,000 options granted to Mr. Zhang Jian Hua on 3 November 2021 should have been lapsed upon his cessation as an executive director on 27 August 2025. To express the sincere gratitude of the board of directors of the Company to Mr. Zhang Jian Hua for his valuable efforts and contributions to the Group as an executive director of the Company and the vice chairman of the board for the past years, the board of directors of the Company had on 27 August 2025 exercised its discretion under the 2015 Share Option Scheme to decide that such options should not lapse and Mr. Zhang Jian Hua be allowed to exercise such options during the relevant exercise period. Such decision had also been approved by the remuneration committee of the Company.

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 Jian Hua ceased to be an executive director of the Company on 27 August 2025. 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, namely, Mr. Zhang Jian Hua and Mr. Zhang Yaohua, and the sister of Ms. Zhang Yan Yi, an executive director of the Company. Mr. Zhang Jian Hua ceased to be an executive director of the Company on 27 August 2025. Ms. Zhang Quian Yi is responsible for the supply chain management of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The fair value of the 19,200,000 options granted on 3 November 2021 was HK\$13,587,000 as at 30 June 2025.

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

| | <u>Vesting period</u> | <u>Exercise price</u> | <u>Expected volatility</u> | <u>Expected life</u> | <u>Risk-free rate</u> | <u>Dividend paid-out rate</u> |
|-------------------------------|----------------------------------|-----------------------|----------------------------|----------------------|-----------------------|-------------------------------|
| | | 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.

MANAGEMENT DISCUSSION AND ANALYSIS



(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. Accordingly, options to subscribe for up to 174,091,980 shares (representing 10.06% 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 2025 and as at 30 June 2025. 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 2025 and 30 June 2025 are available for grant.

MANAGEMENT DISCUSSION AND ANALYSIS

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

As at 30 June 2025, 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 | Total interests | Approximate percentage of interest in the Company as at 30 June 2025 |
|--------------------------|---------------------|--------------------|--------------------|---|-----------------|--|
| | | | | (Note 1) | | |
| Mr. Zhang Hwo Jie | 673,750,000 | 33,152,000 | - | 1,700,000 | 708,602,000 | 40.95% |
| | (Note 2) | | | | | |
| Mr. Zhang Jian Hua | - | 664,000 | - | 1,700,000 | 2,364,000 | 0.14% |
| | (Note 3) | | | | | |
| Mr. Zhang Yaohua | 673,750,000 | 55,164,000 | 156,000 | 1,700,000 | 730,770,000 | 42.23% |
| | (Note 2) | | | | | |
| 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% |

MANAGEMENT DISCUSSION AND ANALYSIS



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 38.94% of the entire issued capital of the Company as at 30 June 2025. 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.
3. Mr. Zhang Jian Hua resigned as an executive director of the Company on 27 August 2025.

(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 30 June 2025 |
|-------------------|--------------------|---|
| Mr. Zhang Hwo Jie | Personal interests | 52.93% |
| Mr. Zhang Yaohua | Personal interests | 47.07% |

MANAGEMENT DISCUSSION AND ANALYSIS

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2025, 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 | 38.94% |
| Ms. Shen Chan Jie Lin | Interest of spouse (<i>Note 1</i>) | 706,902,000 | 1,700,000 | 708,602,000 | 40.95% |
| Ms. Jiang Lu | Beneficial owner | 156,000 | – | 156,000 | 0.01% |
| | Interest of spouse (<i>Note 2</i>) | 728,914,000 | 1,700,000 | 730,614,000 | 42.22% |

Notes:

- 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.
- 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.

MANAGEMENT DISCUSSION AND ANALYSIS



PURCHASES, SALE AND REDEMPTION OF THE SHARES

During the six months ended 30 June 2025, the Company repurchased its 10,482,000 listed shares on The Stock Exchange of Hong Kong Limited. These shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Details of the repurchases during the period ended 30 June 2025 are summarised as follows.

| Months of repurchase | Number of shares repurchased | Highest price per share | Lowest price per share | Total consideration paid |
|-----------------------------|---|------------------------------------|-----------------------------------|---|
| | | HK\$ | HK\$ | HK\$'000 |
| April 2025 | 10,482,000 | 0.80 | 0.69 | 7,965 |

The directors considered that the repurchases were made for the benefit of the shareholders as a whole as they uplifted the earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2025.

CHANGE OF DIRECTOR'S INFORMATION

During the six months ended 30 June 2025 and up to the date of this report, Mr. Zhang Jian Hua resigned as an executive director of the Company and the vice chairman of the board of directors of the Company on 27 August 2025.

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.

DIVIDEND

The Board declared an interim dividend of HK 2.33 cents per ordinary share, totaling HK\$40,319,000 for the six months ended 30 June 2025 to eligible shareholders whose names appear on the register of members of the Company on Thursday, 18 September 2025. The interim dividend will be payable in cash on Monday, 29 September 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

CLOSURE OF REGISTER OF MEMBERS

To determine eligibility for the interim dividend, the register of members of the Company will be closed from Tuesday, 16 September 2025 to Thursday, 18 September 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the interim 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 Monday, 15 September 2025.

CORPORATE GOVERNANCE

The Company and the directors confirm, to the best of their knowledge, that the Company has complied with the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules during the six months ended 30 June 2025.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Having made specific enquiry of all directors, the Company reported that all directors had complied with the required standards set out in the Model Code during the six months ended 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS



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 unaudited interim financial statements and the interim report for the six months ended 30 June 2025.

By order of the Board

Zhang Hwo Jie

Chairman

Hong Kong, 27 August 2025



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