



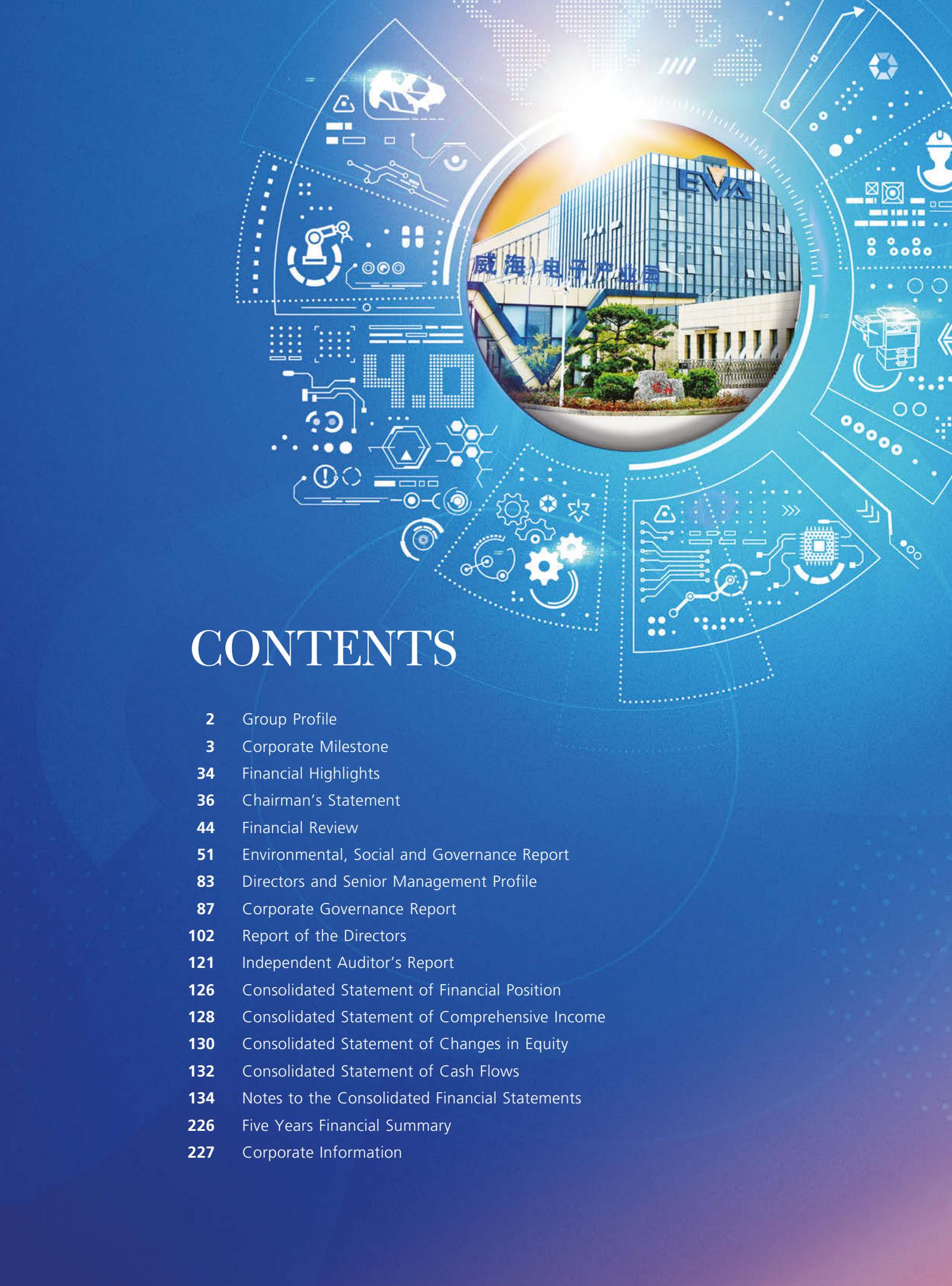
EVA Precision Industrial Holdings Limited  
億和精密工業控股有限公司

(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)



2022 年  
ANNUAL REPORT 報



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# GROUP PROFILE

EVA Precision Industrial Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 12 July 2004 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company is an investment holding 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 and automated assembly services with high quality standard and dimensional accuracy. The Group started its business as a mould producer in 1993, and has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 11 May 2005. At present, the Group operates twelve industrial parks in China (Shenzhen, Suzhou, Zhongshan, Chongqing, Sichuan, Wuhan and Weihai), Vietnam (Haiphong) and Mexico (San Luis Potosi).

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

The Group’s business model is unique and different to ordinary OEMs/ODMs. Brand owners normally require the Group to jointly co-develop the relevant moulds with them right from initial stages of their product development. Thereafter, the completed moulds would be consigned in the Group’s industrial parks for future mass production of components and semi-finished or finished products. Because of the high level of skills and technologies required to produce moulds, components and semi-finished or finished products with high degree of precision and dimensional accuracy, the Group has strong pricing power for its products.

At present, the Group’s two main revenue streams are, namely, the office automation “OA” equipment business and the automotive component business. Currently, the Group operates six industrial parks in Shenzhen, Suzhou, Weihai and Vietnam for the OA equipment sector, and its six other industrial parks in Shenzhen, Zhongshan, Chongqing, Sichuan, Wuhan, and Mexico are serving the automotive component sector.



## CORPORATE MILESTONE

Year	Event
1993	The Group started its business through the establishment of EVA Limited, a subsidiary of the Group, in Hong Kong. The Group established its first production base in Shenzhen, the PRC in the same year. The Group started its business as a metal stamping mould manufacturer and its business was later extended to the manufacture of metal stamping components.
2000	Yihe Precision Hardware (Shenzhen) Co., Ltd., a subsidiary of the Group, was awarded with the ISO9001 certification in respect of quality management system by the BSI Group.
2002	<p>Yihe Precision Hardware (Shenzhen) Co., Ltd. was accredited as one of the “300 Enterprises with Highest Growth Potential in Shenzhen” (深圳市300家最具成長性企業) and “Shenzhen Top 10 Industry Practitioner” (深圳行業10強企業) by Shenzhen Enterprises Evaluation Association (深圳市企業評價協會).</p> <p>The first factory building in EVA Shenzhen (Shiyan) Electronic Industrial Park with a construction area of approximately 21,000 square metres was completed. The Group’s production lines were moved to EVA Shenzhen (Shiyan) Electronic Industrial Park in the same year.</p>
2003	<p>The second factory building in EVA Shenzhen (Shiyan) Electronic Industrial Park with a construction area of approximately 19,000 square metres was completed.</p> <p>Yihe Precision Hardware (Shenzhen) Co., Ltd. was awarded with ISO14001 certification in respect of environmental management system by the BSI Group. It was also accredited as:</p> <ul style="list-style-type: none"> <li>– “Hi-Tech Enterprise in Shenzhen” (深圳市高新技術企業) by Shenzhen Science and Technology Bureau (深圳市科學技術局);</li> <li>– “Reliable and Credible Enterprise” (守合同重信用企業) by Shenzhen Municipal Administration for Industry and Commerce (深圳市工商行政管理局); and</li> <li>– “Quality Assurance Honourable Enterprise in the PRC (Brand)” (中國質量承諾誠信經營企業(品牌)) by Quality Assurance Centre for China’s Light Industry Products (中國中輕產品質量保障中心) and Shenzhen Enterprises Evaluation Association (深圳市企業評價協會).</li> </ul>

# CORPORATE MILESTONE

Year	Event
2004	<p>Yihe Precision Hardware (Shenzhen) Co., Ltd. was granted with the “2003 Excellent Supplier” (二零零三年度優秀供應商) award by Toshiba and “Certificate of Green Activity” by Canon. EVA Limited was granted with “Very Valuable Vendor (Improvement) Award” (VVV獎 – 進步獎) by Canon.</p> <p>The Group expanded into plastic mould and component manufacturing business through the establishment of EVA Plastic Mould Products (HK) Limited in Hong Kong and Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. in Shenzhen. The first production line of the Group’s plastic production line was established and located in the second factory building of EVA Shenzhen (Shiyan) Electronic Industrial Park for trial production.</p>
2005	<p>EVA Precision Industrial Holdings Limited was listed on the Main Board of The Stock Exchange of Hong Kong Limited.</p> <p>EVA Limited was granted with “Very Valuable Vendor (2004 Best Assistance) Award” (VVV獎 – 二零零四年最佳協力獎) and “Very Valuable Vendor (Improvement) Award” (VVV獎 – 進步獎) by Canon, and “Acclamation Certificate” (表彰狀) by Konica Minolta. Yihe Precision Hardware (Shenzhen) Co., Ltd. was granted with an approval certificate for chemical substances management (CMS) system by Ricoh. EVA Precision Industrial Holdings Limited was granted with a gratitude trophy by Fuji Xerox.</p> <p>The construction of the third factory building in EVA Shenzhen (Shiyan) Electronic Industrial Park was completed and thereafter the Group’s plastic production line was moved to the third factory building of EVA Shenzhen (Shiyan) Electronic Industrial Park and commenced commercial production.</p> <p>The Group started to establish an industrial park in Suzhou through the establishment of EVA Precision Industrial (Suzhou) Limited.</p> <p>Yihe Precision Hardware (Shenzhen) Co., Ltd. was granted with “Shenzhen Most Respected and Influential Enterprise” (深圳最受尊敬(最具影響力)企業) award by Shenzhen Enterprises Evaluation Association (深圳市企業評價協會).</p>



## CORPORATE MILESTONE

Year	Event
2006	<p>The construction of phase one of EVA Suzhou Electronic Industrial Park was completed and commenced production.</p> <p>EVA Limited received “2006 First Round Southern China Quality Very Valuable Vendor Award” (VVV獎-二零零六年第一回華南地區品質準優秀獎) and “Very Valuable Vendor (Remarkable Effort) Award” (VVV獎-敢鬪獎) from Canon.</p> <p>EVA Precision Industrial Holdings Limited and Yihe Precision Hardware (Shenzhen) Co., Ltd. received an approval certificate for chemical substances management (CMS) system from Epson.</p> <p>Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. and Okuno Precision Metal Co., Limited received an approval certificate for chemical substances management (CMS) system from Ricoh.</p> <p>Yihe Precision Hardware (Shenzhen) Co., Ltd. received “High and New Technology Project” (高新技術項目) accreditation from Shenzhen Technology and Information Bureau (深圳市科技和信息局) and was accredited as “Enterprise with Highest Growth Potential in Human Resources” (深圳市最具人材成長價值企業) by Shenzhen Human Resources Exchange Services Centre (深圳市人材交流服務中心) and Shenzhen Enterprises Evaluation Association (深圳市企業評價協會).</p> <p>EVA Precision Industrial Holdings Limited was accredited as “Enterprise with Highest Growth Potential in China” (中國最具成長性企業) by China Enterprise Confederation (中國企業聯合會) and China Enterprise Directors Association (中國企業家協會), “Most Creative Enterprise in China” (中國最具創新力企業) by Chinese Association of Market Development (中國市場學會) and China Enterprises News Society (中國企業報社) and “2006 Shenzhen Top 100 Enterprise” (二零零六年度深圳百強企業) by Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Economic Daily (深圳商報).</p> <p>EVA Precision Industrial Holdings Limited was admitted to the “Database of Outstanding Enterprises in China” (中國優秀企業數據庫) by Chinese Enterprise Confederation (中國企業聯合會).</p> <p>Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. was awarded with ISO/TS16949 certification in respect of the production of automobile parts by the BSI Group.</p>

# CORPORATE MILESTONE

Year	Event
2007	<p>EVA Limited and Yihe Precision Hardware (Shenzhen) Co., Ltd. received “Encouragement Award” (鼓勵獎), “2006 Supplier Special Improvement Award” (二零零六年供應商特別改善獎) and “Environment Friendly Corporate Certificate” (環保企業證書) from Fuji Xerox.</p> <p>EVA Limited received “2007 Second Round Southern China Quality Very Valuable Vendor Award” (VVV獎 – 二零零七年第二回華南地區品質準優秀獎) from Canon.</p> <p>Yihe Precision Hardware (Shenzhen) Co., Ltd. received “P-DOAZ (Part-Defect on Arrival Zero) Award” (零部件零缺陷獎) and “Environmental Collaboration Program Certificate”(環保系統証書) from Konica Minolta.</p> <p>EVA Precision Industrial Holdings Limited was accredited as “2007 China’s Manufacturing Top 500” (二零零七年中國製造500強) by World Company Compete Skill Laboratory (世界企業競爭力實驗室), China Industrial and Economic Academy (中國工業經濟研究院) and World Production Review China’s Editorial Office (全球製造評論中文版編輯部).</p> <p>EVA Precision Industrial Holdings Limited received “Corporate Citizen – Responsibility for Society” (企業公民–責任獻社會) award from China Social Welfare Association – China Committee of Corporate Citizenship (中國社會工作協會企業公民委員會).</p> <p>EVA Precision Industrial Holdings Limited received “Best Under a Billion” award from Forbes (Asia) magazine.</p> <p>Yihe Precision Hardware (Shenzhen) Co., Ltd. was accredited as “Shenzhen Most Influential Enterprise” (深圳最具影響力企業) by Shenzhen Enterprises Evaluation Association (深圳市企業評價協會).</p> <p>EVA Precision Industrial Holdings Limited and its subsidiaries – Yihe Precision Hardware (Shenzhen) Co., Ltd., Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd., Okuno Precision Metal Co., Limited and EVA Precision Industrial (Suzhou) Limited jointly obtained ISO14001 integrated certification from the BSI Group.</p>



## CORPORATE MILESTONE

Year	Event
2008	<p>EVA (Guangming) Precision Manufacturing Industrial Park which is located at Guangming New District, Shenzhen commenced commercial operations in the fourth quarter of 2008.</p> <p>EVA Precision Industrial Holdings Limited was accredited as one of the “Top 50 Listed Companies with Highest Investment Value in Guangdong Province” (廣東最具投資價值上市公司50強) and “Top 100 Manufacturing Enterprises in Guangdong Province” (廣東省製造企業100強) by Guangdong Provincial Enterprises Confederation (廣東省企業聯合會) and Guangdong Provincial Association of Entrepreneurs (廣東省企業家協會).</p> <p>EVA Precision Industrial (Suzhou) Limited was accredited as an “Outstanding and Advanced Enterprise” (先進單位) by Suzhou Mould Industry Association (蘇州市模具行業協會).</p> <p>EVA Precision Industrial Holdings Limited and EVA Limited received the certificates of honour for donation from Shenzhen Machinery Association (深圳市機械行業協會) and The Hong Kong Mould and Die Technology Association (香港模具科技協會) respectively for their donations and efforts dedicated to the recovery work of the Sichuan Wenchuan Earthquake.</p> <p>Mr. Zhang Hwo Jie, Chairman of the Group, was granted with the “Young Industrialist Award of Hongkong” by the Federation of Hong Kong Industries.</p>
2009	<p>EVA Plastic Mould Products (HK) Limited and Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. received “2008 Golden Quality Award” (二零零八年度品質金獎) from Konica Minolta.</p> <p>EVA Limited received “2008 E (Environment) Q (Quality) C (Cost) D (Delivery) Remarkable Contribution Award” (二零零八年度E (環境) Q (品質) C (成本) D (納期) 顯著貢獻獎) from Canon.</p> <p>EVA Precision Industrial Holdings Limited received “Distinguished Supplier Award” (傑出供應商獎) from General Electric.</p> <p>Yihe Precision Hardware (Shenzhen) Co., Ltd. and Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. was granted with “The First Supplier QCC Forum – Second and Third Class Awards” (第一回供應商QCC發表會二等獎及三等獎) respectively by Kyocera.</p>

# CORPORATE MILESTONE

Year	Event
<p><b>2009</b> (Cont'd)</p>	<p>EVA Precision Industrial Holdings Limited was also granted with:</p> <ul style="list-style-type: none"> <li>- “Outstanding Enterprise in China Machinery Industry” (中國機械工業優秀企業) award and “Most Influential Brand Name in China Machinery Industry” (中國機械工業最具影響力的品牌) award by China Machinery Industry Federation (中國機械工業聯合會);</li> <li>- “Employee Care Award” (關愛員工獎) by Golden Bee CSR China Honour Roll (金蜜蜂企業社會責任中國榜);</li> <li>- “Great Love in Guangming” (大愛光明) award by the Charity Committee of Shenzhen Guangming New District;</li> <li>- “Hong Kong Outstanding Enterprises” (香港傑出企業) award by Hong Kong Economic Digest (香港經濟一週); and</li> <li>- “Chairman Enterprise” (會長企業) accreditation by Shenzhen Machinery Association (深圳市機械行業協會).</li> </ul> <p>Yihe Precision Hardware (Shenzhen) Co., Ltd. was recognised as a “National High and New Technology Enterprise” (國家級高新技術企業).</p> <p>EVA Precision Industrial (Suzhou) Limited was accredited as a “Star Overseas Chinese Enterprise in Jiangsu Province” (江蘇省明星僑資企業) by the Overseas Chinese Office of the People’s Government of Jiangsu Province (江蘇省人民政府僑務辦公室).</p> <p>Yihe Precision Hardware (Shenzhen) Co., Ltd. was accredited as a “National Excellent Taxpaying and Turnover Performance Enterprise with Foreign Investment” (全國外商投資雙優企業) by China Association of Enterprises with Foreign Investment (中國外商投資企業協會) and Shenzhen Association of Enterprises with Foreign Investment (深圳外商投資企業協會).</p>

# CORPORATE MILESTONE

Year	Event
2010	<p>The construction of the Group's industrial park in Zhongshan was completed by the end of 2010 and commenced production.</p> <p>EVA Limited received "2009 E (Environment) Q (Quality) C (Cost) D (Delivery) Remarkable Contribution Award" (二零零九年度E(環境) Q(品質) C(成本) D(納期) 顯著貢獻獎) from Canon.</p> <p>EVA Precision Industrial Holdings Limited received:</p> <ul style="list-style-type: none"> <li>- "2009 Shenzhen Top 100 Enterprise" (二零零九年度深圳百強企業) accreditation from Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Economic Daily (深圳商報);</li> <li>- "Outstanding Culture Building Organisation in Shenzhen" (深圳企業文化建設優秀單位) accreditation from Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Media Group (深圳廣播電影電視集團);</li> <li>- "Charity Enterprise Award" (慈善企業獎) from the People's Government of Baoan District, Shenzhen (深圳市寶安區人民政府);</li> <li>- Banner of honour for student sponsorship (助學錦旗) from the School of Mechanical and Electrical Engineering, Shenzhen Polytechnic (深圳職業技術學院機電工程學院);</li> <li>- Certificates of honour for donation from the management committee of Shiyan Town, Baoan District, Shenzhen (寶安區石岩街道辦事處) and The Hong Kong Mould and Die Technology Association (香港模具科技協會) for its donations and efforts dedicated to the recovery work of the Qinghai Yushu Earthquake and the Gansu Zhouqu Landslides; and</li> <li>- "Vice Chairman Enterprise" (副會長企業) accreditation from Shenzhen General Chamber of Commerce (深圳市商業聯合會).</li> </ul> <p>Shenzhen EVA Mould Manufacturing Limited was recognised as a qualified supplier (合格供應商) and was granted with "Special Contribution Award" (特殊貢獻獎) by Midea (美的).</p> <p>EVA Precision Industrial Holdings Limited and Yihe Precision Hardware (Shenzhen) Co., Ltd. received "2009 Quality Improvement Award" (二零零九年度品質改善獎) from Konica Minolta.</p>

# CORPORATE MILESTONE

Year	Event
<b>2010</b> <i>(Cont'd)</i>	<p>EVA Precision Industrial Holdings Limited received "Product Assembly Service Certification" (成品組裝資格認證) from Kyocera.</p> <p>Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. received "Environmental Collaboration Program Certificate" (環保系統證書) from Konica Minolta.</p> <p>Shenzhen EVA Mould Manufacturing Limited received "Precision Moulds First Class Award" (精模獎 – 一等獎) from China Die and Mould Industry Association (中國模具工業協會).</p> <p>Yihe Precision Hardware (Shenzhen) Co., Ltd. received certificate of honour for donation (捐贈榮譽證書) from Shenzhen Machinery Association (深圳市機械行業協會) and Shenzhen Youth Development Foundation (深圳青少年發展基金會).</p> <p>Yihe Precision Hardware (Shenzhen) Co., Ltd. was accredited as "Shenzhen Municipal Research and Development Centre" (深圳市市級研究開發中心) by Shenzhen Science, Technology, Industry, Trade and Information Committee (深圳市科技工貿和信息化委員會), Shenzhen Municipal Development and Reform Commission (深圳市發展改革委員會), Finance Commission of Shenzhen Municipality (深圳市財政委員會), National Tax Bureau of Shenzhen (深圳市國家稅務局) and Local Tax Bureau of Shenzhen (深圳市地方稅務局).</p> <p>Shenzhen EVA Mould Manufacturing Limited was awarded with ISO/TS16949 certification in respect of the production of automobile parts by the BSI Group.</p>
<b>2011</b>	<p>EVA Precision Industrial Holdings Limited acquired Chongqing Digit Auto Body Ltd. (重慶數碼模車身模具有限公司) in mid 2011 as part of its strategic plan to expand into the huge automobile sector.</p> <p>As a wholly-owned subsidiary of the Group, Digit Stamping Technology (Wuhan) Limited (數碼模沖壓技術(武漢)有限公司) was established in September 2011, targeting at serving international and domestic automobile brand names located in Wuhan and its adjacent cities.</p> <p>The construction of the fourth factory building in EVA Shenzhen (Shiyan) Electronic Industrial Park was completed.</p>



## CORPORATE MILESTONE

Year	Event
<b>2011</b> (Cont'd)	<p>EVA Precision Industrial Holdings Limited received:</p> <ul style="list-style-type: none"> <li>– “2010 Golden Quality Award” (二零一零年度品質金獎) from Konica Minolta;</li> <li>– “Premiere Partner (2011)” (卓越合作夥伴(二零一一年)) award from Fuji Xerox;</li> <li>– “Qualification Certificate in Factory Monitoring Standard for the Management of Special Chemical Substances” (特定化學物質管理工場監察基準合格證) from Brother;</li> <li>– “2009/2010 Pearl River Delta Environmental Award” (二零零九年／二零一零年珠三角環保大獎) from the Federation of Hong Kong Industries and Hang Seng Bank;</li> <li>– OHSAS18001 certificate in occupational health and safety management system from the BSI Group; and</li> <li>– “2011/2012 Reputable Enterprise in Guangdong Province” (二零一一年／二零一二年廣東省著名企業) award from China Quality Brand Evaluation Centre (中國質量品牌測評中心), the Guangdong Branch of the Society of Social Investigation of China (中國社會調查所廣東分所) and CSA Credit Appraisal Centre (中品評(北京)品牌管理顧問中心).</li> </ul> <p>EVA Precision Industrial Holdings Limited entered into joint development programs and became the education, research and production practice bases of Huazhong University of Science and Technology (華中科技大學), Shenzhen Polytechnic (深圳職業技術學院) and Henan University of Technology (河南工業大學). It was also recognised as one of the “100 Model Enterprises in Baoan District for Vocational Training” (寶安區百家企業培訓示範基地) by Shenzhen Baoan District Vocational Abilities Development Bureau (深圳市寶安區職業能力開發局).</p> <p>Yihe Precision Hardware (Shenzhen) Co., Ltd., Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. and EVA Precision Industrial (Suzhou) Limited received contribution awards for “P-DOAZ (Part-Defect on Arrival Zero)” activities (零部件零缺陷活動) from Konica Minolta.</p> <p>Yihe Precision Hardware (Shenzhen) Co., Ltd. was granted with “The Third Supplier QCC Forum – First Class Award” (第三屆供應商QCC發表會一等獎) by Kyocera. It was also accredited as “Charity Enterprise” (愛心企業) by Shenzhen Machinery Association (深圳市機械行業協會) and Shenzhen Youth Development Foundation (深圳市青少年發展基金會).</p>

# CORPORATE MILESTONE

Year	Event
<b>2011</b> <i>(Cont'd)</i>	<p>Chongqing Digit Auto Body Ltd. received “China Businessmen Contribution Award” (華商貢獻獎) from The United Front Bureau of Chongqing Municipal Committee of the Communist Party of China (中共重慶市委統戰部), Chongqing Municipal Commission of Economy and Information (重慶市經濟和信息化委員會) and Chongqing Daily (重慶日報報業集團). It was also accredited as “Executive Council Member Enterprise” (常務理事單位) by Chongqing Metal Forming Industry Association (重慶鑄造行業協會).</p> <p>Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. and EVA Precision Industrial (Suzhou) Limited were recognised as “National High and New Technology Enterprises” (國家級高新技術企業).</p>
<b>2012</b>	<p>The construction of EVA Shenzhen (Tianliao) Smart Device Industrial Park commenced operations.</p> <p>EVA Precision Industrial (Suzhou) Limited received “2011 Special Contribution Award” (二零一一年度特別貢獻獎) from Canon. It was also granted with “2010-2011 Taxpaying Credibility – Grade A” (二零一零至二零一一年度A級納稅信用等級) certificate by National Tax Bureau of Suzhou (蘇州市國家稅務局) and Local Tax Bureau of Suzhou (蘇州地方稅務局).</p> <p>EVA Precision Industrial Holdings Limited received:</p> <ul style="list-style-type: none"> <li>– “Premiere Partner (2012)” (卓越合作夥伴(二零一二年)) award from Fuji Xerox;</li> <li>– “AAA Credit Rating Enterprise in China” (中國AAA級信用企業) accreditation from China Cooperative Trade Enterprises Association (中國合作貿易企業協會), China Enterprise Reform and Development Society (中國企業改革與發展研究會) and China Enterprise Credit Evaluation Centre (中國企業信用評價中心);</li> <li>– “2011 Model Enterprise of Trustworthiness in Guangdong Province” (二零一一年廣東省誠信示範企業) accreditation from Guangdong Provincial Enterprises Confederation (廣東省企業聯合會) and Guangdong Provincial Association of Entrepreneurs (廣東省企業家協會);</li> <li>– “2012/2013 Reputable Enterprise in Guangdong Province” (二零一二年／二零一三年廣東省著名企業) accreditation from China Quality Brand Evaluation Centre (中國質量品牌測評中心), China Quality Brand Investigation and Evaluation Committee (中國質量品牌調查測評組委會) and China Quality Brand Promotion Committee (中國質量品牌推進聯合會);</li> <li>– “Outstanding Enterprise in China” (中國傑出企業) accreditation from China Economic Trading Promotion Agency (中國經濟貿易促進會);</li> <li>– “2011 Charity Enterprise” (二零一一年愛心企業) accreditation from Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Entrepreneur Association (深圳市企業家協會);</li> </ul>



## CORPORATE MILESTONE

Year	Event
<b>2012</b> <i>(Cont'd)</i>	<ul style="list-style-type: none"> <li>- "2012 Shenzhen Top 100 Enterprise" (二零一二年度深圳百强企業) accreditation from Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Economic Daily (深圳商報); and</li> <li>- "2012 Manufacturing Excellence Achievement Award" (卓越製造業成就大獎) from Hong Kong Federation of Innovative Technologies and Manufacturing Industries (香港創新科技及製造業聯合總會).</li> </ul> <p>Yihe Precision Hardware (Shenzhen) Co., Ltd. was recognised as Hong Kong – Guangdong Cleaner Production Partner (Manufacturing) (粵港清潔生產夥伴(製造業)) by the Economic and Information Commission of Guangdong Province (廣東省經濟和信息化委員會) and the Environmental Bureau of the Government of the Hong Kong Special Administrative Region (香港特別行政區政府環境局).</p> <p>Shenzhen EVA Mould Manufacturing Limited and Chongqing Digit Auto Body Ltd. were recognised as "National High and New Technology Enterprises" (國家級高新技術企業).</p>
<b>2013</b>	<p>The Group's management headquarter moved to the fourth factory building in EVA Shenzhen (Shiyan) Electronic Industrial Park.</p> <p>EVA Precision Industrial Holdings Limited received "Premiere Partner (2013)" (卓越合作夥伴(二零一三年)) award from Fuji Xerox. It was re-elected as the "Chairman Enterprise" (會長企業) by Shenzhen Machinery Association (深圳市機械行業協會).</p> <p>EVA Precision Industrial Holdings Limited and Yihe Precision Hardware (Shenzhen) Co., Ltd. received "2012 Golden Quality Award" (二零一二年度品質金獎) from Konica Minolta.</p> <p>Yihe Precision Hardware (Shenzhen) Co., Ltd. received:</p> <ul style="list-style-type: none"> <li>- "2012 Second Half Best Quality" (二零一二年度下半年最佳品質) award from Toshiba;</li> <li>- "Guangdong Famous Trademark Certificate" (廣東省著名商標證書) from Guangdong Provincial Administration for Industry and Commerce (廣東省工商行政管理局);</li> <li>- "2013 Shenzhen Top 100 Quality Enterprise" (二零一三年度深圳市質量百强企業) accreditation from Shenzhen Enterprise Confederation (深圳市企業聯合會), Shenzhen Entrepreneur Association (深圳市企業家協會), Shenzhen Association for Quality (深圳市質量協會), Shenzhen Performance Excellence Management Foundation (深圳市卓越績效管理促進會), Shenzhen Press Group (深圳報業集團), Shenzhen Media Group (深圳廣播電影電視集團) and "Times Entrepreneur" magazine (「時代商家」雜誌社); and</li> </ul>

# CORPORATE MILESTONE

Year	Event
<b>2013</b> (Cont'd)	<ul style="list-style-type: none"> <li data-bbox="379 448 1402 513">– “New Quality Benchmark in Baoan” (寶安品牌新標杆) award from the People’s Government of Baoan District, Shenzhen (深圳市寶安區人民政府).</li> </ul> <p data-bbox="379 547 1098 577">EVA Precision Industrial (Suzhou) Limited was granted with:</p> <ul style="list-style-type: none"> <li data-bbox="379 612 1342 642">– “2012 Special Contribution Award” (二零一二年度特別貢獻獎) by Canon;</li> <li data-bbox="379 676 1402 806">– “Standard Implementation Certificate of Enterprise Credit Management in Jiangsu” (江蘇省企業信用管理貫標證書) by the Leadership Office of Jiangsu Social Credit System Construction Committee (江蘇省社會信用體系建設領導小組辦公室);</li> <li data-bbox="379 840 1402 905">– “High and New Technology Product Recognition Certificate” (高新技術產品認定證書) by Jiangsu Department of Science and Technology (江蘇省科學技術廳);</li> <li data-bbox="379 940 1402 1112">– “Enterprise Technology Centre” (企業技術中心) accreditation by the People’s Government of Suzhou (蘇州市人民政府), Suzhou Economic and Information Technology Commission (蘇州市經濟和資訊化委員會), Suzhou Science and Technology Bureau (蘇州市科學技術局) and Suzhou Municipal Development and Reform Commission (蘇州市發展和改革委員會); and</li> <li data-bbox="379 1146 1402 1211">– “Work Safety Standardisation” (安全生產標準化) certificate by State Administration of Work Safety (國家安全生產監督管理總局).</li> </ul> <p data-bbox="379 1246 1402 1345">Chongqing Digit Auto Body Ltd. was recognised as a “2012 Excellent Supplier” (二零一二年度優秀供應商) by Dongfeng (東風). It was also granted with “Mould Supplier Certification” (模具供應商認可證書) by FAW-Volkswagen (一汽大眾).</p> <p data-bbox="379 1379 1402 1511">Digit Stamping Technology (Wuhan) Limited was accredited as “2012 Excellent Enterprise of Wuhan Industrial Investment” (二零一二年度武漢市工業投資優秀企業) and “2012 Advanced Organisation with Major Project Development” (二零一二年度重大項目建設先進單位) by the People’s Government of Wuhan (武漢市人民政府).</p>

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Year	Event
<p><b>2013</b> (Cont'd)</p>	<p>Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. received:</p> <ul style="list-style-type: none"> <li>- "The Fifth Supplier QCC Forum – First Class Award" (第五屆供應商QCC成果發表會一等獎) and "2012 Best Partner Vendor" (二零一二年最佳採購夥伴) award from Kyocera;</li> <li>- "2013 Guangdong Top 500 Manufacturing Enterprise" (二零一三年度廣東省製造業企業500強) accreditation from Guangdong Manufacturers Association (廣東省製造業協會) and The Institute of Enterprise Research, Guangdong Academy of Social Sciences (廣東省社會科學院企業研究所);</li> <li>- "2013 Excellent Enterprise in Guangdong Manufacturing Industry" (二零一三年度廣東省製造業優秀企業) accreditation from Guangdong Manufacturers Association (廣東省製造業協會); and</li> <li>- "Enterprise Technology Centre" (企業技術中心) accreditation from Shenzhen Baoan Economic Promotion Bureau (深圳市寶安區經濟促進局).</li> </ul> <p>EVA Precision Industrial (Zhongshan) Limited received:</p> <ul style="list-style-type: none"> <li>- "2012 E (Environment) Q (Quality) C (Cost) D (Delivery) Remarkable Contribution Award" (二零一二年度E(環境)Q(品質)C(成本)D(納期)顯著貢獻獎) from Canon; and</li> <li>- "Work Safety Standardisation" (安全生產標準化) certificate from State Administration of Work Safety (國家安全生產監督管理總局).</li> </ul>
<p><b>2014</b></p>	<p>Digit Wuhan Automobile Industrial Park commenced commercial production. The Group also completed the construction of phase 2 of Digit Chongqing Automobile Industrial Park, which was purposely built for expanding the production capacity for automobile components.</p> <p>EVA Precision Industrial Holdings Limited received:</p> <ul style="list-style-type: none"> <li>- "Premiere Partner (2014)" (卓越合作夥伴(二零一四年)) award from Fuji Xerox;</li> <li>- "Best Ongoing Management Award" (最佳持續管理獎) from the BSI Group; and</li> <li>- "2012/2013 Pan Pearl River Delta Environmental Award" (二零一二年／二零一三年泛珠三角環保大獎) from the Federation of Hong Kong Industries and Hang Seng Bank.</li> </ul> <p>Yihe Precision Hardware (Shenzhen) Co., Ltd. received "The Sixth Supplier QCC Forum – First Class Award" (第六回供應商QCC發表會一等獎) from Kyocera.</p>

# CORPORATE MILESTONE

Year	Event
<b>2014</b> (Cont'd)	<p>Yihe Precision Hardware (Shenzhen) Co., Ltd. and Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. were granted with "2013 Excellent Supplier" (二零一三年度優秀供應商) award by Konica Minolta. Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. also received "2014 Best Quality Award" (二零一四年度最佳質量獎) from DFCL Jingmi Technology Co., Ltd. (東方亮彩精密技術有限公司).</p> <p>EVA Precision Industrial (Suzhou) Limited received:</p> <ul style="list-style-type: none"> <li>- "2013 Excellent Supplier Award" (二零一三年度優秀供應商獎) and "The Twelfth Unit Improvement Contest" (第十二屆組裝技能改善競賽) champion award from Canon;</li> <li>- "Enterprise Technology Centre" (企業技術中心) accreditation from the People's Government of Jiangsu Province (江蘇省人民政府), Jiangsu Economic and Information Technology Commission (江蘇省經濟和資訊化委員會), Jiangsu Development and Reform Commission (江蘇省發展和改革委員會), Jiangsu Department of Science and Technology (江蘇省科學技術廳), Department of Finance of Jiangsu Province (江蘇省財政廳), National Tax Bureau of Jiangsu (江蘇省國家稅務局), Local Tax Bureau of Jiangsu (江蘇省地方稅務局) and Nanjing Customs (南京海關); and</li> <li>- "Jiangsu Precision Parts and Moulds Design and Manufacturing Engineering Research Centre" (精密零部件模具設計製造工程技術研究中心) accreditation from Jiangsu Department of Science and Technology (江蘇省科技廳).</li> </ul> <p>Digit Stamping Technology (Wuhan) Limited received:</p> <ul style="list-style-type: none"> <li>- "2013 Excellent Corporate Partner" (二零一三年度優秀協作單位) award from Dongfeng (東風); and</li> <li>- "Outstanding and Advanced Enterprise" (先進單位) accreditation from Wuhan Production Safety Commission (武漢市安全生產委員會).</li> </ul> <p>Chongqing Digit Auto Body Ltd. received:</p> <ul style="list-style-type: none"> <li>- "Enterprise Technology Centre" (企業技術中心) accreditation from the People's Government of Chongqing (重慶市人民政府), Chongqing Economic and Information Technology Commission (重慶市經濟和資訊化委員會), Chongqing Finance Bureau (重慶市財政局), Chongqing Customs (重慶海關), National Tax Bureau of Chongqing (重慶市國家稅務局) and Local Tax Bureau of Chongqing (重慶市地方稅務局); and</li> <li>- "Work Safety Standardisation" (安全生產標準化) certificate from State Administration of Work Safety (國家安全生產監督管理總局).</li> </ul>



## CORPORATE MILESTONE

Year	Event
2015	<p>The Group started to construct EVA Vietnam (Haiphong) Electronic Industrial Park, signifying its first step to expand outside China.</p> <p>EVA Precision Industrial Holdings Limited received:</p> <ul style="list-style-type: none"> <li>- “Premiere Partner (2015 – for 5 consecutive years)” (卓越合作夥伴(二零一五年–五年連續受賞)) award from Fuji Xerox;</li> <li>- “2013/2014 Pan Pearl River Delta Environmental Award” (二零一三年／二零一四年泛珠三角環保大獎) from the Federation of Hong Kong Industries and Hang Seng Bank;</li> <li>- “Gratitude Certificate” (感謝信) from Shenzhen Aerospace Dongfanghong HIT Satellite Ltd. (深圳航天東方紅海特衛星有限公司) for the quality of the Group’s products used in satellites; and</li> <li>- “2015 Shenzhen Top 100 Enterprise” (二零一五年度深圳百強企業) accreditation from Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Economic Daily (深圳商報).</li> </ul> <p>EVA Precision Industrial (Suzhou) Limited received:</p> <ul style="list-style-type: none"> <li>- “2014 Excellent Supplier Award” (二零一四年度優秀供應商獎) from Canon;</li> <li>- “2014 Excellent Supplier” (二零一四年度優秀供應商) award from Konica Minolta; and</li> <li>- “2014 Outstanding and Advanced Technology Enterprise in Suzhou National New and Hi-Tech Industrial Development Zone” (二零一四年度蘇州高新區科技工作先進單位) accreditation from the Working Commission of the Communist Party of China in Suzhou National New and Hi-Tech Industrial Development Zone (中共蘇州國家高新技術產業開發區工作委員會) and the Management Committee of Suzhou National New and Hi-Tech Industrial Development Zone (蘇州國家高新技術產業開發區管理委員會).</li> </ul> <p>Digit Stamping Technology (Wuhan) Limited received:</p> <ul style="list-style-type: none"> <li>- “2014 Excellent Supplier” (二零一四年度優秀供應商) award from Dongfeng (東風);</li> <li>- “Vice Chairman Enterprise” (副會長單位) accreditation from Hubei Die &amp; Mould Industry Association (湖北省模具工業協會); and</li> <li>- “Work Safety Standardisation” (安全生產標準化) certificate from State Administration of Work Safety (國家安全生產監督管理總局).</li> </ul>

# CORPORATE MILESTONE

Year	Event
<b>2015</b> <i>(Cont'd)</i>	<p>Yihe Precision Hardware (Shenzhen) Co., Ltd. and Okuno Precision Metal Co., Limited received “2014 Golden Quality Award” (二零一四年度品質金獎) from Konica Minolta.</p> <p>Yihe Precision Hardware (Shenzhen) Co., Ltd. also received:</p> <ul style="list-style-type: none"> <li>– “The Thirteenth Improvement Forum – Excellent Supplier Presentation Award” (第十三屆改善發表大會 – 供應商優秀發表獎) from Fuji Xerox; and</li> <li>– “2015 QCC Performance Competition – Excellent Performance Award” (二零一五年QCC成果選拔賽優秀成果獎) from Shenzhen Association for Quality (深圳市質量協會), Shenzhen Federation of Trade Unions (深圳市總工會), the Shenzhen Committee of the Communist Youth League of China (中國共產主義青年團深圳市委員會), Shenzhen Women’s Association (深圳市婦女聯合會) and Shenzhen Association for Science and Technology (深圳市科學技術協會).</li> </ul> <p>Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. was granted with “The Seventh Supplier QCC Forum – Third Class Award” (第七回供應商QCC成果發表會三等獎) by Kyocera.</p> <p>EVA Precision Industrial (Zhongshan) Limited was recognised as a “National High and New Technology Enterprise” (國家級高新技術企業). It was also granted with “2014 E (Environment) Q (Quality) C (Cost) D (Delivery) Remarkable Contribution Award” (二零一四年度E(環境)Q(品質)C(成本)D(納期)顯著貢獻獎) by Canon.</p>
<b>2016</b>	<p>The construction of phase one of EVA Vietnam (Haiphong) Electronic Industrial Park was completed.</p> <p>EVA Precision Industrial Holdings Limited received:</p> <ul style="list-style-type: none"> <li>– “Premiere Partner (2016 – for 6 consecutive years)” (卓越合作夥伴(二零一六年 – 六年連續受賞)) award from Fuji Xerox;</li> <li>– “2016 First Half – Best Supplier” (二零一六年上期最佳供應商) award from Toshiba;</li> <li>– “2015 Excellent Supplier” (二零一五年度優秀供應商) award from Epson;</li> <li>– “2015 Corporate Environmental Leadership Award” (二零一五年度企業環保領先大獎) from the Federation of Hong Kong Industries and Bank of China (Hong Kong) Limited;</li> <li>– “2016 Shenzhen Top 100 Enterprise” (二零一六年度深圳百強企業) accreditation from Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Economic Daily (深圳商報);</li> </ul>



## CORPORATE MILESTONE

Year	Event
<p><b>2016</b> (Cont'd)</p>	<ul style="list-style-type: none"> <li>- "2016 Best Employer in Guangdong Province" (二零一六年度廣東省最佳僱主) award from Guangdong Provincial Enterprises Confederation (廣東省企業聯合會) and Guangdong Provincial Association of Entrepreneurs (廣東省企業家協會); and</li> <li>- "2016 Guangdong Machinery and Mould Industry Innovative Achievement – First Class Award" (二零一六年廣東機械模具產業創新成果一等獎) from Guangdong Machinery &amp; Mold Technology Association (廣東省機械模具科技促進協會).</li> </ul> <p>Yihe Precision Hardware (Shenzhen) Co., Ltd. was accredited as "Guangdong Famous Trademark" (廣東省著名商標) again. It also received:</p> <ul style="list-style-type: none"> <li>- "30 years of Precision Manufacturing in Shenzhen Machinery Industry – Signature Product Award" (深圳機械三十年精密製造–標桿產品獎) from Shenzhen Machinery Association (深圳市機械行業協會);</li> <li>- "2015 Compliance of Operational Standards Improvement Activities – Excellent Improvement Award" (二零一五年度作業標準遵守度改善活動–優秀改善獎) from Konica Minolta; and</li> <li>- Certificate of donation (捐贈證書) from Shenzhen Youth Development Foundation (深圳市青少年發展基金會) for its donations to "1 to 1 Educational Sponsorship Activities" (一對一助學活動).</li> </ul> <p>Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. received "Work Safety Standardisation" (安全生產標準化) certificate from State Administration of Work Safety (國家安全生產監督管理總局).</p> <p>EVA Precision Industrial (Suzhou) Limited received:</p> <ul style="list-style-type: none"> <li>- "2015 Excellent Supplier Award" (二零一五年度優秀供應商獎) and "The Seventeenth Comprehensive Assembly Capabilities Invitation Tournament – First Class Award" (第十七屆綜合組裝能力邀請賽一等獎) from Canon; and</li> <li>- "2015 Golden Quality Award" (二零一五年度品質金獎) from Samsung.</li> </ul> <p>EVA Precision Industrial (Zhongshan) Limited received:</p> <ul style="list-style-type: none"> <li>- "2015 E (Environment) Q (Quality) C (Cost) D (Delivery) Remarkable Contribution Award" (二零一五年度E(環境)Q(品質)C(成本)D(納期)顯著貢獻獎) from Canon; and</li> <li>- "2015 A Class Supplier" (二零一五年度A級供應商) award from Brother.</li> </ul>

# CORPORATE MILESTONE

Year	Event
<b>2016</b> <i>(Cont'd)</i>	<p>Digit Stamping Technology (Wuhan) Limited was recognised as a “National High and New Technology Enterprise” (國家級高新技術企業). It also received:</p> <ul style="list-style-type: none"> <li>– “2015 Excellent Supplier” (二零一五年度優秀供應商) award from Dongfeng (東風); and</li> <li>– “2015 Creative Enterprise” (二零一五年度創新企業) accreditation from the Caidian District Committee of the Communist Party of China (中共蔡甸區委) and the People’s Government of Caidian District (蔡甸區人民政府).</li> </ul> <p>Chongqing Digit Auto Body Ltd. received:</p> <ul style="list-style-type: none"> <li>– “Vice Chairman Enterprise” (副會長單位) accreditation from Chongqing Die &amp; Mould Industry Association (重慶市模具工業協會); and</li> <li>– “Top Ten High and New Technology Enterprise” (十佳高新技術企業) accreditation from the People’s Government of Dadukou District, Chongqing (重慶市大渡口區人民政府).</li> </ul>
<b>2017</b>	<p>Under the invitation of Hewlett-Packard, the Group started to construct EVA Weihai (Double Islands Bay) Electronic Industrial Park in Weihai, Shandong Province, China. The Group also commenced the construction of Digit Mexico (SLP) Automobile Industrial Park in San Luis Potosí, Mexico with a view to serving existing and new customers there.</p> <p>With a view to better serving Hewlett-Packard in Weihai, the Group acquired Intops (Weihai) Electronics Co., Ltd., a component manufacturer, to accelerate the Group’s development in Weihai.</p> <p>EVA Precision Industrial Holdings Limited was re-elected as the “Executive Chairman Enterprise” (執行會長企業) by Shenzhen Machinery Association (深圳市機械行業協會). It also received:</p> <ul style="list-style-type: none"> <li>– “Premiere Partner (2017 – for 7 consecutive years)” (卓越合作夥伴(二零一七年–七年連續受賞)) award from Fuji Xerox;</li> <li>– “2017 First Half Best Delivery” (二零一七年上半年最佳納期) award from Toshiba;</li> <li>– “2017 Shenzhen Top 100 Enterprise” (二零一七年度深圳百強企業) accreditation from Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Economy Daily (深圳商報);</li> <li>– “2017 Top 500 Enterprise in Guangdong Manufacturing Industry” (二零一七年年廣東省製造業500強) accreditation from Guangdong Manufacturers Association (廣東省製造業協會), Guangdong Industry Development Research Institute (廣東省產業發展研究院) and Guangdong Academy of Social Sciences Enterprise Competitiveness Research Centre (廣東省社會科學院企業競爭力研究中心);</li> <li>– “Hidden Champion Enterprise Award” (隱形冠軍企業獎) from Shenzhen Association for Quality (深圳市質量協會);</li> </ul>



# CORPORATE MILESTONE

Year	Event
<b>2017</b> <i>(Cont'd)</i>	<ul style="list-style-type: none"> <li data-bbox="411 448 1430 545">– “2016 Corporate Environmental Leadership Award” (二零一六年度企業環保領先大獎) from the Federation of Hong Kong Industries and Bank of China (Hong Kong) Limited;</li> <li data-bbox="411 584 1430 681">– “Baoan Charity Donation Enterprise Award” (寶安區慈善捐贈企業獎) from the Organising Committee for Shenzhen Baoan Charity Award (深圳市寶安區慈善獎組委會); and</li> <li data-bbox="411 720 1430 847">– “Certificate of Enterprise Credit Grade – AAA Grade” (企業信用等級證書 – AAA級) from “China Die &amp; Mould Industry Association” (中國模具工業協會) and “Beijing Yi Xin Jian Xin International Credit Management Co., Ltd.” (北京益信建信國際信用管理有限公司).</li> </ul> <p data-bbox="411 879 1075 911">Yihe Precision Hardware (Shenzhen) Co., Ltd. received:</p> <ul style="list-style-type: none"> <li data-bbox="411 950 1430 1112">– “Guangdong High Quality Machinery and Mould Enterprise (2017-2020)” (廣東優質機械模具企業(二零一七年至二零二零年)) accreditation from Guangdong Machinery &amp; Mold Technology Association (廣東省機械模具科技促進協會) and the Appraisal Committee for Evaluation Activities in Guangdong Machinery and Mould Industry (廣東機械模具產業評選活動評審委員會);</li> <li data-bbox="411 1151 1430 1248">– “2016 Guangdong Province Enterprise of Observing Contract and Valuing Credit” (二零一六年度廣東省守合同重信用企業) accreditation from the Market Supervision Administration of Shenzhen Municipality (深圳市市場監督管理局);</li> <li data-bbox="411 1287 1430 1349">– “Work Safety Standardisation” (安全生產標準化) certificate from State Administration of Work Safety (國家安全生產監督管理總局); and</li> <li data-bbox="411 1388 1430 1485">– “Municipal Postdoctoral Innovative Practice Base” (市級博士後創新實踐基地) accreditation from Human Resources and Society Security Administration of Shenzhen Municipality (深圳市人力資源和社會保障局).</li> </ul> <p data-bbox="411 1517 1211 1550">Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. received:</p> <ul style="list-style-type: none"> <li data-bbox="411 1588 1430 1651">– “The Ninth Supplier QCC Forum – First Class Award and Outstanding Award” (第九屆供應商QCC成果發表會一等獎及優秀獎) from Kyocera;</li> <li data-bbox="411 1690 1430 1752">– “Best Cooperative Supplier” (最佳配合供應商) award from Beijing Founder Easiprint Co., Ltd. (北京方正印捷數碼技術有限公司); and</li> <li data-bbox="411 1791 1430 1888">– “2017 Top 100 Innovative Enterprise in Baoan” (2017年寶安區創新百強企業) accreditation from Shenzhen Baoan Science and Technology Innovation Bureau (深圳市寶安區科技創新局).</li> </ul>

# CORPORATE MILESTONE

Year	Event
<p><b>2017</b> (Cont'd)</p>	<p>Shenzhen EVA Mould Manufacturing Limited received:</p> <ul style="list-style-type: none"> <li>- "Supplier Partnership Award" (合作夥伴獎) from Faurecia;</li> <li>- Championship award in "2016 the First Changan Cup China (Dongguan Changan) Mould Product and Technology Contest – Product Competition (Metal Mould Category)" (二零一六年首屆長安杯中國(東莞長安)模具作品與製造技能大賽作品賽(五金類模具組)), which was jointly organised by the People's Government of Dongguan Changan Town (東莞市長安鎮人民政府), Guangdong National Mold Product Quality Supervision &amp; Inspection Centre (廣東國家模具產品質量監督檢測中心) and Guangdong Die &amp; Mould Industry Association (廣東省模具工業協會);</li> <li>- "Work Safety Standardisation" (安全生產標準化) certificate from State Administration of Work Safety (國家安全生產監督管理總局);</li> <li>- "Honorary Credential for Excellent Performance in Guangdong Machinery and Mould Industry" (廣東機械模具產業優秀成果榮譽證書) from Guangdong Machinery &amp; Mold Technology Association (廣東省機械模具科技促進協會);</li> <li>- "Charity Enterprise for Supporting the Employment of People with Disabilities" (助殘就業愛心企業) accreditation from the United Front and Social Construction Bureau of Shenzhen Guangming New District (深圳市光明新區統戰和社會建設局); and</li> <li>- "2017 Pilot Organisation for Excellent Performance Pilot Project of Guangming New District" (二零一七年度光明新區卓越績效試點工程試點組織) accreditation from the Committee for High Quality Community of Shenzhen Guangming New District (深圳市光明新區質量強區辦).</li> </ul> <p>EVA Precision Industrial (Suzhou) Limited received:</p> <ul style="list-style-type: none"> <li>- "Gratitude Certificate – External Component Procurement Activities" (感謝狀 – 社外組件調達活動) from Konica Minolta;</li> <li>- "2016 Shanghai Ricoh Sourcing Quality Assurance – Overall Excellence Award" (二零一六年度上海理光源流保證綜合優秀獎) from Ricoh;</li> <li>- "Strategic Partner" (戰略合作夥伴) award from Supvan Information Technology Co., Ltd. (碩方信息技術有限公司); and</li> <li>- "Fundamental Skills Invitation Tournament – First Class Award" (基礎技能邀請賽一等獎) from Canon.</li> </ul>



## CORPORATE MILESTONE

Year	Event
<b>2017</b> <i>(Cont'd)</i>	<p>EVA Precision Industrial (Zhongshan) Limited received:</p> <ul style="list-style-type: none"> <li>- “2016 E (Environment) Q (Quality) C (Cost) D (Delivery) Remarkable Contribution Award” (二零一六年度E(環境)Q(品質)C(成本)D(納期)顯著貢獻獎) from Canon; and</li> <li>- “Excellent Supplier Award of Year 2017” (二零一七年度優秀供應商獎) from Faurecia.</li> </ul> <p>Digit Stamping Technology (Wuhan) Limited received:</p> <ul style="list-style-type: none"> <li>- “2016 Excellent Supplier” (二零一六年度優秀供應商) award from Dongfeng (東風);</li> <li>- “2016 Creative Enterprise” (二零一六年度創新企業) accreditation from the Caidian District Committee of the Communist Party of China (中共蔡甸區委) and the People’s Government of Caidian District (蔡甸區人民政府);</li> <li>- “Excellent Organisation Award” (優秀組織獎) in “2016 the First Changan Cup China (Dongguan Changan) Mould Product and Technology Contest” (二零一六年首屆長安杯中國(東莞長安)模具作品與製造技能大賽), which was jointly organised by the People’s Government of Dongguan Changan Town (東莞市長安鎮人民政府), Guangdong National Mold Product Quality Supervision &amp; Inspection Centre (廣東國家模具產品質量監督檢測中心) and Guangdong Die &amp; Mould Industry Association (廣東省模具工業協會);</li> <li>- “2016 Forerunning Enterprise for Science and Technology Innovation in Wuhan” (二零一六年度武漢科技創新企業領跑者) accreditation from Wuhan Science and Technology Bureau (武漢市科學技術局), Wuhan Association for Science and Technology (武漢市科學技術協會), Wuhan Enterprise Confederation (武漢企業聯合會) and Wuhan Enterprise Directors Association (武漢企業家協會);</li> <li>- “2016 Grade A Trustworthy and Law-abiding Enterprise for Labour Protection” (二零一六年度勞動保障守法誠信A級企業) accreditation from the Human Resources and Social Security Bureau of Wuhan Caidian District (武漢市蔡甸區人力資源和社會保障局); and</li> <li>- “Workers’ Pioneer” (工人先鋒號) accreditation from All Wuhan Federation of Trade Unions (武漢市總工會).</li> </ul>

# CORPORATE MILESTONE

Year	Event
2018	<p>EVA Precision Industrial Holdings Limited received:</p> <ul style="list-style-type: none"> <li>- “Premiere Partner (2018 – for 8 consecutive years)” (卓越合作夥伴(二零一八年–八年連續受賞)) award, “2018 Procurement Premiere Partner – Bronze Award” (採購卓越夥伴 – 銅獎) and “Outstanding Collaborative Supplier” (優秀協力供應商) award from Fuji Xerox;</li> <li>- “Supplier of the Year 2017 – Bronze Award” (二零一七年度供應商 – 銅獎) from Chamberlain;</li> <li>- “2017 Corporate Environmental Leadership Award” (二零一七年度企業環保領先大獎) from the Federation of Hong Kong Industries and Bank of China (Hong Kong) Limited;</li> <li>- “2017 Advanced Executive Committee Member” (二零一七年度先進執委委員) accreditation from Shenzhen Guangming Community of Industry and Commerce (深圳市光明新區工商業聯合會);</li> <li>- “2017 Outstanding Contribution Award for Shenzhen Quality Project” (二零一七年度深圳質量事業突出貢獻獎) from Shenzhen Association for Quality (深圳市質量協會);</li> <li>- “2018 Top 500 Enterprise in Guangdong Manufacturing Industry” (二零一八年廣東省製造業500強) accreditation from Guangdong Manufacturers Association (廣東省製造業協會), Guangdong Industry Development Research Institute (廣東省產業發展研究院) and Guangdong Academy of Social Sciences Enterprise Competitiveness Research Centre (廣東省社會科學院企業競爭力研究中心); and</li> <li>- “The First Shenzhen Top 100 Brand Enterprise” (首屆深圳品牌百強企業) accreditation from Shenzhen Quality City Promotion Association (深圳市質量強市促進會).</li> </ul> <p>Shenzhen EVA Precision Technology Group Limited (formerly known as Yihe Precision Hardware (Shenzhen) Co., Ltd.) received:</p> <ul style="list-style-type: none"> <li>- “2017 Quality Acclamation” (二零一七年度品質表彰) award from Konica Minolta;</li> <li>- “The Third Shenzhen Industry Award – Nomination Award” (第三屆深圳工業大獎 – 提名獎) from the Federation of Shenzhen Industries (深圳工業總會) and Shenzhen Economic Daily (深圳商報);</li> </ul>



## CORPORATE MILESTONE

Year	Event
<b>2018</b> <i>(Cont'd)</i>	<ul style="list-style-type: none"> <li data-bbox="411 444 1433 577">– “2018 Award Winning Entity for Excellent Performance Management Standard Implementation Project of Baoan District” (寶安區二零一八年度卓越績效管理標準實施項目獲獎單位) accreditation from the People’s Government of Baoan District, Shenzhen (深圳市寶安區人民政府); and</li> <li data-bbox="411 612 1433 778">– “2018 Guangdong Machinery and Mould Industry Innovative Achievement – Third Class Award” (二零一八年廣東機械模具產業創新成果三等獎) from Guangdong Machinery &amp; Mold Technology Association (廣東省機械模具科技促進協會) and the Appraisal Committee for Evaluation Activities in Guangdong Machinery and Mould Industry (廣東機械模具產業評選活動評審委員會).</li> </ul> <p data-bbox="411 812 1433 1009">Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. and Shenzhen EVA Mould Manufacturing Limited received “2017 Guangdong Province Enterprise of Observing Contract and Valuing Credit” (二零一七年度廣東省守合同重信用企業) accreditation from the Market Supervision Administration of Shenzhen Municipality (深圳市市場監督管理局). Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. also received “2017 Second Half Best Partner” (二零一七年下期最佳夥伴) award from Toshiba.</p> <p data-bbox="411 1043 1070 1075">Shenzhen EVA Mould Manufacturing Limited received:</p> <ul style="list-style-type: none"> <li data-bbox="411 1110 1433 1209">– the fifteen “Shenzhen Top Brand” (第十五屆「深圳知名品牌」) accreditation from Shenzhen Top Brand Appraisal Committee (深圳知名品牌評價委員會) for the brand name “EVA”;</li> <li data-bbox="411 1244 1433 1479">– the second runner up award in “the Second Changan Cup China (Dongguan Changan) Mould Product and Technology Contest – Product Competition (Plastic Category)” (第二屆長安杯中國(東莞長安)模具作品與製造技能大賽-作品賽(塑膠組)), which was jointly organised by the People’s Government of Dongguan Changan Town (東莞市長安鎮人民政府), Guangdong National Mold Product Quality Supervision &amp; Inspection Centre (廣東國家模具產品質量監督檢測中心) and Guangdong Die &amp; Mould Industry Association (廣東省模具工業協會); and</li> <li data-bbox="411 1513 1433 1679">– “Guangdong High Quality Machinery and Mould Enterprise (2018-2021)” (廣東優質機械模具企業(二零一八年至二零二一年)) accreditation from Guangdong Machinery &amp; Mold Technology Association (廣東省機械模具科技促進協會) and the Appraisal Committee for Evaluation Activities in Guangdong Machinery and Mould Industry (廣東機械模具產業評選活動評審委員會).</li> </ul>

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Year	Event
<b>2018</b> (Cont'd)	<p>EVA Precision Industrial (Suzhou) Limited received:</p> <ul style="list-style-type: none"> <li>- the “2017 Craftsmanship Award” (二零一七年度匠心獎) from Segway-Ninebot (九號機器人); and</li> <li>- “2018-2019 Procurement Partner” (二零一八年至二零一九年度採購夥伴) award from Canon.</li> </ul> <p>Chongqing Digit Auto Body Ltd. and EVA Precision Industrial (Zhongshan) Limited were jointly granted with the “Certificate of Participation” (參與證書) from Brose for their outstanding participation in Brose Supplier Day 2018 which was held in Mexico. Chongqing Digit Auto Body Ltd. also received:</p> <ul style="list-style-type: none"> <li>- “2017 Quality Improvement Award” (二零一七年度品質改善進步獎) from Chengdu Tianxing Yamada Auto Parts Co., Ltd. (成都天興山田車用部品有限公司);</li> <li>- the excellent award in “the Second Changan Cup China (Dongguan Changan) Mould Product and Technology Contest – Product Competition (Metal Category)” (第二屆長安杯中國(東莞長安)模具作品與製造技能大賽 – 作品賽(五金組)), which was jointly organised by the People’s Government of Dongguan Changan Town (東莞市長安鎮人民政府), Guangdong National Mold Product Quality Supervision &amp; Inspection Centre (廣東國家模具產品質量監督檢測中心) and Guangdong Die &amp; Mould Industry Association (廣東省模具工業協會); and</li> <li>- “Municipal Postdoctoral Science and Research Workstation of Chongqing” (重慶市博士後科研工作站) accreditation from Chongqing Municipal Human Resources and Social Security Bureau (重慶人力資源和社會保障局).</li> </ul> <p>Shenzhen Digit Automotive Technology Limited and EVA Precision Industrial (Zhongshan) Limited received “Excellent Supplier Award of Year 2018” (二零一八年度優秀供應商獎) award from Faurecia. EVA Precision Industrial (Zhongshan) Limited also received “2017 Quality VVV Award (Quality Very Valuable Vendor) – Special Improvement Award” (二零一七年度品質VVV賞(品質最有價值供應商)–特別改善賞) from Canon.</p> <p>Digit Stamping Technology (Wuhan) Limited received “2018 Top 100 Enterprise in Hubei Manufacturing Industry” (二零一八湖北製造業企業100強) accreditation from Hubei Enterprise Confederation (湖北省企業聯合會) and Hubei Enterprise Directors Association (湖北省企業家協會).</p>



## CORPORATE MILESTONE

Year	Event
2019	<p>The construction of Digit Mexico (SLP) Automobile Industrial Park was completed.</p> <p>EVA Precision Industrial Holdings Limited received “Certificate of Enterprise Credit Grade – AAA Grade” (企業信用等級證書 – AAA級) from China Die &amp; Mould Industry Association (中國模具工業協會) again. It also received:</p> <ul style="list-style-type: none"> <li>– “Premiere Partner (2019 – for 9 consecutive years)” (卓越合作夥伴(二零一九年 – 一九年連續受賞)) award from Fuji Xerox;</li> <li>– “Outstanding Operation Award (Management and System)” (卓越營運獎(管理及系統)) from Hong Kong Mould &amp; Die Council and the Federation of Hong Kong Industries;</li> <li>– “2018 Best Cooperation Award” (二零一八年度最佳合作獎) from MiTAC;</li> <li>– “2019 Guangdong Top 500 Enterprise” (二零一九年廣東企業500強), “2019 Guangdong Top 100 Private Enterprise” (二零一九年廣東民營企業100強), “2019 Guangdong Top 100 Manufacturing Enterprise” (二零一九年廣東製造業100強) and “2019 Guangdong Top 100 Innovative Enterprise” (二零一九年廣東創新企業100強) accreditations from Guangdong Provincial Enterprises Confederation (廣東省企業聯合會) and Guangdong Provincial Association of Entrepreneurs (廣東省企業家協會);</li> <li>– “2019 Shenzhen Top 500 Enterprise” (二零一九年深圳500強企業) accreditation from Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Entrepreneur Association (深圳市企業家協會); and</li> <li>– “2019 Shenzhen Top 100 Quality Enterprise” (二零一九年度深圳質量百強企業) accreditation from Shenzhen Enterprise Confederation (深圳市企業聯合會), Shenzhen Entrepreneur Association (深圳市企業家協會), Shenzhen Association for Quality (深圳市質量協會), Shenzhen Performance Excellence Management Foundation (深圳市卓越績效管理促進會), Shenzhen Quality City Promotion Association (深圳市質量強市促進會), Shenzhen Press Group (深圳報業集團), Shenzhen Media Group (深圳廣播電影電視集團) and “Times Entrepreneur” magazine (「時代商家」雜誌社).</li> </ul>

# CORPORATE MILESTONE

Year	Event
<b>2019</b> <i>(Cont'd)</i>	<p>In addition, EVA Precision Industrial Holdings Limited and Shenzhen EVA Precision Technology Group Limited jointly received “2018 Corporate Environmental Leadership Award” (二零一八年度企業環保領先大獎) from the Federation of Hong Kong Industries and Bank of China (Hong Kong) Limited. Shenzhen EVA Precision Technology Group Limited also received:</p> <ul style="list-style-type: none"> <li>– “The First Top 100 Charity Enterprise in Baoan District” (第一屆寶安區慈善百強企業) accreditation from the Civil Affairs Bureau of Shenzhen Baoan District (深圳市寶安區民政局); and</li> <li>– “2019 Shenzhen Private Leading Core Enterprise” (二零一九年度深圳市民營領軍骨幹企業) from Shenzhen Enterprise Confederation (深圳市企業聯合會), Shenzhen Entrepreneur Association (深圳市企業家協會), Shenzhen Press Group (深圳報業集團) and Shenzhen Media Group (深圳廣播電影電視集團).</li> </ul> <p>Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. received “2018 Second Half Best Quality” (二零一八年下期最佳品質) award from Toshiba.</p> <p>Shenzhen EVA Mould Manufacturing Limited received “2018 Shenzhen Small and Medium Enterprises Best Employer Award” (二零一八年度深圳市中小企業最佳僱主獎) from Shenzhen Small and Medium Enterprises Service Bureau (深圳市中小企業服務署), Shenzhen SEmail (深圳市中小企業公共服務平台) and Shenzhen Small and Medium Sized Enterprises Service Union (深圳市中小企業公共服務聯盟).</p> <p>Zhongshan Digit Automotive Technology Limited (formerly known as EVA Precision Industrial (Zhongshan) Limited) received “2018 Quality VVV Award (Quality Very Valuable Vendor) – Best Excellence Award” (二零一八年度品質VVV賞(品質最有價值供應商)–最優秀賞) from Canon. It also received “Chairman Enterprise” (會長單位) accreditation from Zhongshan Auto Parts &amp; Accessories Manufacturers Industrial Association (中山市汽車零部件及配件製造行業協會).</p> <p>EVA Precision Industrial (Suzhou) Limited received the “Twenty-fourth Comprehensive Assembly Capabilities Invitation Tournament – First Class Award” (第二十四屆綜合組裝能力邀請賽一等獎) from Canon.</p> <p>Chongqing Digit Auto Body Ltd. was re-elected as “Vice Chairman Enterprise” (副會長單位) by Chongqing Die &amp; Mould Industry Association (重慶市模具工業協會).</p> <p>EVA Hai Phong Precision Industrial Co., Ltd. received “Cooperated Supplier Award” (合作供應商獎) from Kyocera.</p>

# CORPORATE MILESTONE

Year	Event
2020	<p>EVA Precision Industrial Holdings Limited received:</p> <ul style="list-style-type: none"> <li>- “Premiere Partner (2020 – for 10 consecutive years)” (卓越合作夥伴(二零二零年-十年連續受賞)) award from Fujifilm Business Innovation (formerly known as Fuji Xerox);</li> <li>- “Certificate of Enterprise Credit Grade – AAA Grade” (企業信用等級證書 – AAA級) from China Die &amp; Mould Industry Association (中國模具工業協會);</li> <li>- “2020 Guangdong Top 500 Manufacturing Enterprise” (二零二零年度廣東省製造業企業500強) accreditation from Guangdong Manufacturers Association (廣東省製造業協會);</li> <li>- “2020 Shenzhen Industry Leader Top 100 Enterprise” (二零二零年度深圳市行業領袖百強企業) accreditation from Shenzhen Industry Leader Corporate Development Promotion Association (深圳市行業領袖企業發展促進會); and</li> <li>- “2020 Shenzhen Top 500 Enterprise” (二零二零年深圳500強企業) accreditation from Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Entrepreneur Association (深圳市企業家協會).</li> </ul> <p>EVA Precision Industrial (Suzhou) Limited received:</p> <ul style="list-style-type: none"> <li>- “2019 Best Supplier” (二零一九年度最佳供應商) award and “2019 Joint Innovation Award” (二零一九年度聯合創新獎) from Segway-Ninebot (九號機器人); and</li> <li>- “2020 Excellent Quality Supplier” (二零二零年度品質優秀供應商) accreditation from Fujifilm Imaging System (Suzhou) Co., Ltd. – Medical Services Department (蘇州富士膠片映像機器有限公司醫療事業部).</li> </ul> <p>Intops (Weihai) Electronics Co., Ltd. was accredited as “2019 Top 50 Taxpaying Enterprise in the District” (二零一九年度全區納稅50強) by the Working Commission of the Weihai Committee of the Communist Party of China in Torch High Technology Industrial Development Zone (中共威海市委火炬高技術產業開發區工作委員會) and the Management Committee of Weihai Torch High Technology Industrial Development Zone (威海火炬高技術產業開發區管理委員會).</p> <p>Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. and Shenzhen EVA Mould Manufacturing Limited received “2019 Guangdong Province Enterprise of Observing Contract and Valuing Credit” (二零一九年度廣東省守合同重信用企業) accreditation from the Market Supervision Administration of Shenzhen Municipality (深圳市市場監督管理局).</p>

# CORPORATE MILESTONE

Year	Event
<b>2020</b> <i>(Cont'd)</i>	<p>Shenzhen EVA Precision Technology Group Limited (formerly known as Yihe Precision Hardware (Shenzhen) Co., Ltd.) received:</p> <ul style="list-style-type: none"> <li>- “Encouragement Award of Quality by Baoan District Mayor, Shenzhen” (深圳市寶安區區長質量獎鼓勵獎) from the People’s Government of Baoan District, Shenzhen (深圳市寶安區人民政府); and</li> <li>- “Quality Control Group Activities Skills Competition Silver Award and Excellence Award” (質量管理小組活動技能競賽銀獎及優秀獎) from Shenzhen Association for Quality (深圳市質量協會).</li> </ul> <p>EVA Hai Phong Precision Industrial Co., Ltd. received “Excellent Results in Labour Role Model Competition and Union Formation” (參加勞動模範比賽及建立工會的卓越成績) accreditation from Hai Phong Economic Zone Trade Union (海防經濟區工會).</p> <p>Shenzhen EVA Smart Device Limited received “2020 Best Quality Award” (二零二零年度最佳品質獎) from MiTAC.</p> <p>Chongqing Digit Auto Body Ltd. received:</p> <ul style="list-style-type: none"> <li>- “China Key Core Mould Supply Enterprise” (中國重點骨幹模具企業) accreditation from “China Die &amp; Mould Industry Association” (中國模具工業協會);</li> <li>- “Excellent Enterprise” (優秀企業) and “District Mayor Nomination Award of Quality” (區長質量獎提名獎) accreditation from the People’s Government of Dadukou District, Chongqing (重慶市大渡口區人民政府); and</li> <li>- “Best Commissioning Assurance Award” (最佳交付保證獎) accreditation from Chongqing Yongchuan Great Wall Motors Automotive Components Ltd. (重慶市永川區長城汽車零部件有限公司).</li> </ul>
<b>2021</b>	<p>Shenzhen EVA Mould Manufacturing Limited received:</p> <ul style="list-style-type: none"> <li>- The eighteenth “Shenzhen Top Brand” (第十八屆「深圳知名品牌」) accreditation from Shenzhen Top Brand Appraisal Committee (深圳知名品牌評價委員會) for the brand name “EVA”</li> </ul> <p>Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd., Shenzhen EVA Mould Manufacturing Limited, Shenzhen Huaxian Intelligent Manufacturing Technology Co., Ltd. (formerly known as Shenzhen EVA Smart Device Limited) and Shenzhen Digit Automotive Technology Limited received “2021 Guangdong Province Enterprise of Observing Contract and Valuing Credit” (二零二一年度廣東省守合同重信用企業) accreditation from the Market Supervision Administration of Shenzhen Municipality (深圳市市場監督管理局).</p>



## CORPORATE MILESTONE

Year	Event
<b>2021</b> (Cont'd)	<p>EVA Precision Industrial Holdings Limited received:</p> <ul style="list-style-type: none"> <li>- “Strategic Partner” (戰略合作夥伴) award from Fujifilm Business Innovation (formerly known as Fuji Xerox);</li> <li>- “2021 Guangdong Top 500 Manufacturing Enterprise” (二零二一年度廣東省製造業企業500強) accreditation from Guangdong Manufacturers Association (廣東省製造業協會);</li> <li>- “2021 Guangdong Top 500 Enterprise” (二零二一年廣東企業500強) accreditation from Guangdong Provincial Enterprises Confederation (廣東省企業聯合會) and Guangdong Provincial Association of Entrepreneurs (廣東省企業家協會);</li> <li>- “2021 Shenzhen Top 500 Enterprise” (二零二一年深圳500強企業) accreditation from Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Entrepreneur Association (深圳市企業家協會).</li> </ul> <p>Chongqing Digit Auto Body Ltd. received:</p> <ul style="list-style-type: none"> <li>- “2021 Most Potential Supplier” (二零二一年度最具潛力供應商) accreditation from “Great Wall Motor Company Limited Chongqing Branch” (長城汽車股份有限公司重慶分公司);</li> <li>- “Quality Improvement Appreciation Award” (品質改善感謝獎) accreditation from Chengdu Tianxing Yamada Auto Parts Co., Ltd. (成都天興山田車用部品有限公司); and</li> <li>- “Best Commissioning Assurance Award” (最佳交付保證獎) accreditation from Chongqing Yongchuan Great Wall Motors Automotive Components Ltd. (重慶市永川區長城汽車零部件有限公司).</li> </ul> <p>Digit Stamping Technology (Wuhan) Limited was recognised as a qualified supplier (合格供應商) by Honda Engineering China Co., Ltd. (本田生產技術(中國)有限公司) and was recognised as an excellent supplier (優秀供應商) by Topre Xiangyang Automobile Parts Co., Ltd. (東普雷(襄陽)汽車部件有限公司).</p> <p>Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. was enlisted as a specialised, refined, differentiated and innovated small and medium enterprise in Guangdong Province for 2021 (二零二一年度廣東省專精特新中小企業) by Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳).</p> <p>Shenzhen EVA Precision Technology Group Limited (formerly known as Yihe Precision Hardware (Shenzhen) Co., Ltd.) was accredited as “2021 Intellectual Property Demonstration Enterprise in Guangdong Province” (二零二一年度廣東省知識產權示範企業) by the Guangdong Intellectual Property Protection Association (廣東知識產權保護協會).</p>

# CORPORATE MILESTONE

Year	Event
<p><b>2021</b> (Cont'd)</p>	<p>Chongqing Digit Auto Body Ltd. was enlisted as a specialised, refined, differentiated and innovated small and medium enterprise in Chongqing City for 2021 (二零二一年度重慶市專精特新中小企業) by Economic and Information Commission of Chongqing City (重慶市經濟和信息化委員會).</p> <p>Intops (Weihai) Electronics Co., Ltd. was accredited as "2020 Top 50 Taxpaying Enterprise in the District" (二零二零年度全區納稅50強) by the Management Committee of Weihai Torch High Technology Industrial Development Zone (威海火炬高技術產業開發區管理委員會).</p> <p>EVA Precision Industrial (Weihai) Limited was accredited as "2020 Opening-up High Technology Enterprise" (二零二零年度對外開放工作先進企業) by the Management Committee of Weihai Torch High Technology Industrial Development Zone (威海火炬高技術產業開發區管理委員會).</p> <p>Zhongshan Digit Automotive Technology Limited (formerly known as EVA Precision Industrial (Zhongshan) Limited) received "2020 Third Party Supplier Award" (二零二零年度協力供應商獎) and "2021 Third Party Supplier Award" (二零二一年度協力供應商獎) from Yachiyo Zhongshan Manufacturing Co., Ltd. (八千代工業(中山)有限公司). It also received "2021 Third Party Supplier Award" (二零二一年度協力供應商獎) from Aisin Foshan Body Parts Co., Ltd. (愛信(佛山)車身零部件有限公司).</p> <p>Shenzhen Huaxian Intelligent Manufacturing Technology Co., Ltd. (formerly known as Shenzhen EVA Smart Device Limited) received "2021 Best Supplier Award" (二零二一年度最佳供應商獎) from MiTAC.</p>
<p><b>2022</b></p>	<p>Shenzhen Digit Automotive Technology Limited was enlisted as a specialised, refined, differentiated and innovated small and medium enterprise in Shenzhen for 2021 (二零二一年度深圳市專精特新中小企業) by Shenzhen Municipal Bureau of Industry and Information Technology (深圳市工業和信息化局).</p> <p>Chongqing Digit Auto Body Ltd. received "2021 Excellent Logistics Cooperation Award" (二零二一年度物流優秀合作獎) and "2021 Excellent Quality Improvement Award" (二零二一年度優秀質量改進獎) from "SGMW Auto. Co., Ltd. Chongqing Branch" (上汽通用五菱汽車股份有限公司重慶分公司).</p>

# CORPORATE MILESTONE

Year	Event
<b>2022</b> (Cont'd)	<p>EVA Precision Industrial Holdings Limited received:</p> <ul style="list-style-type: none"> <li>- “Premiere Partner (2022)” (卓越合作夥伴 (二零二二年)) award from Fujifilm Business Innovation;</li> <li>- “BLI 2022 Choice of the Year” (BLI二零二二年年選) accreditation from Buyers Laboratory Inc., the United States (買家實驗室(美國));</li> <li>- “2022 Guangdong Top 500 Enterprise” (二零二二年廣東企業500強) accreditation from Guangdong Provincial Enterprises Confederation (廣東省企業聯合會) and Guangdong Provincial Association of Entrepreneurs (廣東省企業家協會); and</li> <li>- “2022 Shenzhen Top 500 Enterprise” (二零二二年深圳500強企業) accreditation from Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Entrepreneur Association (深圳市企業家協會).</li> </ul> <p>Shenzhen EVA Precision Technology Group Limited (formerly known as Yihe Precision Hardware (Shenzhen) Co., Ltd.) received:</p> <ul style="list-style-type: none"> <li>- “2022 China National Intellectual Property Great Enterprise” (二零二二年度國家知識產權優勢企業) accreditation from China National Intellectual Property Administration (國家知識產權局);</li> <li>- “Best International Application Award” (最佳國際化應用獎) from China Municipal Bureau of Industry and Information Technology (工業和信息化部);</li> <li>- “2nd Batch Intelligent Manufacturing Ecosystem Cooperation Partner in Guangdong Province” (第二批廣東省智能製造生態合作夥伴) accreditation from Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳); and</li> <li>- “1st Batch Manufacturing Champion in Individual Fields in Shenzhen” (第一批深圳市製造業單項冠軍企業) accreditation from Shenzhen Municipal Bureau of Industry and Information Technology (深圳市工業和信息化局).</li> </ul> <p>Digit Stamping Technology (Wuhan) Limited received “2022 Excellent Supplier Award” (二零二二年度優秀供應商獎) from “Faurecia (Wuhan) Automotive System Co.,Ltd.” (佛吉亞(武漢)汽車部件系統有限公司) and was accredited as a specialised, refined, differentiated and innovated “little giant” enterprise in Hubei Province (湖北省專精特新「小巨人」企業) for 2022 from Department of Economy and Information Technology of Hubei Province (湖北省經濟和信息化廳).</p> <p>EVA Precision Industrial (Weihai) Limited was accredited as “2021 Top 50 Taxpaying Enterprise in the District” (二零二一年度全區納稅50強) as “2021 Opening-up High Technology Enterprise” (二零二一年度對外開放工作先進企業) by the Management Committee of Weihai Torch High Technology Industrial Development Zone (威海火炬高技術產業開發區管理委員會).</p>

# FINANCIAL HIGHLIGHTS

		<b>2022</b>	2021	2020	2019	2018
<b>OPERATING RESULTS</b>						
Turnover	HK\$'000	<b>6,268,065</b>	5,108,777	4,008,459	3,747,055	3,666,657
Earnings before interest and taxation (EBIT) (Note 1)	HK\$'000	<b>273,176</b>	194,601	34,655	120,042	143,794
Earnings before interest, taxation, depreciation and amortisation (EBITDA) (Note 1)	HK\$'000	<b>545,499</b>	470,302	269,818	344,712	373,388
Profit/(loss) attributable to equity holders of the Company	HK\$'000	<b>206,017</b>	155,190	(15,371)	51,781	82,663
<b>FINANCIAL POSITION</b>						
Cash generated from operations	HK\$'000	<b>456,024</b>	290,087	517,147	456,028	283,381
Net current assets	HK\$'000	<b>1,437,367</b>	415,727	496,608	681,767	521,143
Shareholders' equity	HK\$'000	<b>2,838,404</b>	2,788,441	2,609,692	2,595,249	2,588,503
<b>PER SHARE DATA</b>						
Earnings per share – Basic (Note 2)	HK cents	<b>11.8</b>	9.0	(0.9)	3.0	4.8
– Diluted (Note 3)	HK cents	<b>11.8</b>	9.0	(0.9)	3.0	4.5
<b>OTHER KEY STATISTICS</b>						
Earnings before interest, taxation, depreciation and amortisation (EBITDA) margin	(%)	<b>8.7</b>	9.2	6.7	9.2	10.2

# FINANCIAL HIGHLIGHTS

		2022	2021	2020	2019	2018
Net profit/(loss) margin	(%)	<b>3.3</b>	3.0	(0.4)	1.4	2.3
Return/(loss) on shareholders' equity	(%)	<b>7.3</b>	5.6	(0.6)	2.0	3.2
Net debt-to-equity ratio (Note 4)	(%)	<b>21.0</b>	17.5	15.0	22.0	23.6

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

Note 2: Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of 1,738,936,000 shares, 1,725,549,000 shares, 1,716,591,000 shares, 1,727,866,000 shares and 1,745,051,000 shares in issue during the years ended 31 December 2018, 2019, 2020, 2021 and 2022 respectively.

Note 3: Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of 1,825,953,000 shares, 1,726,696,000 shares, 1,716,591,000 shares, 1,728,330,000 shares and 1,745,095,000 shares for the years ended 31 December 2018, 2019, 2020, 2021 and 2022 respectively adjusted to assume conversion of all dilutive potential shares (i.e. share options). A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual quoted share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

Note 4: Net debt-to-equity ratio is calculated based on the total balance of bank borrowings and lease liabilities less cash and bank balances divided by shareholders' equity. Lease liabilities exclude the rentals for factory and office premises in future periods amounting to HK\$117,598,000 as at 31 December 2022 (as at 31 December 2021: HK\$97,272,000). These rentals have not yet been incurred, but are deemed as lease liabilities under the newly adopted Hong Kong Financial Reporting Standard 16 "Leases". The ownership of the related factory and office premises is not held by the Group.

# CHAIRMAN'S STATEMENT



EVA Vietnam (Haiphong) Electronic Industrial Park

Dear Shareholders,

On behalf of the board of directors (the "Board"), I am pleased to present to you the annual report of EVA Precision Industrial Holdings Limited (the "Company" and together with its subsidiaries, the "Group") for the year ended 31 December 2022.

## OVERVIEW

In the past year, industries across the world were affected by a number of macro factors. The Russian-Ukrainian war has dealt a heavy blow on the European economy and pushed up inflation. Material and transportation costs rose amid the COVID-19 pandemic. Thus, operating costs of industries climbed dramatically during the year. These factors plus the anti-epidemic measures implemented on Mainland China to various extent affected the Group's factories in different regions and its operation overall. Nevertheless, thanks to the strategic deployment the management started making a few years ago to diversify business, the Group was able to mitigate the negative impact of the weak business performance in certain regions. Coupled with the contribution from a strategic acquisition made in 2021 in China, the Group achieved satisfactory growth overall during the year.



**Zhang Hwo Jie**  
Chairman

For the year ended 31 December 2022, the Group's turnover increased by 22.7% year-on-year to HK\$6,268,065,000 (2021: HK\$5,108,777,000). Profit attributable to shareholders was up 32.8% reaching HK\$206,017,000 (2021: HK\$155,190,000). The satisfactory performance was mainly attributable to the long-term strategic deployment made by the management and as a result our overseas operations, primarily Vietnam and Mexico, all recorded notable growth during the year. In addition, the Group's favourable results were also benefited from the synergies brought by Shenzhen EVA Technology Intelligent Manufacturing Co., Ltd. ("EVA Intelligent Manufacturing"), which the Group acquired in 2021. Basic earnings per share rose 31.1% year-on-year to HK11.8 cents (2021: Basic earnings per share of HK9.0 cents).

Regarding costs, with inflation and global chip supply shortage pushing up material and transportation costs, plus automotive components business having to delay production during the second half year because of the pandemic, the utilisation rate of production capacity slid. Although orders grew well in Mexico, with the pandemic being sporadic and the Chinese government tightening related controls, the Group still faced many challenges in managing and operating the factory there. As such, the automotive component business gross profit margin and the segment profit were severely affected. However, driven by the Vietnam operation's strong performance, the Group's office automation ("OA") equipment business gross profit margin and the segment profit climbed up. hence, the Group's overall gross profit margin for the year rose slightly to 20.0%, 0.2% percentage point up against last year (2021: 19.8%). Furthermore, backed by its global strategic business layout and persistent cost control measures, the Group was able to effectively lower marketing and administrative expenses and maintained profit growth during the year.

# CHAIRMAN'S STATEMENT

## OFFICE AUTOMATION EQUIPMENT

The OA equipment business has always been the most valuable core business of the Group. Having dedicated decades in developing the business and accumulated profound operating experience, the Group has established a good reputation in the industry, hence is preferred and trusted by many customers. In view of the constant upgrade and advancement of business models in the market, the Group has been devoted to expanding its Design and Electronic Manufacturing Service ("D-EMS") operation, complete machine assembly and sales of assembly parts businesses in recent years, thereby enabling it to increase market penetration and achieve diversification of business. During the year, turnover of the OA equipment business grew 20.3% to HK\$4,502,285,000 (2021: HK\$3,743,273,000). The increase was mainly a result of the strong growth in business in Vietnam and the strategic acquisition of EVA Intelligent Manufacturing.

During the year, the OA equipment business in Shenzhen performed well, with turnover up by approximately 9.0% year-on-year. Of such growth, about 7.6% were attributable to the increase in orders after the acquisition of EVA Intelligent Manufacturing, credited to major customers like Fujifilm, and the remaining were from organic growth. By the end of June 2022, the Group completed integrating the production capacity of EVA Intelligent Manufacturing with that of the Shenzhen industrial park, allowing it to reap synergies and notably reduce operating costs such as wages, rental and administrative expenses, while making the best of its existing production capacity and resources. As such, the Group improved its overall operational efficiency, as well as the utilisation rate and profit margin of its Shenzhen operation.

In Vietnam, since the industrial park started operation in 2017, business in the country has been growing rapidly, with turnover for the year up by 123.7% year-on-year. The surge was mainly resulted from the Group having made strategic deployment a few years ago to move the processing of certain Japanese customers' orders from China to Vietnam, in line with these customers expanding their production bases to Southeast Asia. In addition, with the Vietnamese government among the first to relax anti-epidemic measures in



Shenzhen Huaxian Intelligent Manufacturing Technology Co., Ltd.



## CHAIRMAN'S STATEMENT

the first quarter of 2022, the Group seized the opportune time of the economy reviving thereafter and saw the production capacity of its industrial park there quickly climbed since after the pandemic broke out at the beginning of the year. Shipments started to surge starting in March 2022. Currently, orders received for the Vietnam production base have already exceeded its output capacity. To meet customer needs in limited time, the Group has shifted some orders to a temporarily leased new factory nearby so as to maintain an overall stable utilisation rate in Vietnam. We may also consider expanding the Vietnam industrial park in response to future market changes. We hope to take advantage of Vietnam's low labour costs and tax incentives to expand our business and raise profit, continuing to realize growth in both revenue and profit.

In Suzhou, due to the COVID outbreak in Shanghai during the year forcing several major customers to suspend production for several months, the production facilities there faced overall unfavourable operating conditions. As such, both orders and shipments slipped, with turnover down 15.5% year-on-year. As the Group actively adjusted its business strategy in Suzhou, the drop in business narrowed markedly in the second half year relative to the first. Resources allocation and cost control also improved in the second half year. The Group believes, at its efforts to adjust and perfect the operational strategy, breakthroughs are likely to be achieved in Suzhou in the next few years.

As for the business in Weihai, it recorded 16.2% increase in turnover year-on-year mainly at the drive of D-EMS business. In 2022, the Group stepped up pushing growth of D-EMS business and cultivating friendly cooperation with major customers such as Fujifilm. More efforts were made also on developing such business areas as digital laser printing equipment, multi-function photocopiers, and expanding the Group's high value-added A3 printing machinery and device business, as well as strengthening its in-house research and development team. The Group has strong confidence all along in its business in Weihai, and is currently talking to leading customers such as Fujifilm on deepening cooperation. We expect D-EMS orders for A3 multi-function printers to grow several folds in three years. At the same time, with the support of local government policies and grants, the Group's OA equipment business in the Weihai Industrial Park is expected to see considerable growth in the next few years.

Apart from developing existing overseas markets, the Group has also strived to expand the Mainland market and into the information technology application innovation ("ITAI") industry. With the support of national policies, the ITAI industry has grown rapidly. According to the "Market research report on the information technology application innovation ecosystem in China in 2021" published by the China Software Industry Association, the industry will grow at a CAGR of 37.7% to reach RMB800 billion worth by the end of 2025. To localise printer production is an important part of ITAI's localisation exercise, and the management sees a very promising outlook when it comes to industry demand. As a market leader in providing fundamental hardware, the Group, armed with top-notch manufacturing technologies and D-EMS product advantages, is cooperating with customers such as Lenovo, Huawei, TOEC and Great Wall Information on co-developing and introducing various products. Such efforts are expected to help enlarge the Group's market share in Mainland China.

# CHAIRMAN'S STATEMENT

During the year, the OA equipment business segment reported profit amounting to HK\$253,507,000 (2021: HK\$138,926,000), representing a year-on-year growth of 82.5%. The significant growth was primarily attributable to the aforementioned growth trend pushing up the segmental turnover, plus the Group's utilisation rate returning to normal, and the Vietnam business booming quickly with its low-cost environment which helped widening profit margin to approximately 5.6% (2021: 3.7%). The Group will continue to develop and launch more market demand-oriented and practical products and solutions for we believe the OA equipment market still has considerable room for development going forward.

## AUTOMOTIVE COMPONENTS

For the year ended 31 December 2022, the Group's automotive component segment continued to record growth, mainly because the Group continued to step up efforts in technological R&D and market expansion in the new energy realm. As such, our strategic new energy vehicle ("NEV") customer base gradually swelled. The segment also received large quantity of new orders, driving year-on-year sales growth in Mexico, Chongqing and Wuhan and in turn an approximately 29.3% growth in revenue year-on-year to HK\$1,765,780,000 (2021: HK\$1,365,504,000). After years of strategic deployment and optimisation and integration of advantageous resources, the automotive component segment managed to seize industry opportunities arising from the global economic recovery and rapid development of NEV. During the year, the segment gradually started production for new automotive component orders, releasing the production capacity of the industrial parks in Zhongshan, Wuhan and Mexico and helping the segment achieve turnover growth in 2022.

The Group's industrial park in Shenzhen, being the R&D centre for automotive components, supports technological R&D and mould design and production of all auto-related businesses of the Group. It is also the centralised production base for the Group's automobile seat moulds, with the moulds primarily being exported to the US and European markets. During the year, turnover of the automotive component business in Shenzhen fell by approximately 25.1% year-on-year, mainly because the Russian-Ukrainian War hit the European economy hard and seriously affected the automobile seat moulds export to Europe from the Shenzhen industrial park. While supporting the development of its counterpart in Mexico, the Shenzhen operation has also been actively expanding business in the Mainland China and Japan markets. As such, the management still has strong confidence in the mould business of the Group's Shenzhen industrial park.

In Zhongshan, the Group's turnover increased by approximately 13.2%. To cater to the NEV market in its explosive growth, the Group launched a number of new projects, such as the core "three-electric systems", namely battery, electronic control and motor systems, of NEVs and started mass production for several project orders. As we were working with customers on projects of general parts for multiple vehicle models, our business with traditional fuel vehicles component suppliers such as Brose, Aisin and Yachiyo continued to grow while we are developing the NEV business. At the same time, the



## CHAIRMAN'S STATEMENT

Group continued to implement measures to reduce costs and increase efficiency in Zhongshan so as to enhance its competitiveness. As for market development, the Group focused on developing NEV customers and during the year, several new projects with “three-electric systems” customers have also been commenced. We believe, alongside the structural upgrade of the auto industry, Zhongshan industrial park will have new impetus to grow its business and profit.

In Chongqing, although the pandemic disrupted production activities of factories in Shanghai in 2022, the Group's turnover still grew approximately 5.5%. Affected by the shortage of automotive chips and COVID resurgence in China, production and shipment of certain projects of the Group's major customers such as Great Wall Motors had to be delayed. However, Great Wall Motors was still the key driver of Chongqing's turnover growth during the year. Having tightened cooperative ties with long-term customers like Great Wall Motors, SAIC-GM-Wuling and Changan Automobile, the Group's strengths in product development, manufacturing and quality, as well as management standard all improved notably. During the year, the Group has also started the mould business for the high-end NEV brand AVATR, which is jointly developed by Great Wall Motors, Huawei, and CATL, and is putting major effort into developing NEV business of the hot-selling models of Great Wall Motors, laying a solid foundation for sustainable growth in Chongqing in the foreseeing future.

The turnover of Wuhan industrial park for the year increased significantly, by approximately 81.1% year-on-year, attributable to the new Great Wall Motors project commencing production, and the relatively unsatisfactory business performance in the previous year due to the pandemic and chip shortage. With the country targeting to build Wuhan into an automobile manufacturing base, the Group integrated the leading technologies and resources of the Chongqing and Wuhan industrial parks during the year to set up a development centre of automotive body structure, chassis parts and battery systems in the Wuhan industrial park, in its bid to speed up development of its automotive component business of the Group. In recent years, the Group carried out strategic reforms of its automotive clientele in Wuhan. Apart from actively participating in the Great Wall Motors project, while working to maintain its share in the traditional fuel vehicle market, the Group continued to develop NEV business, including taking strategic orders from the American NEV manufacturer, Lucid Motors and securing BYD's NEV orders in 2022.

Mexico continues to serve as an important bridge for the Group to reach customers in the US and European markets. In 2022, as production for new project orders started gradually, the Mexico operation recorded an 80.0% surge in turnover. To meet increasing orders, the Group invested in new 1250T and 2500T presses in the Mexico Industrial Park during the year and the presses plus a new welding production line are expected to be put to use in 2023. Among automobile supplier customers, sales associated with Tesla, Faurecia, Brose and Adient increased notably year-on-year, pushing up turnover from Mexico rapidly. In 2023, the Group will continue to pool its advantageous resources to support continuous improvement of mould technology, production efficiency and management system in Mexico. Heading the general trend of manufacturing industries moving back to North America, the

# CHAIRMAN'S STATEMENT

Group will work hard on growing its customer base in the region. Our orders on hand from Tesla and Faurecia have continued to grow, suggesting of the promising performance the Mexico operation will deliver in the future.

In 2022, although the above factors provided a strong impetus to the automotive component segment to grow and develop, the automobile industry itself was affected by the unstable international environment. Global shortage of chips, the Russian-Ukrainian war, inflation and interest rate hikes, among other factors, hit the global industrial chain heavily, especially the manufacturing industry. In China, affected by COVID-19, some domestic automobile production lines delayed mass production, correspondingly many automakers continually reduced production orders. Given these unfavourable conditions, the Group's automotive component business was impacted to a relatively large extent particularly during the second half of the year. Nonetheless, on the back of NEV component orders, the Group stepped up NEV related R&D investment. The factories in Zhongshan, Wuhan and Mexico also allocated a lot of equipment and human resources to conduct trials and adjustments to prepare for mass production for new orders. In 2022, the COVID control measures in the Mainland restricted dispatch of domestic technicians to the Mexico industrial park to support commissioning of new projects. As such, although the Group's automotive component orders and turnover continued to increase, the segment's profitability was unimpressive, recording profit of approximately HK\$101,824,000 during the year (2021: HK\$126,844,000) with segment profit margin significantly down to approximately 5.8% (2021: 9.3%). Yet the Group believes, as the pandemic recedes globally, and the Group further tightens strategic partnership with top-tier automotive suppliers and automotive manufacturers, plus its Mexico, Chongqing and Wuhan industrial parks managing strong growth, the utilisation rates of its production facilities will markedly increase.

## OUTLOOK

Although the world was still facing severe challenges in 2022, such as Sino-US relations continuing to be tense and situation between Russia and Ukraine unstable, pushing up global inflation and affecting raw material supply and prices, which led to high operating costs for enterprises; nevertheless, with COVID-19 having come to an end, the global economy is expected to gradually recover. Domestic and foreign consumption sentiment are also likely to improve. Thus, the management believes the industry as well as the Group itself are looking at a brighter future.



## CHAIRMAN'S STATEMENT

With rich experience built over the years and market leadership, and boasting solid and close long-term cooperative relationship with upstream suppliers, even when the supply chain was under pressure, the Group was still able to, via its flexible operational model, meet the production needs of customers. Expecting demand for traditional products to decline, the management took action in advance to promote business diversification, R&D of new products and expansion of business to various markets. A management team with shrewd foresight and a relentlessly hard working staff are the unique edges of the Group, and what will give it a good foundation for attaining rapid development in the future.

Looking ahead, the market will still be full of challenges and at the same time also opportunities. The Group will actively seek opportunities for acquisitions and forging strategic alliances so as to further strengthen its business foundation and expand its business footprint. Its hopes are to enlarge market share and drive long-term growth of its business. With years of industry experience, the management boasts acute insights on market trends, and the determination to, at the brace of the Group's solid business, realise continuous growth and bring satisfactory returns to shareholders.

### APPRECIATION

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

*Chairman*

**Zhang Hwo Jie**

Hong Kong, 30 March 2023

# FINANCIAL REVIEW

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

	<b>2022</b>		2021	
	<b>HK\$'000</b>		HK\$'000	
<b>By business segment</b>				
<b>Turnover</b>				
<i>Office automation equipment division</i>				
Design and fabrication of moulds	<b>179,895</b>	<b>2.9%</b>	256,198	5.0%
Manufacturing of components	<b>4,263,733</b>	<b>68.0%</b>	3,437,507	67.3%
Others (Note 1)	<b>58,657</b>	<b>0.9%</b>	49,567	1.0%
	<b>4,502,285</b>	<b>71.8%</b>	3,743,273	73.3%
<i>Automotive component division</i>				
Design and fabrication of moulds	<b>158,012</b>	<b>2.5%</b>	180,494	3.5%
Manufacturing of components	<b>1,503,267</b>	<b>24.0%</b>	1,101,574	21.6%
Others (Note 1)	<b>104,501</b>	<b>1.7%</b>	83,437	1.6%
	<b>1,765,780</b>	<b>28.2%</b>	1,365,504	26.7%
Total	<b>6,268,065</b>		5,108,777	
<b>Segment results</b>				
Office automation equipment division	<b>253,507</b>		138,926	
Automotive component division	<b>101,824</b>		126,844	
Operating profit	<b>355,331</b>		265,770	
Unallocated expenses	<b>(82,155)</b>		(71,169)	
Finance income	<b>10,462</b>		12,665	
Finance costs	<b>(52,837)</b>		(27,510)	
Share of (loss)/profit of associates	<b>(210)</b>		358	
Income tax expense	<b>(24,574)</b>		(24,924)	
Profit attributable to equity holders of the Company	<b>206,017</b>		155,190	

Note 1: Others mainly represented sales of scrap materials.



# FINANCIAL REVIEW

## Turnover

During the year, the Group's turnover increased by 22.7% to HK\$6,268,065,000, which was primarily caused by an increase in orders from certain existing customers and the Group's effort to develop new customers during the year, as well as the additional contribution of revenue arisen from the acquisition of EVA Intelligent Manufacturing as aforementioned.

## Gross profit

During the year, gross profit margin slightly increased to 20.0% (2021: 19.8%), which was mainly driven by the increase in orders as mentioned above, thus achieving an overall better utilisation of the Group's production facilities. During the year ended 31 December 2022, the Group's rapid growth in business in Vietnam, where the labour and certain production costs were relatively much lower as compared to those in China, also contributed to the improvement in the gross profit margin.

## Segment results

For the year ended 31 December 2022, as a result of a surge in turnover as well as improved gross profit margin as mentioned above, the operating profit margin of the Group's office automation equipment division went up to 5.6% (2021: 3.7%). The operating profit margin of the Group's automotive component division dropped to 5.8% (2021: 9.3%), primarily because despite the surge in automotive component orders during the year, unfavourable external conditions, such as the COVID outbreaks in the Mainland China during 2022, the global chip shortage and the decline in European economy, adversely impacted the utilisation of the Group's production capacity as the production in the related factories was disrupted.

## Unallocated expenses

For the year ended 31 December 2022, unallocated expenses mainly represent corporate expenses of HK\$43,256,000 (2021: HK\$41,849,000), share-based payment expenses of HK\$31,277,000 (2021: HK\$4,970,000) and impairment losses on financial assets amounting to HK\$7,622,000 (2021: HK\$24,350,000).

## Finance income and costs

For the year ended 31 December 2022, the Group's finance costs increased mainly due to increased interest rates and the Group's higher average borrowing balance as compared to 2021. Most of the Group's bank deposits are held with banks in the PRC. The Group's finance income decreased, primarily due to the decreased interest rates from bank deposits held with banks in the PRC during the year.

## Share of (loss)/profit of associates

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

# FINANCIAL REVIEW

## Income tax expense

Income tax expense for the year ended 31 December 2022 mainly represents current income tax charge amounting to HK\$34,519,000 netted off by (i) over-provision in prior years amounting to HK\$12,156,000 and (ii) deferred income tax charge of HK\$2,211,000.

## Profit attributable to equity holders of the Company

For the year ended 31 December 2022, profit attributable to equity holders of the Company was HK\$206,017,000 (2021: HK\$155,190,000), which was primarily caused by the increase in operating profit as mentioned above.

## LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2022, the Group's net cash generated from operating activities increased to HK\$372,353,000 (2021: HK\$259,284,000), which was primarily due to increased turnover and earnings from operation. During the year, the Group's capital expenditure decreased to HK\$345,810,000 as the major capital expansion had been completed and certain maintenance and renovation work on the existing production facilities continued in 2022. Therefore, the Group recorded net cash used in investing activities amounting to HK\$345,917,000 (2021: HK\$337,246,000). The Group had a net increase in bank borrowings of HK\$517,873,000 and lease payments of HK\$35,390,000 during the year. After payment of dividend of HK\$56,815,000 and repurchase of shares amounting to HK\$11,479,000, the Group recorded net cash generated from financing activities of HK\$414,519,000 during the year (2021: net cash used in financing activities HK\$18,433,000).

## Treasury policy

The Group adopts a prudent treasury policy. Treasury activities are controlled by senior management members with an objective of achieving a balance between the Group's expansion needs and its financial stability. An adequate level of cash resources is maintained by each of the Group's subsidiaries, and the Group also have sufficient stand-by credit lines to provide adequate liquid funds to finance its business activities. Due consideration is given for the cost of borrowings. We also consider impacts of interest rates fluctuation on our operations and financial condition, and take appropriate and timely measures accordingly. In addition, as a majority of the Group's sales are made in Hong Kong dollars and United States dollars (which are pegged), almost all of the Group's borrowings as at 31 December 2022 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

	<b>31 December 2022</b>	31 December 2021
Inventory turnover days ( <i>Note 1 and 5</i> )	<b>46</b>	61
Debtors' turnover days ( <i>Note 2 and 5</i> )	<b>98</b>	99
Creditors' turnover days ( <i>Note 3 and 5</i> )	<b>108</b>	122
Cash conversion cycle ( <i>Note 4 and 5</i> )	<b>36</b>	38
Current ratio ( <i>Note 6 and 8</i> )	<b>1.50</b>	1.13
Net debt-to-equity ratio ( <i>Note 7 and 8</i> )	<b>21.0%</b>	17.5%
Net profit margin ( <i>Note 9 and 11</i> )	<b>3.3%</b>	3.0%
Return on shareholders' equity ( <i>Note 10 and 11</i> )	<b>7.3%</b>	5.6%

### Notes:

1. Calculation of inventory turnover days is based on the ending inventories divided by cost of sales and multiplied by the number of days during the year.
2. Calculation of debtors' turnover days is based on the ending balance of trade receivables divided by turnover and multiplied by the number of days during the year.
3. Calculation of creditors' turnover days is based on the ending balance of trade payables divided by cost of sales and multiplied by the number of days during the year.
4. Cash conversion cycle is defined as the total sum of inventory and debtors' turnover days less creditors' turnover days.
5. These ratios have a significant impact on the ability of the Group to generate cash flows from its operations. Therefore, they are selected as key financial performance indicators.
6. Current ratio is calculated based on the Group's total current assets divided by total current liabilities.

# FINANCIAL REVIEW

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\$117,598,000 as at 31 December 2022 (as at 31 December 2021: HK\$97,272,000). These rentals have not yet been incurred, but are deemed as lease liabilities under the newly adopted Hong Kong Financial Reporting Standard 16 "Leases". The ownership of the related factory and office premises is not held by the Group.
8. These ratios reflect the Group's financial stability and its ability to pay its debts as they fall due. Therefore, they are selected as key financial performance indicators.
9. Net profit margin is based on profit attributable to equity holders of the Company divided by turnover.
10. Return on shareholders' equity is based on profit attributable to equity holders of the Company divided by shareholders' equity.
11. These ratios reflect the Group's ability to generate returns from its business, and the returns obtainable by shareholders from their investments in the Group. Therefore, they are selected as key financial performance indicators.

## Inventory turnover days

With a view to reducing the Group's working capital requirements to cope with the growth in orders, we devoted substantial effort on strengthening our inventory control during the year ended 31 December 2022. Inventories as at 31 December 2022 decreased by 7.2% to approximately HK\$638,603,000, while the cost of sales for the year increased proportionately to sales. Accordingly, the Group's inventory turnover days for the year ended 31 December 2022 dropped to approximately 46 days, as compared to 61 days for the year ended 31 December 2021.

## Debtors' and creditors' turnover days

Debtors' turnover days for the year remained relatively constant. Creditors' turnover days for the year decreased to 108 days, which was mainly because a higher percentage of the Group's purchases were made from suppliers with shorter credit periods during the year.

## Cash conversion cycle

The slight drop in cash conversion cycle in 2022 was mainly caused by the decrease in inventory turnover days netted-off by the decrease in creditors' turnover days as mentioned above.

## Current ratio and net debt-to-equity ratio

During the year, the Group refinanced certain of its short-term bank loans and portion of long-term bank loans that was due for repayment with long-term bank loans. Hence, the Group's current ratio increased to 1.50 as at 31 December 2022. The Group's net debt-to-equity ratio as at 31 December 2022 increased as a result of net increase in bank borrowings.

## Net profit margin and return on shareholders' equity

The increase in the Group's net profit margin and return on shareholders' equity was caused by the increase in profit attributable to equity holders of the Company, as explained in the section headed "Financial Review" above.

## FOREIGN CURRENCY EXPOSURE

For the year ended 31 December 2022, the Group's sales and raw material purchases were denominated in the following currencies:

	Sales	Purchases
Hong Kong dollars	20.3%	1.8%
US dollars	53.6%	62.6%
Renminbi	24.9%	34.6%
Other currencies	1.2%	1.0%

A majority of the Group's customers and suppliers in China, Vietnam and Mexico are reputable international companies which use United States dollars as settlement currency. Accordingly, approximately 73.9% of the Group's sales and 64.4% of its raw material purchases were made in United States dollars and Hong Kong dollars (which are pegged to United States dollars) during the year. The Group also has a policy of using Renminbi to settle the purchases of raw materials used for Renminbi denominated sales. Sales and raw material purchases denominated in other currencies 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.

# FINANCIAL REVIEW

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 unlikely to resume a long-term appreciation trend in a foreseeable future. Going forward, management will continue to evaluate the Group's foreign currency exposure on a continuing basis and takes actions to minimise the Group's exposure whenever necessary.

## HUMAN RESOURCES

During the year, the total number of the Group's employees was 9,434 employees as at 31 December 2022. The Group considers its employees, in particular the skilled engineers and production management members, as its core assets since the Group's future success relies on the strengthening of its product quality and management on a continuing basis. Remuneration policy is reviewed regularly, making reference to the prevailing legal framework, market conditions and performance of the Group and individual staff. Share option schemes were adopted to attract and retain talents to contribute to the Group. However, apart from providing attractive remuneration packages, management believes that the creation of a harmonious working environment suitable for the development of employees' potentials is also important for attracting and retaining qualified staff for its future success. Training programmes are offered to employees for their continuous development. Besides, various employee activities are organised to inspire the team spirit of the Group's staff, which includes the organisation of company outings and sport activities in which the Group's employees, top management (including executive directors) and customers participate. Substantial resources were also devoted to improve the factory and dormitory environment of the Group with a view to providing an attractive working and living environment for the Group's employees.

As at 31 December 2022, the average length of services of the Group's employees below and above manager grade was 2.8 years and 8.5 years respectively.

## CHARGES ON THE GROUP'S ASSETS

As at 31 December 2022, the charges on the Group's assets included mortgage of equipment under lease liabilities with net book amount of HK\$43,056,000 for securing lease liabilities.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

This environmental, social and governance (“ESG”) report provides an annual update describing the overall ESG performance and initiatives of the Group’s businesses for the year ended 31 December 2022. Information and data of the previous year are provided for reference. This report has been prepared in accordance with the “mandatory disclosure requirements” and adhere to the “comply or explain” provisions outlined in the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)(the “Listing Rules”).

## REPORT PRINCIPLES AND BOARD STATEMENTS

The Group is committed to incorporating sustainability into business practices. It is our utmost priority to contribute positive impact to the environment and community. To meet this target, we are dedicated to providing high-quality products and services managed prudently under sound decision-making processes. We frequently engage with our stakeholders such as shareholders, customers, employees, suppliers, creditors, regulators, and the public. The Group seeks to balance the views and interests of these stakeholders through constructive conversation with a view to setting the course for long-term prosperity. This year, materiality was assessed based on the results of stakeholder engagement and relevant material topics were reviewed and confirmed by senior management to ensure its significance.

The Board is responsible for identifying, evaluating, and mitigating the ESG related risks of the Group to enhance its sustainability to maximise returns for our shareholders while ensuring socially and environmentally responsible business operations. It is also responsible for ensuring that relevant risk management and internal control systems are in place and operate effectively. The Group’s management also reports to the Board on the effectiveness of these systems as well as the setting and monitoring the relevant ESG related goals and targets on a regular basis to raise awareness and drive improvement. The Group’s management ensures that the Group’s practices follow all applicable laws and regulations.

The Group ensures proper presentation of quality information with accuracy, balance, clarity, comparability, reliability, and timeliness. We present quantitative data with calculation methods and relevant terms the Company defined. The data is calculated using consistent methodologies to allow effective year-over-year comparison.

## REPORT BOUNDARIES

This report covers the Company’s sustainability strategies and the ESG performance during the period from 1 January 2022 to 31 December 2022 (the “Reporting Period” or “the Year”). The ESG information in this report covers twelve industrial parks in China (Shenzhen, Suzhou, Zhongshan, Chongqing, Sichuan, Wuhan and Weihai), Vietnam (Haiphong) and Mexico (San Luis Potosí).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## INTRODUCTION

### Company Overview

The Company was incorporated in the Cayman Islands on 12 July 2004 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Group started its business as a mould producer in 1993, and has been listed on the Main Board of the Stock Exchange since 11 May 2005. At present, the Group operates twelve industrial parks in China (Shenzhen, Suzhou, Zhongshan, Chongqing, Sichuan, Wuhan, and Weihai), Vietnam (Haiphong) and Mexico (San Luis Potosi).

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

The Group's business model is unique and different from ordinary OEMs/ODMs. Brand owners normally require the Group to jointly co-develop the relevant moulds with them right from the initial stages of product development. Thereafter, the completed moulds would be consigned to the Group's industrial parks for future mass production of components and semi-finished or finished products. Because of the high level of skills and technologies required to produce moulds, components and semi-finished or finished products with high degree of precision and dimensional accuracy, the Group has strong pricing power for its products.

At present, the Group's two main revenue streams are, namely, the office automation "OA" equipment business and the automotive component business. Currently, the Group operates six industrial parks in Shenzhen, Suzhou, Weihai, and Vietnam for the OA equipment sector, and its six other industrial parks in Shenzhen, Zhongshan, Chongqing, Sichuan, Wuhan, and Mexico are serving the automotive component sector.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Board Oversight

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

During the Reporting Period, the Board has held 14 full Board meetings and one general meeting. Regular meetings are convened by the Chairman at least four times a year, at approximately quarterly intervals and fourteen days' notice is given to all directors before such meetings. Agendas and related documents are sent to the directors at least three days prior to such meetings. During the Year, Mr. Zhang Hwo Jie, Chairman of the Board, had also met with the independent non-executive directors without the other directors present.

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

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

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

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

## Stakeholder Engagement

The Group understands the importance of maintaining close contact and effective communication with stakeholders. The Group has established various communication channels and platforms to understand stakeholders' expectations of the Group's ESG performance and deliver timely responses. Throughout the year, we engaged with stakeholders through various channels. Communication with our stakeholders facilitated the evaluation of our current management approach to environmental and social performance and consolidated our sustainability strategies for future development.

## Materiality Assessment

To identify the ESG issues that are relevant to the Group, we engaged our management and staff to review our operations and obtain feedback from stakeholders including shareholders, customers, employees, suppliers, creditors, regulators and the general public. Subsequently, the identified ESG issues have been assessed by considering their importance to our stakeholders as well as the Group. The ESG issues considered to be material are listed below:



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

<b>Environmental Pillar</b>	<b>Social Pillar</b>	<b>Governance and Innovation Pillar</b>
<ul style="list-style-type: none"> <li>• Emission and waste management</li> <li>• Electricity, water, and packaging materials consumption</li> <li>• Energy consumption management</li> <li>• Climate risk and opportunity</li> </ul>	<ul style="list-style-type: none"> <li>• Working conditions and employee well-being</li> <li>• Occupational health and safety</li> <li>• Staff development and training</li> <li>• Anti-child and forced labour</li> <li>• Community services and care</li> </ul>	<ul style="list-style-type: none"> <li>• Business ethics and integrity</li> <li>• Anti-corruption and anti-bribery</li> <li>• Customer privacy and data security</li> <li>• Supply chain management</li> <li>• Quality assurance and product responsibility</li> </ul>

## PEOPLE AND COMMUNITY

Employees are our most precious asset. As of 31 December 2022, the Group had 9,434 employees. As the Group expands, loyal and industrious employees are presented with many opportunities for career advancement. The Group adopts non-discriminatory employment practices and provides a safe and healthy workplace. In addition, we have extended our care to the broader community by supporting the development of society

### Occupational Health and Safety

The Group strongly prioritises the health and safety of our employees. We are committed to fostering a culture of safety to help guide our employees to cultivate more sustainable operation practices in our facilities.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We adopt international best practices in occupational health and safety and follow the ISO45001:2018 requirements in respect of the occupational health and safety management system. ISOs (International Organisation for Standardisations) are widely recognised credentials that demonstrate whether an organisation has met ISO standards for industry quality, safety, or other management systems. We will continue to comply with the latest version of the ISO45001:2018 standards to improve our occupational health and safety performance. To further strengthen occupational health and safety, we have offered employees with relevant training courses and seminars on subjects ranging from product safety, work accident or injuries, and fire drills with an average number of training hours per headcount amounting to approximately 30 hours during the Reporting Period, as compared with 25 hours in 2021.



ISO45001 Certification



Safety Production Themed Activity



Fire-fighting Drill

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

On a national level, we have taken appropriate measures to prevent workplace accidents and occupational diseases according to standards established by the governments. To meet this target, our business unit in Chongqing has standardised work safety enforcement aligned with the Chongqing Emergency Management Bureau Certified Work Safety Standardisation set by the State Administration of Work Safety. Other subsidiaries in China also comply with “Work Safety Standardisation” in China, a standard established by State Administration of Work Safety. In addition, various activities and training courses were organised in respect of occupational health and safety, such as production safety information seminar, safety coaching programme and fire drills. The design, operations and maintenance of our industrial parks also comply with the relevant government regulations in respect of occupational safety and fire prevention.

## Development and training

We strongly value our employees’ career development. To meet this target, the Group has offered various extensive trainings to our employees as part of our commitment to their career development. For new employees, orientations and a full set of comprehensive and structured programmes are organised to help them understand and familiarise with our industry, corporate culture and staff policies. In particular, topics such as anti-corruption, code of conduct and ethics are covered. In addition, ongoing training programmes are offered to existing employees from front line staff up to top management (including executive directors) for the purpose of refreshing and developing their knowledge and skills. Education sponsorship is also available to employees in the form of job-related courses offered by external institutions. Aside from offering training programmes on job-specific skills, the Group believes that an in-depth understanding of market conditions, industry trends and economic outlook is critical to our managerial employees for their decision-making process



2022 Business Objectives Conference



2022 Performance Accreditation



2022 Budget Review and Management Plan Discussion Forum

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

in daily work. To support our employees, we continued to organise the annual Business Objectives Conference (經營方針發佈會) and Budget Review and Management Plan Discussion Forum (預算評審及管理工作研討會). Throughout these events, colleagues from middle management or above were asked to participate and share their views on the industry and the economy to widen our vision and unify our business direction through knowledge sharing. In addition, we continue to organise our annual traditional practice in Performance Accreditation (榮譽表彰大會) to encourage high performance and enhance employee retention whilst giving recognition to outstanding employees.

Training offered by the Group to senior management members (including executive directors) during the Reporting Period consisted of interactive training courses, technology forums and strategy exploration workshops, in which the Group's management members with different job responsibilities gathered and shared experiences to facilitate cross-functional exchanges within the management team. The Group also complies with the requirements under provision C.1.4 of the Corporate Governance Code and rule 3.29 of the Listing Rules in respect of the professional development and training of directors and the company secretary.



Special Training on Improving Job Competencies for Management of Gross-root Workers



Training for High-caliber Managers

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Employee Well-being

The Group seeks to attract and retain talented individuals by providing a work environment that promotes values such as fair play, respect, and integrity. We offer competitive compensation packages, job promotions and rewards to our employees based on their merits and contributions to the Group. Share options are offered to provide outstanding employees of managerial grades or above with opportunities to obtain an equity interest in the Company, thus fostering a sense of belonging and linking their interests with the interests of the Group. We believe this motivates employees and thus brings higher quality of work and performance.

The Group encourages employees to take part in work-life balance activities and community services, including among others, various sports and cultural events, community volunteering services and events that support charitable organisations. The Group provides various events to build support and trust in the teams by celebrating festivals such as Dragon-boat and Mid-autumn festivals or organising social events to celebrate employee birthdays. During the post-pandemic era, we continue to support flexible working arrangements for employees, including options to work remotely. Despite facing great challenges from the rapid spread of COVID-19 during the first half of the Year, the Group strictly complied to the local governments' preventive measures and supported employees with medical supplies in normal and special occasions such as quarantine arrangement. Our employees were also entitled to conduct COVID-19 Polymerase Chain Reaction ("PCR") tests daily to prevent infection in our workspaces.



Celebration of International Women's Day



Celebration of Dragon Boat Festival

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group also aims to support psychological well-being and mental health for employees to foster a workspace culture of stability and development. To meet this target, we have offered free counselling sessions for those in need and actively engaged members in sports, cultural events and artistic competitions, that are often organised by the local governments and other non-governmental organisations. Employees were entitled to enjoy our mental health resources and participate in social contests such as hiking competition and basketball matches for the betterment of a whole. During the Year, we continued to engage our employees with physically active campaigns such as hiking, basketball, and soccer matches to help promote mutual trust and relationships among colleagues.



Basketball Exchange Contest



2022 Mountain Hiking Competition

Internally, we have formally established an employee handbook to stipulate policies and procedures relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, as well as employee welfare and subjects relating to diversity and inclusion. To improve and promote diversity and inclusion, the Group continues to hold team-building activities regularly. For enhancement purposes, all initiatives are reviewed annually against market conditions and business strategy. The Group's payroll and performance management system, remuneration policy, and bonus system are in place to align staff salaries with their work experience, qualifications, individual performance, and market conditions. Bonus evaluations for employees are based on their self-performance assessment, the operating performance of their respective business units, and the Group's overall operating results.

Since 2008, the Group's employee care fund has been reimbursing employees in need of financial assistance for medical reasons. Our fund system continues to contribute cash and in-kind donations for employees who face financial difficulties or illnesses. During the Year, our employee caring fund system has contributed a total of RMB30,000 for employees in need.

## Diversity and inclusion

The Board aspires to be an employer of choice not only through competitive remuneration packages, continuous training and rewarding, but also through giving diverse and inclusive working environments. To meet this target, we also make notable efforts to develop approaches to diversity and inclusion and ensuring continued focus on employee engagement.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



The total gender diversity of the Group represents 33% female and 67% male. The metal and plastic mould and component manufacturing industry continues to face structural barriers in terms of equal gender representation. To raise the overarching issue, we are taking deliberate efforts to make our working environment more inclusive. Across our industrial parks, highly automated stamping machinery, robotic arms and remote-controlled laser welding work stations offer significant benefits in enabling more inclusive work environment. A high degree of automation in the industrial parks creates less physically demanding work environment, hence, opens up opportunity to a more diverse workforce, including a higher female ratio, inclusion of disabled workers and a wider range of age groups. The Group's employees currently consist of a wide range of age groups as well as ethnicities and nationalities. While in China we hire both locally and internationally, we also support high localisation in our overseas industrial parks in Vietnam and Mexico for a better cultural exchange. In addition, the Group takes great care in maintaining disability ratio in the workforce. Apart from this, we prioritise their overall physical and mental well-being and their work engagement. During the Year, the Group's Suzhou industrial park organised disability training workshop, with an aim to promote occupational health and safety amongst workers with disabilities.



## Labour standards

We fully understand that the exploitation of child and forced labour is universally condemned, and therefore take the responsibilities against child and forced labour very seriously. We strictly comply with all laws and regulations against forced and child labour. Internal policies are also in place to ensure that no person who is underage or under coercion is hired and, if any such case is identified during the recruitment process, it is reported to the relevant authorities.

We are committed to providing a work environment that is free from any form of discrimination based on ethnicity, gender, religion, age, disability, or sexual orientation. To meet this target, we have established internal labour laws and regulations on subjects regarding paid annual leave, working hours, special provisions on labor protection for female employees, and work injury insurance. Our human resources department complies to internal guidelines on labour standards and hiring practices including employee working hours, performance incentive, and employee compensation and benefits. In successfully hiring new employees, we organise seminars and visits to help them understand dynamics in our offices and corporate culture. We provide equal opportunities for all personnel in respect of hiring, pay rates, training and development, promotion, and other terms of employment. Our efforts and commitment in this area are well recognised by the society.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

At the Board level, the Group sees diversity as an essential element to help attain the Board's strategic objectives and sustainable development. Accordingly, the Group has a policy concerning the diversity of Board members which aims to achieve a balance of skills, experience, and diversity of perspectives appropriate for the requirements of the Group's business. The board diversity policy is available on the Company's websites at [www.eva-group.com](http://www.eva-group.com) or [www.irasia.com/listco/hk/evaholdings](http://www.irasia.com/listco/hk/evaholdings).

## Community Engagement

The Group embraces "responsibility, creativity and integrity" as its core values. For years, we have actively carried out corporate social responsibilities and have been participating in various charity activities. Our public engagement and donation policy help us uphold a commitment to serving the community by way of cash and in-kind donations, as well as staff participation.



Receipt of a Banner Presented by a School in Bao'an District Shenzhen

Some of our community initiatives have helped address the prevalent issues on inequality as vulnerable groups continue to have challenges in gaining access to education. We have fulfilled this commitment by supporting community programmes that help respond to such urgent needs of vulnerable groups. The Group recognises access to education as one of the most essential and fundamental human rights. We are constantly innovating different methods to provide underprivileged and underresourced children with access to knowledge and skills. Our support includes educational resources and monetary sponsorship. During the Year, the Group has contributed donations to a school in Bao'an District, Shenzhen Machinery Association, and the Red Cross Society of Zhongshan, China. As the Executive Chairman Enterprise of Shenzhen Machinery Association (a 5A social organisation accredited by the Ministry of Civil Affairs of China), the Group initiated the "1 to 1" educational sponsorship platform in the organisation, which is an industry-wide charity

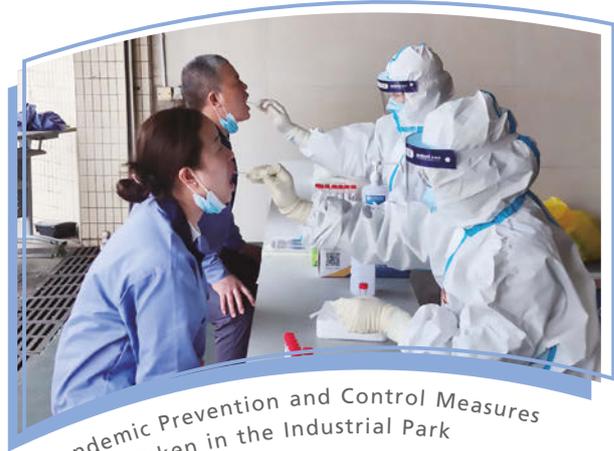
project to provide support for underrepresented students in China. During the Year, a total of 36 enterprises (including the Group) have made contribution through this platform, amounting to a total donation worth RMB346,000.

Apart from education initiatives, we also focus on expanding our engagement with underserved communities to combat issues on food insecurity and health. During the Reporting Period, we have made donations worth approximately RMB210,000, which was equivalent to approximately HK\$235,000, to charitable organisations in Hong Kong and China to support underprivileged children and elderlies. During the Year, the Group also organised blood donation events at our industrial park in Shenzhen. Thanks to the keen participation by our employees, the events were held successfully. We have also held charity football matches and contributed academic supplies donations to a school in Bao'an District, Shenzhen.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## COVID-19 Response

Since the COVID-19 outbreak, governments worldwide have dedicated significant effort to combat the virus. Local governments in China have introduced various measures and offered support to enterprises and citizens. For example, the People's Government of Bao'an District, Shenzhen supported enterprises with the "10 measures to support enterprises" scheme to resume operations and production facilities. The Bao'an District Government provided subsidies which effectively reduced labour cost for local enterprises.



Pandemic Prevention and Control Measures Taken in the Industrial Park

Amid this ongoing pandemic, our priority has always been the safety and health of our employees and stakeholders. Today, our pandemic prevention and control practices have been recognised on a national level within our industrial park operations. To protect everyone's health, we have tailored communication channels virtually to connect with our team members and customers. We have enhanced flexible working arrangements for employees, following the local government's preventive measures. At every stage of the pandemic, the Group kept employees informed on up-to-date administrative guidance. Employees were also advised to test their body temperature regularly before returning to work. To further support future pandemic response, the Group continued to distribute face masks and rapid test kits for employees to contain the spread of pandemic within workspaces.



Charity Donation Activity



Blood Donation Activity

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ENVIRONMENTAL MANAGEMENT

The Group is committed to reducing our environmental footprint and minimising the detrimental impact from our business activities. During the Reporting Period, we have launched various initiatives to optimise material use, reduce emissions, and conserve resources through efficient waste management.

We acknowledge the importance of integrating sustainable practices and pursuing environmentally friendly production lines. To deliver this priority, we frequently engage with our stakeholders including suppliers and customers. We implement stringent controls on all manufacturing procedures covering product design, purchases of raw materials, production, and deliveries. Accordingly, our manufacturing procedures comply with international standards on environmental management, such as the Restriction of Hazardous Substances Directive (RoHS) and Waste Electrical and Electronic Equipment Directive (“WEEE”), in all aspects.

In response to climate change, we are constantly innovating to become more climate resilient. Moving forward, we will implement climate-resilient design and development plans to mitigate the potential adverse impacts of climate change from extreme weather conditions. To manage climate risks resulting from extreme weather conditions and protect the Group against possible financial loss, we have established business continuity plans to reduce disruption and loss from suspension of operation. The Group regularly reviews the impact of climate change on its operation and will formulate measures in response to different risks to achieve sustainable development.

The Board will continue to monitor all relevant climate risks and opportunities and update its strategy accordingly.

### Material Use and Energy Management

Due to climate change and its impact on precipitation patterns, water conservation is critical to consider. Building on this foundation, we only use water supplied from municipal sources and do not have any on-site wells or boreholes. To minimise water pollution, the Group is constantly working to reinforce wastewater treatment aligned with ISO14001 requirements and conducting appropriate measurements accordingly. In office settings, we have been engaging employees with various environmental campaigns at dormitories and manufacturing areas to increase the awareness on water conservation.



ISO14001 Certification



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Apart from water conservation, we have set foundational expectation on reducing the use of packaging materials. To meet this target, we have eliminated the use of disposable cardboard boxes and disposable dividers, replacing them with durable plastic ones. Additionally, we also encourage employees to reuse plastic bags and cardboard dividers that are collected at our recycling centres as internal packaging materials. We have also reduced purchase on and use of packaging materials for our semi-finished and finished products through improving our packaging solutions. This also significantly reduced our costs.

During the Reporting Period, we have sustained low level of greenhouse gas (“GHG”) emissions from waste (both hazardous and non-hazardous) generation, electricity, water, and packaging material consumption. Since 2003, our operations have complied with the ISO14001 environmental management system certification by the BSI Group. The ISO14001 standards are kept abreast of the growing trends and stakeholders’ expectations and thus require participating companies to continuously improve their environmental performance.

As a result of our environment management initiatives, the overall KPIs in terms of emission intensity, waste, energy and water have decreased this year. For example, total energy consumption intensity had dropped around 20% from 22,290 kWh per million revenue in HKD in 2021 to 17,783 kWh per million revenue in HKD in 2022. This exemplifies our efforts in conserving the environment and developing our business in a sustainable manner. Moving forward, we will continue to monitor and strive to achieve higher rates of energy efficiency and resource conservation.

## Waste Management

The Group acknowledges waste as an indicator of inefficiency and environmental degradation. We are committed to operating our facilities with optimal resources efficiency by minimising the materials used throughout the manufacturing process while increasing the recycling rate and use of reusable materials. We keep track on the materials we use, with an overarching aim to reduce waste produced.

During the Reporting Period, we have generated non-hazardous wastes including metals, degradable plastics, paper pallets, wooden boxes, pallets, and other non-chemical wastes from production. To minimise the material wastage during the component production process, moulds that are used for mass production of components are carefully designed by our production team. We have also developed and installed devices that could help reduce the consumption of excessive parts and materials. To meet our resource efficiency targets, we have set up recycling centres in all of our industrial facilities to collect and reuse recyclable materials including cardboard and metals. We also work closely with our suppliers aligned with a closed-loop (circular) business interaction model, in which recyclable materials are returned to our suppliers for the purpose of reuse.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

- providing clear work instructions and protection gear for employees at all times;
- ensuring employees have completed the hazardous waste and chemical management trainings before getting on board;
- storing hazardous wastes in special containers that are acid resistant and solvent resistant;
- delivering hazardous wastes in separate vehicles;
- storing hazardous wastes in storage units that are specially constructed to prevent exposure, spillage, fire and explosion at isolated areas within the site;
- categorising and storing hazardous wastes in corresponding sections within the storage units; and
- ensuring that hazardous wastes are disposed of and handled by government-authorised hazardous waste disposal companies.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

With the goal of minimising hazardous wastes, we maintain close dialogue with customers and suppliers to regularly explore the possibility of using alternative materials in the manufacturing process. Procurement of materials that generate hazardous wastes are closely monitored and approved by higher level of management to prevent unnecessary purchases.

## Emission Reduction

During the Reporting Period, the Group has generated 79,969 tonnes of GHG emissions. The main sources continue to be emissions released from consumption of purchased electricity, transportation activities and ancillary equipment powered with fossil fuels. Moving forward, we are committed to adopting clean energy from early production stages. To meet our emission reduction target, we strive to enhance the consumption of green energy with sustainable sources of power. As one of our emission reduction initiatives, we have also established policies on phasing out and replacing ancillary equipment with environmentally friendly options.

Emissions released from transportation represent logistics of transporting products between warehouses. To reduce emissions released from transportation, we have initiated internal practices to rent warehouses, when necessary, in proximity of our customers. In addition, we have implemented various energy-efficient measures at the Group's production sites and offices to reduce electricity consumption. These include optimisation of the production process by replacing conventional equipment with high-efficiency cooling system and creating environmentally friendly working spaces with the use of LED lighting or sustaining air conditioner temperatures on or above 26 Degree Celsius. We practice employee awareness campaigns in office settings on electricity conservation. Energy saving in the production sites and offices has also been one of the key discussion items on the Group's senior management's meeting agenda.

Since electricity is the major energy source in our operations, achieving energy efficiency is our utmost priority. Our facilities are designed by the resource conservation team which consists of staff with expertise in interior equipment architect and design. The resources conservation team conducts regular patrols throughout the manufacturing and dormitories areas to identify any cases of energy waste. All demerit points recorded by the resource conservation team are reported to the appropriate level of management which are considered in the responsible employees' monthly performance appraisal. The responsible employees are also required to prepare and carry out corrective action plans for improvement.

All of our workspaces operate under smart facilities such as small zone lighting and time sensors to reduce electricity consumption. We carefully plan and regularly re-visit production floor layouts to optimise air circulation. Thermal insulations are installed on production equipment where appropriate to insulate the heat generated by the machineries, thereby maintaining a comfortable temperature on the production floors.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## OPERATIONAL PRACTICES

As a socially and environmentally responsible business, the Group recognises the importance of regulatory compliance and has established preventive and monitoring measures to ensure compliance with relevant laws and regulations. The Group continuously stays abreast of latest regulatory developments and will provide relevant trainings for relevant personnel. The Group did not observe any forms of non-compliance with laws and regulations within the Reporting Period that may have caused a potential impact on the Group's operating areas, such as environmental protection and conservation, employment, labour practices, operational and organisational activities.

### Supply chain management

The Group has the greatest respect for the laws and regulations that govern the way we go about our business. We always adhere to international best practices and conduct fair and unbiased tender processes when dealing with suppliers. The Group has also started to identify environmental and social risks along the supply chain.

We adhere to the principle of transparency and implement the values of honesty, integrity, and fairness in our supply chain management. Our procurement procedures provide directions and guidelines on evaluation and engagement when dealing with suppliers of goods and services to ensure business is conducted with legally, financially and technically sound entities. In addition, approval procedures are in place to ensure that supplier engagements are monitored and approved by the appropriate management level. When selecting suppliers, except quality of services and products, the Group also takes into account several factors such as the supplier's integrity, social responsibility and emission and pollution level. The Group expects all suppliers to observe the same environmental, social, health and safety and governance policies in their operating practices as those adopted by the Group. Procurement teams are trained to consider every aspect of such policies when assessing suppliers, while tendering procedures are carefully and thoroughly communicated to vendors.

During tendering procedures, we ensure transparency through the online channel known as "EVA Procurement System". In this system, suppliers are required to submit their tenders with details available to the entire procurement team. Starting from 2020, the Group has introduced several new considerations in the new supplier selection and existing supplier retention process. These new considerations are used to evaluate and rank suppliers based on benchmarks. An annual background check is performed by the procurement teams to assess if a potential supplier has any of the abovesaid issues. For instance, suppliers with a track record of producing significant pollution or hazardous waste, dispute with its stakeholders or are at risk of corruption will be given in a lower ranking during the annual review process.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Product responsibility

The Group is committed to delivering best practices and achieving great customer satisfaction levels. This year, we have recorded a total of 101 complaints regarding our products and services subject to recalls for safety reasons. The above customer complaints were handled appropriately, and with thorough inspection, have sorted or repaired parts for assembly and customer use. We have put considerable efforts to comply with laws and regulations relevant to product safety, advertising, labelling, and privacy matters of the jurisdictions in which we operate. Our employees are required to comply with applicable governmental and regulatory laws, rules, codes, and regulations.

The Group adopts international best practices in product quality management and has been accredited with ISO9001 certification by the BSI Group since 2000. The Group continues to be in alignment with the latest version of the ISO9001 standards (i.e. the 2015 version). Various initiatives have also been introduced as part of our efforts to continuously improve the quality, reliability and safety of our products and services. For example, we have the “Inspection and Testing Control System” (檢驗和試驗控制程序) in place as a means to govern the quality, reliability and safety of our products. During the Year, the Group continued to implement Quality Control Circles (“QCC”) activities which require the participation of all employees from front line staff to senior management. These activities encourage staff to identify, analyse and implement areas of improvement in our production processes. We are committed to product quality and safety, and therefore we have received numerous accolades from the government and many reputable customers for the quality and reliability of our products and services over the years, such as Fujifilm and MiTAC. During the Year, the Group is honoured to be awarded the “Premiere Partner” for the 11th times by Fujifilm Business Innovation.

To ensure high product quality and safety, the Group engages with the internal committees on a regular basis with representatives from various business units and customers. To meet this target, we have established the Customer Complaint Processing System (客戶投訴處理程序) and the Customer Satisfaction Management System (客戶滿意度管理程序) to measure customer satisfaction and effectively respond to customer feedback through issuing the Eight Disciplines (“8Ds”) Report. Policies about product quality, safety and compliance with laws and regulations are posted on the Group’s intranet and are communicated to our employees with full transparency. In addition, the Group runs training sessions for relevant staff members, third-party suppliers, and business partners to carry out product responsibility. Orientation training is conducted for new employees, while refreshment refresher training is provided for all employees on a regular basis.



ISO9001 Certification

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group recognises the importance of protecting and enforcing intellectual property rights, and strictly complies with all relevant laws and regulations in the jurisdictions that it operates. We have requested suppliers to install genuine software applications when purchasing computer equipments, and also requested our employees not to download non-genuine software with a view to avoiding infringement of the intellectual property rights.

During the Reporting Period, the Group was not aware of any incidents of non-compliance with regulations concerning the provision and use of the Group's products and services, which cover product and service information and labelling, marketing communications including advertising and intellectual property rights that would have a significant impact on the Group.



Konica Minolta



Fujifilm



Faurecia



Kyocera



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Customer Privacy and Data Security

In response to the growing concern regarding customer privacy and data security followed by an increasingly digitalised means of communication, the Group has established several policies relating to customer data protection and cybersecurity in accordance with local laws and legislations. Our data privacy policies are communicated to all employees through a variety of channels including distributing memos, staff meetings, and training programmes to engage high awareness of data privacy and protection.

To safeguard customer privacy and personal data, we have implemented various policies on IT information security data control procedures, subject of confidentiality obligations and leaks, and liability for breach of contract and subsequent compensation methods. These include Documents and Information Control System (文件和資料控制程序), IT Data Security Control System (IT 信息安全控制程序) and Classified Documents Control Policy (保密文件控制規定).

## Ethics Management

### *Anti-Corruption*

We strictly comply with applicable laws and regulations for anti-corruption and embrace the value of integrity, being proactive, cooperation and creativity. We have implemented various systems and measures to detect and deter corruption, bribery, or any other fraudulent activities and money laundering. High-risk business and management units are subject to internal audit regularly to assess the effectiveness of the internal control system and raise red flags as soon as possible to ensure the Group complies with ethical standards which we strive to uphold. During the Reporting Period, our internal audit department has found 4 cases of violations of the Group's rules and policies. From these cases, 3 employees were dismissed and 7 employees were warned.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To ensure that all employees comply with the requirement and ethics relating to the Group's anti-corruption policy, the Group's legal department would arrange compulsory training for all levels of employees. Employees with high-risk positions, such as procurement, sales, and finance, would receive training to gain better understanding of national laws and group policies and practical ways to reduce bribery and corruption risks. During the Year, all of our employees have received anti-corruption training.

Our internal audit department team handles any suspected fraudulent activities independently. After an investigation has been completed, the employee found and proven to have committed serious fraud would be subject to immediate dismissal. At the same time, the department in question must, with the assistance of the risk management and internal control department, take corrective actions in response to the business risk or loophole identified during the investigation. In addition, the internal audit department would carry out internal audit semi-annually covering all the subsidiaries on a rotational basis.

To further strengthen anti-corruption practices, we have established Anti-fraud and Whistleblowing Policy (the "Whistleblowing Policy"). With these internal policies, we commit to zero tolerance in relation to fraudulent activity of all employees, suppliers and business partners, who are encouraged to report their genuine concern about any existing or potentially fraudulent activities and non-compliance. The Whistleblowing Policy expressly outlines multiple whistleblowing channels, how the Group should deal with such concern and the whistle-blower protection system, so that employees, suppliers and business partners can report their concern without fear of reprisal or potential retaliation.

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

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## PERFORMANCE DATA SUMMARY

### Environmental Performance

Indicators <sup>1</sup>	Unit	2022	2021
<b>GHG emissions</b>			
Total GHG emissions	tonne CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	<b>79,969</b>	86,652
GHG emissions intensity (by revenue)	tCO <sub>2</sub> e/million HKD	<b>13</b>	17
Scope 1 Direct GHG emissions <sup>2</sup>	tCO <sub>2</sub> e	<b>2,499</b>	1,610
Scope 2 Indirect GHG emissions <sup>3</sup>	tCO <sub>2</sub> e	<b>77,470</b>	85,042
<b>Energy consumption</b>			
Total energy consumption	kWh	<b>111,463,999</b>	113,872,480
Energy consumption intensity (by revenue)	kWh/million HKD	<b>17,783</b>	22,290
Indirect energy consumption			
Purchased electricity	kWh	<b>101,240,830</b>	107,224,187
Direct energy consumptions <sup>4</sup>			
Petrol	kWh	<b>306,576</b>	1,568,275
Diesel	kWh	<b>9,916,593</b>	5,080,018
<b>Water consumption</b>			
Total water consumption	m <sup>3</sup>	<b>749,418</b>	638,457
Water consumption intensity (by revenue)	m <sup>3</sup> /million HKD	<b>120</b>	125
<b>Waste management and packaging materials</b>			
Total hazardous waste produced <sup>5</sup>	tonne	<b>458</b>	292
Hazardous waste intensity	tonne/million HKD	<b>0.07</b>	0.06
Total non-hazardous waste produced <sup>6</sup>	tonne	<b>45,138</b>	33,883
Non-hazardous waste intensity	tonne/million HKD	<b>7.20</b>	6.63
Total packaging material <sup>7</sup>	tonne	<b>1,893</b>	6,986

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

2 Scope 1 Direct GHG emissions are calculated based on the emission factors stated in the “Guidance for quantification and reporting of the organization’s greenhouse gas emissions” published by the Market and Quality Supervision Commission of Shenzhen Municipality. Figure in 2021 has been restated to reflect the actual scope 1 Direct GHG emissions generated from diesel and petrol consumption by the OA equipment only. During the Year, the Group has expanded the scope to cover both its OA equipment segment and automotive component segment.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- 3 Scope 2 Indirect GHG emissions are calculated based on the emission factors stated in the “2019 Baseline Emission Factors for Regional Power Grids in China” issued by the Ministry of Ecology and Environment (“MEE”) of the People’s Republic of China (“PRC”) and the International Energy Agency (“IEA”) for locations outside the PRC.
- 4 Direct energy consumption refers to the consumption of fossil fuels in the use of mobile combustion and stationary combustion sources. It is calculated with reference to “Appendix 2: Reporting Guidance on Environmental KPIs” published by the Stock Exchange.  
  
The scope of direct energy consumption in 2021 covered the OA equipment segment only. In 2022, the Group has expanded the scope to cover both its OA equipment segment and automotive component segment.
- 5 Hazardous waste generated includes plastic waste, electronic waste and chemicals. Relevant figures of 2021 have been restated due to the enhancement of data collection process to better reflect the data accuracy.
- 6 Non-hazardous waste generated includes scrap metals and paper waste. Relevant figures of 2021 have been restated due to the enhancement of data collection process to better reflect the data accuracy.
- 7 Packaging materials mainly include plastic packaging bags, paper boxes, and cartons. Significant reduction in the Year is due to the change in scope of data collection.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Social Performance

Indicators	Unit	2022	2021
<b>Employee Profile</b>			
Total workforce	No. of people	<b>9,434</b>	9,289
<b>Total workforce by employment type</b>			
Full-time	No. of people	<b>7,623</b>	7,334
Part-time	No. of people	<b>1,741</b>	1,905
Contractual	No. of people	<b>70</b>	50
<b>Total workforce by gender</b>			
Male	No. of people	<b>5,108</b>	4,625
Female	No. of people	<b>2,515</b>	2,709
<b>Total workforce by rank</b>			
General staff	No. of people	<b>7,429</b>	7,142
Middle management	No. of people	<b>142</b>	146
Senior management	No. of people	<b>52</b>	46
<b>Total workforce by age group</b>			
30 or below	No. of people	<b>2,225</b>	2,249
31-50	No. of people	<b>5,215</b>	4,910
Over 50	No. of people	<b>183</b>	175
<b>Total workforce by geographical region</b>			
China and Hong Kong	No. of people	<b>7,370</b>	7,789
Mexico	No. of people	<b>353</b>	241
Vietnam	No. of people	<b>1,711</b>	1,250
<b>Employee Turnover<sup>8</sup></b>			
Employee turnover rate	Percentage	<b>4%</b>	6%
<b>Employee turnover rate by gender</b>			
Male	Percentage	<b>5%</b>	6%
Female	Percentage	<b>4%</b>	5%
<b>Full-time employee's turnover rate by age group</b>			
30 or below	Percentage	<b>7%</b>	8%
31-50	Percentage	<b>3%</b>	4%
Over 50	Percentage	<b>3%</b>	2%
<b>Employee turnover rate by geographical region</b>			
China and Hong Kong	Percentage	<b>4%</b>	6%
Mexico	Percentage	<b>5%</b>	6%
Vietnam	Percentage	<b>7%</b>	5%
<b>Development and Training<sup>8</sup></b>			
Total workforce trained	No. of people	<b>6,055</b>	5,763
<b>Employees trained by employee category</b>			
General staff	No. of people	<b>5,942</b>	5,682
Middle management	No. of people	<b>92</b>	63
Senior management	No. of people	<b>21</b>	18

8 Employee turnover and employee training data are calculated on monthly average basis. Relevant figures in 2021 have been restated to align the calculation approach.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicators	Unit	2022	2021
<b>Average training hours per employees by employee category</b>			
General staff	Hours/employees	<b>72.16</b>	62.86
Middle management	Hours/employees	<b>13.23</b>	4.01
Senior management	Hours/employees	<b>5.22</b>	6.66
<b>Supply Chain Management</b>			
Total number of supplies	No. of suppliers	<b>3,242</b>	2,859
<i>Number of suppliers by geographic location</i>			
Mainland China	No. of suppliers	<b>2,952</b>	2,613
Vietnam	No. of suppliers	<b>130</b>	161
Mexico	No. of suppliers	<b>120</b>	85
Other regions	No. of suppliers	<b>40</b>	46
<b>Product Responsibility</b>			
Total products sold or shipped subject to recalls for safety reasons	Percentage	<b>0.0184%</b>	0.0061%
Number of products and service-related complaints received	No. of complaints	<b>101</b>	66
<b>Community investment</b>			
<i>Amount of money donated</i>			
Education	RMB	<b>100,000</b>	60,000
Health	RMB	<b>78,675</b>	16,536
Other contribution	RMB	<b>30,880</b>	24,440
<b>Occupational Health and Safety</b>			
Paid leave days due to work injuries	No. of days	<b>2,346</b>	872

Indicators	Unit	2022	2021	2020
Work-related fatalities	No. of people	<b>0</b>	1	0

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## HONG KONG STOCK EXCHANGE ESG REPORTING GUIDE CONTENT INDEX

Mandatory Disclosure Requirements	Cross-reference in this Report/Comment
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Governance Structure	Pages 51-55
Reporting Principles	Page 51
Reporting Boundary	Page 51

Aspects, General Disclosure, KPIs	Description	Cross-reference in this Report/Comment
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### A. Environmental

#### Aspect A1: Emissions

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Pages 64-67
KPI A1.1	The types of emissions and respective emissions data.	Pages 73-74
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Pages 73-74
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Pages 73-74
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Pages 73-74
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Pages 64-67
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Pages 65-67

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosure, KPIs	Description	Cross-reference in this Report/ Comment
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Pages 64-67
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Pages 73-74
KPI A2.2	Water consumption in total and intensity.	Pages 73-74
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Page 67
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Pages 64-65
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Pages 73-74
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Pages 64-67
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Pages 64-67
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Page 64
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Page 64



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosure, KPIs	Description	Cross-reference in this Report/ Comment
<b>B. Social</b>		
<b>Aspect B1: Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Pages 55-62
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Pages 75-76
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Pages 75-76
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Pages 55-57
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Pages 75-76
KPI B2.2	Lost days due to work injury.	Pages 75-76
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Pages 55-57

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosure, KPIs	Description	Cross-reference in this Report/ Comment
<b>Aspect B3: development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Pages 57-62
KPI B3.1	The percentage of employees trained by gender and employee category.	Pages 75-76 Management continues to gather information on the percentage of employees trained by gender.
KPI B3.2	Average training hours completed per employee by gender and employee category	Pages 75-76 Management continues to gather information on the average training hours completed per employee by gender.
<b>Aspect B4: Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Pages 61-62
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Pages 61-62
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Pages 61-62



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosure, KPIs	Description	Cross-reference in this Report/ Comment
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Page 68
KPI B5.1	Number of suppliers by geographical region.	Pages 75-76
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Page 68
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Page 68
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Page 68
<b>Aspect B6: Product responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Pages 69-71
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Pages 75-76
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Pages 75-76
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Pages 69-71
KPI B6.4	Description of quality assurance process and recall procedures.	Pages 69-71
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Pages 69-71

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosure, KPIs	Description	Cross-reference in this Report/ Comment
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Pages 71-72
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Pages 71-72
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Pages 71-72
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Pages 71-72
<b>Aspect B8: Community investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Pages 62-63
KPI B8.1	Focus areas of contribution.	Page 76
KPI B8.2	Resources contributed to the focus area.	Page 76



# DIRECTORS AND SENIOR MANAGEMENT PROFILE

The directors and senior management members who held office during the year ended 31 December 2022 and up to the date of this report are as follows:

## EXECUTIVE DIRECTORS

**Mr. ZHANG HWO Jie**, aged 60, is the Chairman of the Group. He is the chairman of the nomination committee, and a member of the remuneration committee of the Company. He is also a director of certain subsidiaries of the Group. Mr. Zhang is responsible for the Group's overall strategic planning and marketing development. Prior to the establishment of the Group, Mr. Zhang had worked for a PRC joint venture company engaging in civil engineering projects. He started his first business in 1983 by acting as a contractor for civil engineering projects of the local government. In 1993, Mr. Zhang established EVA Limited and thereafter Mr. Zhang acquired extensive experience in customer relationship development and corporate management. He has more than 25 years of experience in marketing, strategic planning and corporate management in manufacturing industry. Mr. Zhang was granted with the "Young Industrialist Award of Hongkong" by the Federation of Hong Kong Industries in 2008, and was bestowed as a honorary fellow by The Professional Validation Council of Hong Kong Industries in 2014. He is the president honoris causa of Hong Kong Young Industrialists Council, the honorary chairman of The Hong Kong Metals Manufacturers Association and the honorary president of Hong Kong Mould and Product Technology Association. Mr. Zhang was one of the co-founders of the Group in 1993, and is also a director of Prosper Empire Limited, which was interested in 38.70% of the issued share capital of the Company as at 31 December 2022. Mr. Zhang also serves as the independent non-executive director of Sinomax Group Limited since 4 March 2014. He was a brother of Mr. Zhang Jian Hua and Mr. Zhang Yaohua, who are both the executive directors of the Company. Mr. Zhang was appointed as a director on 27 July 2004.

**Mr. ZHANG Jian Hua** (Former name: Wong Yat, Michael), aged 48, is the Vice Chairman of the Group, and is also a director of certain subsidiaries of the Group. He is responsible for the Group's organisational structure, production facilities management and business risk monitoring. Mr. Zhang previously worked for the tax bureau in Shenzhen, where he accumulated extensive experience in tax regulations and communications with government departments in China. He also possesses substantial experience in organisational planning, production facilities management and business risk monitoring in the industry of precision mould and component manufacturing. Mr. Zhang was one of the co-founders of the Group in 1993. He is a brother of Mr. Zhang Hwo Jie and Mr. Zhang Yaohua, who are both the executive directors of the Company. Mr. Zhang was appointed as a director on 14 September 2005.

# DIRECTORS AND SENIOR MANAGEMENT PROFILE

**Mr. ZHANG Yaohua**, aged 50, is the Chief Executive of the Group, and is also a director of certain subsidiaries of the Group. Mr. Zhang is responsible for the Group's operation and management. He was one of the co-founders of the Group in 1993, and has more than 25 years of operational management experience in the industry of precision mould and component manufacturing. He is a member of the Hong Kong and Macau Committee of the 7th Shenzhen Committee of the Chinese People's Political Consultative Conference (深圳市第七屆政協港澳委員). Mr. Zhang is also the vice chairman of the 8th executive committee of Shenzhen Federation of Industry & Commerce (深圳市工商業聯合會) and the executive president of Shenzhen Machinery Association (深圳市機械行業協會). Mr. Zhang was accredited as one of the outstanding people in machinery industry (深圳機械行業傑出人物) by Shenzhen Machinery Association (深圳市機械行業協會) in 2004, a "Creative and Outstanding Person of China Enterprises" (中國企業創新優秀人物) by Chinese Association of Market Development (中國市場學會) and China Enterprise News Society (中國企業報社) in 2006, an "Outstanding Entrepreneur in China Machinery Industry" (中國機械工業優秀企業家) by China Machinery Industry Federation (中國機械工業聯合會) in 2009 and a "Remarkable Person of Commerce in Shenzhen" (深商風雲人物) by Shenzhen General Chamber of Commerce (深圳市商業聯合會) and Shenzhen Economic Daily (深圳商報) in 2010. He was also accredited as one of the "Ten New Figures in Guangdong's Business Community" (廣東商界十大新銳人物) by Guangdong General Chamber of Commerce (廣東省商業聯合會) in 2015 and received "30 years in Shenzhen Machinery Industry – Outstanding Contribution Award" (深圳機械三十年 – 卓越貢獻獎) from Shenzhen Machinery Association (深圳市機械行業協會) in 2016. Further, Mr. Zhang was accredited as one of the "Top 100 Business Leaders in Shenzhen" (深圳百名行業領軍人物) by Shenzhen Social Organisation Federation (深圳市社會組織總會), Shenzhen Enterprise Confederation (深圳市企業聯合會), Shenzhen Entrepreneur Association (深圳市企業家協會), Shenzhen Press Group (深圳報業集團), Shenzhen Media Group (深圳廣播電影電視集團) and "Times Entrepreneur" magazine (「時代商家」雜誌社) in 2017, and was granted with "Shenzhen Industry Award – the Industrialist Award" (深圳工業大獎 – 工業家獎) by the Federation of Shenzhen Industries (深圳工業總會) and Shenzhen Economic Daily (深圳商報) in 2018. Mr. Zhang is a brother of Mr. Zhang Hwo Jie and Mr. Zhang Jian Hua, who are both the executive directors of the Company. Mr. Zhang is also a director of Prosper Empire Limited, which was interested in 38.70% of the issued share capital of the Company as at 31 December 2022. Mr. Zhang was appointed as a director on 11 January 2005.



# DIRECTORS AND SENIOR MANAGEMENT PROFILE

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. LAM Hiu Lo**, aged 61, is an independent non-executive director of the Company. He is also the chairman of the remuneration committee of the Company and a member of the audit committee and nomination committee of the Company. Mr. Lam has over 30 years of experience in sales and marketing in China. Over the years, he has successfully built up a strong business and personal network in China. Mr. Lam is currently an executive director of Planetree International Development Limited (formerly known as Yugang International Limited), a public company listed on The Stock Exchange of Hong Kong Limited. He was appointed as a director on 11 January 2013.

**Dr. CHAI Ngai Chiu Sunny**, aged 56, is an independent non-executive director of the Company. He is also a member of the audit committee, nomination committee and remuneration committee of the Company. Dr. Chai has over 30 years of experience in the field of manufacturing. Dr. Chai is currently the group managing director of Fook Tin Group Holdings Limited which is specialised in research and development, manufacturing, marketing and distribution of quality electronic, healthcare and medical devices. Dr. Chai has assumed the position of the chairman of Hong Kong Science and Technology Parks Corporation since 2018. He is also the chairman of the Federation of Hong Kong Industries from 2021. Dr. Chai graduated with a Bachelor of Science Degree in Business from Rochester Institute of Technology (USA) in 1988 and completed an Executive MBA program (EMBA) at the Chinese University of Hong Kong in 2007. In 2010, he was awarded the Doctor of Engineering (EngD) from the City University of Hong Kong. He was conferred a University Fellowship by the Hong Kong Polytechnic University in 2018. In 2004, he received the Young Industrialist Award of Hong Kong. He was awarded the Bronze Bauhinia Star (BBS) in 2018 by the Chief Executive of Hong Kong for his outstanding contribution to the promotion of innovation and technology development in Hong Kong. He was appointed as a Justice of Peace in 2021. He was appointed as a director on 15 June 2020.

# DIRECTORS AND SENIOR MANAGEMENT PROFILE

**Ms. LING Kit Sum** (Alias: Ling Imma Kit Sum), aged 68, is an independent non-executive director of the Company. She is also the chairman of the audit committee of the Company. Ms. Ling has over 30 years of experience in the field of auditing and accounting. She was an assurance partner of PricewaterhouseCoopers before she retired from the partnership in June 2013. Ms. Ling is a council member and the treasurer of The Education University of Hong Kong. She is also a council member of The Hong Kong Federation of Youth Groups and an executive committee member of the Hong Kong Youth Hostels Association. Ms. Ling was appointed as an independent manager of the incorporated management committee of Ng Yuk Secondary School, an aided school, in February 2023. Ms. Ling previously served as a member of the Hospital Governing Committee of Hospital Authority from April 2015 to March 2022 and the Appeal Board Panel (Town Planning) from October 2016 to September 2022. She also served as a board member of the Estate Agents Authority (2015-2021) and the Employees Compensation Assistance Fund Board (2006-2012). Ms. Ling was an independent non-executive director of Digital Hollywood Interactive Limited (2017-2021). Digital Hollywood Interactive Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited. Ms. Ling is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Chartered Professional Accountants of Canada and the Chartered Institute of Management Accountants. She is an accredited general mediator. Ms. Ling is also an independent non-executive director of Arta TechFin Corporation Limited, Wise Ally International Holdings Limited and Raymond Industrial Limited, all of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Ms. Ling was appointed as a director on 1 July 2020.

## SENIOR MANAGEMENT

**Ms. LEE Hiu Laam Joyce**, aged 35, is the chief financial officer of the Group and the company secretary of the Company. Ms. Lee is responsible for the accounting, taxation and financial affairs of the Group. Ms. Lee has over 10 years of experience in accounting, auditing and financial management. Prior to joining the Company, she was the financial controller of a fintech company specializing in digital wallet and e-payments, and before that the head of the corporate finance team of a multinational garment manufacturer and retailer headquartered in Hong Kong, and a manager in PricewaterhouseCoopers. Ms. Lee is a member of the Hong Kong Institute of Certified Public Accountants. She holds a bachelor's degree in Business Administration (Marketing and Management) from the Chinese University of Hong Kong. Ms. Lee was appointed as the company secretary on 1 January 2021.



# CORPORATE GOVERNANCE REPORT

The Group is committed to maintaining high standards of corporate governance. The Board believes that good corporate governance practices are important to safeguard and maximise shareholder value. The Company has its own code of conduct regarding corporate governance which is not less stringent than the provisions of the Corporate Governance Code (the “CG Code”) as set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Company also has a policy of seeking to comply with established best practices in the field of corporate governance.

## THE BOARD OF DIRECTORS

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

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

# CORPORATE GOVERNANCE REPORT

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

## COMPOSITION OF THE BOARD

During the year, the Board had the following directors:

### Executive directors

Mr. Zhang Hwo Jie (*Chairman*)

Mr. Zhang Jian Hua (*Vice Chairman*)

Mr. Zhang Yaohua (*Chief Executive*)

### Independent non-executive directors

Mr. Lam Hiu Lo

Dr. Chai Ngai Chiu Sunny

Ms. Ling Kit Sum

The biographical details of the directors are set out on page 83 to page 86 under the section headed “Directors and Senior Management Profile” of the annual report.

### Relationship between the Board members

Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua are brothers. Save as aforesaid, the Board members have no financial, business, family or other material relationships with each other.

### Independent non-executive directors

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



# CORPORATE GOVERNANCE REPORT

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

## **Chairman and Chief Executive**

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

## **Directors' responsibilities for the financial statements**

The directors acknowledged their responsibilities for the preparation of financial statements of the Group to ensure that these financial statements give a true and fair view of the state of affairs of the Group, its results of operations and cash flows. In preparing the financial statements for the year ended 31 December 2022, the Board had selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements in accordance with relevant accounting standards and regulations and on a going concern basis. The directors are also responsible for ensuring that proper accounting records of the Group which disclose the Group's financial position are kept at all times and taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in the preparation of the financial statements. The Board has also reviewed and discussed the effectiveness of the Group's risk management and internal control systems, including financial, operational and compliance controls for the year ended 31 December 2022.

# CORPORATE GOVERNANCE REPORT

## Board and general meetings

During the year ended 31 December 2022, the Company held 14 full Board meetings and one general meeting.

Directors	Number of attendance	
	Board meeting	General meeting
<b>Executive directors</b>		
Mr. Zhang Hwo Jie	14/14	1/1
Mr. Zhang Jian Hua	14/14	1/1
Mr. Zhang Yaohua	14/14	1/1
<b>Independent non-executive directors</b>		
Mr. Lam Hiu Lo	14/14	1/1
Dr. Chai Ngai Chiu Sunny	13/14	1/1
Ms. Ling Kit Sum	14/14	1/1

The executive directors of the Company were unable to return to Hong Kong to attend the Company's annual general meeting held on 18 May 2022 in person due to COVID-19 related travel restrictions and quarantine requirements. They had, however, joined the meeting by video conference. Mr. Lam Hiu Lo and Dr. Chai Ngai Chiu Sunny were also unable to attend the meeting in person and had also joined the meeting by video conference.

The Chairman of the Board and the chairmen of audit, remuneration and nomination committees of the Company had attended the annual general meeting in 2022 to gain and develop a balanced understanding of the views of the shareholders in accordance with F.2.2 of the CG Code. In addition, a Board meeting was held in December 2022 pursuant to C.2.7 of the CG Code between the Chairman of the Board and the independent non-executive directors without the other directors present. The Chairman and all the independent non-executive directors had attended that meeting. Since the attendance of the other directors was not required for that meeting, Mr. Zhang Jian Hua and Mr. Zhang Yaohua had not attended that meeting.

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

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



# CORPORATE GOVERNANCE REPORT

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

## Directors' Continuing Professional Development Programme

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

The individual training record of each director during the year ended 31 December 2022 is set out below:

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

Note:

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

# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE

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

The audit committee comprises the three independent non-executive directors, namely Ms. Ling Kit Sum, Mr. Lam Hiu Lo and Dr. Chai Ngai Chiu Sunny, with Ms. Ling Kit Sum as the chairman. During the year ended 31 December 2022, the audit committee held 2 meetings and had attended to the following matters:

- discuss with external auditor with respect to the accounting principles and practices adopted by the Group, and compliance with the Listing Rules and other financial reporting requirements; and
- discuss the risk management, internal control and financial reporting matters relating to the annual financial statements for the year ended 31 December 2021 and the interim financial statements for the six months ended 30 June 2022 before recommending the financial statements to the Board for approval.

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

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

The audit committee had reviewed the accounting principles and practices adopted by the Group and discussed the risk management, internal control, corporate governance and financial reporting matters with management including a review of the audited consolidated financial statements for the year ended 31 December 2022. The audit committee considered the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting functions, and their training programmes and budget. The audit committee also reviewed the training and continuous development of the directors and senior management.

## NOMINATION COMMITTEE

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

- (i) Reputation for integrity and professional ethics;
- (ii) Accomplishment and experience in his/her field of industry. Priority will be given to candidates with high level of experience in the Group's core markets;
- (iii) Commitment in respect of available time and relevant interest; and
- (iv) Board diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

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

The nomination committee comprises the Chairman, Mr. Zhang Hwo Jie and two independent non-executive directors, namely, Mr. Lam Hiu Lo and Dr. Chai Ngai Chiu Sunny. Mr. Zhang Hwo Jie is the chairman of the nomination committee. During the year ended 31 December 2022, the nomination committee held 2 meetings. Individual attendance of each nomination committee member at the meetings is as follows:

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

The nomination committee had reviewed the structure, size and composition of the Board and assessed the independency of the independent non-executive directors during the year ended 31 December 2022. The nomination committee had also considered the number and nature of offices in other public companies and organisations held by the directors and evaluated the performance and contribution of the directors including the sufficiency of their time and attention given to the Company's affairs.

# CORPORATE GOVERNANCE REPORT

## PROCEDURES FOR THE NOMINATION OF A DIRECTOR

- (i) The company secretary shall call a meeting of the nomination committee, and invite nominations of candidates from Board members for consideration by the nomination committee prior to its meeting;
- (ii) For filling a casual vacancy, the nomination committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the nomination committee shall make nominations to the Board for its consideration and recommendation;
- (iii) Any director appointed by the Board to fill a casual vacancy shall hold office only until the next following general meeting of the Company and shall then be subject to re-election by shareholders;
- (iv) In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, a circular will be sent to shareholders. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information of the proposed candidates, as required pursuant to the applicable laws, rules and regulations, will be included in the circular to shareholders;
- (v) A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the company secretary;
- (vi) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting; and
- (vii) The Company's shareholders have the right to propose a person for election as a director at a general meeting without the recommendation by the Board and the nomination committee. The procedures for shareholders to propose a person for election as a director are available on the Company's website at [www.eva-group.com](http://www.eva-group.com) or [www.irasia.com/listco/hk/evaholdings](http://www.irasia.com/listco/hk/evaholdings).

## BOARD DIVERSITY POLICY

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



# CORPORATE GOVERNANCE REPORT

## Summary

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

## Measurable Objectives

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

During the year ended 31 December 2022, the nomination committee had reviewed the board diversity policy of the Company, and the composition and diversity of the Board. Since the Board is composed of members coming from diverse backgrounds including manufacturing, sales and marketing, property development and professional accountants and they are also diverse in age, gender and knowledge, the nomination committee considered the Board to possess a diversity of perspectives which is up to the standard of the Listing Rules and is appropriate to the Group's requirements.

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

The Board places tremendous emphasis on diversity (including gender diversity) across all levels of the Group. The total gender diversity of the Group stands at a relatively high level, with an overall split of 33% female/67% male, amongst companies in the same industry. To support diversity across all facets, beyond gender, including race and ethnicity, disability, social mobility and age, the Group is enhancing

# CORPORATE GOVERNANCE REPORT

diversity and inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviours. Further details on the gender ratio of the Group and initiatives taken to improve gender diversity across senior management and the wider workforce, together with relevant data, are outlined in the “Environmental, Social and Governance Report” on pages 51 to 82.

## REMUNERATION COMMITTEE

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

The remuneration committee comprises the Chairman, Mr. Zhang Hwo Jie and two independent non-executive directors, namely, Mr. Lam Hiu Lo and Dr. Chai Ngai Chiu Sunny. Mr. Lam Hiu Lo is the chairman of the remuneration committee. During the year ended 31 December 2022, the remuneration committee held 2 meetings. Individual attendance of each remuneration committee member at the meetings is as follows:

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

The remuneration committee reviewed and discussed the policy and structure for directors’ and senior management remuneration by reference to salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group. The remuneration committee also considered the terms of appointment and remuneration proposal of individual directors upon renewal of directors’ service contracts. Details of the remuneration to directors and senior management for the year ended 31 December 2022 are set out in Note 25 and Note 34 to the consolidated financial statements.

The Company has adopted a share option scheme (the “Share Option Scheme”) which became effective on 21 May 2015, the date on which it was approved by the shareholders at the annual general meeting of the Company that was held on the same day.



# CORPORATE GOVERNANCE REPORT

The purposes of the Share Option Scheme are to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. The eligible participants of the Share Option Scheme include any executive, non-executive and independent non-executive directors of the Company. Further details in respect of the Group's Share Option Scheme are set out in the sub-section headed "Share Options" under the section headed "Report of the Directors" of the annual report.

## PERFORMANCE OF CORPORATE GOVERNANCE DUTIES

The audit committee is also responsible for the corporate governance duties and determining the policy for the corporate governance of the Group. Therefore, the Group has not established another board committee for the performance of corporate governance duties at present. The audit committee had reviewed the Group's policies and practices on corporate governance and compliance with legal and regulatory requirements including the compliance with the CG Code during the year ended 31 December 2022. The audit committee also reviewed the training and continuous development of directors and senior management.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Group has an internal audit function. To identify, evaluate and manage significant risks, the internal audit function carries out the analysis and independent appraisals of business risks, operational controls, information reporting and compliance with laws and regulations of the operating divisions of the Group on a regular basis. Due consideration is also given to any matters and recommendations raised by the Group's internal staff and external business partners such as customers and suppliers. Investigation findings are reported to the appropriate level of management and, if necessary, brought to the attention of the executive directors or the Board. Management's responses to these findings are also considered.

The Board is responsible for overseeing the Group's risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. Reviews on the effectiveness of the Group's risk management and internal control systems are conducted at least annually, which cover the changes in the nature and extent of significant risks, the quality of management's ongoing monitoring of risks and internal control systems, the frequency of communication of monitoring results, significant control weaknesses and the Group's processes for financial reporting and compliance with the Listing Rules. These reviews also cover the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions. The Board had discussed with the external auditor and reviewed the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2022, and considered them effective and adequate.

# CORPORATE GOVERNANCE REPORT

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

## AUDITOR'S REMUNERATION

During the year ended 31 December 2022, the total remuneration for audit services provided by PricewaterhouseCoopers, the external auditor, amounted to HK\$4,175,000. The audit fee was approved by the audit committee. The statement made by the external auditor in respect of their reporting responsibilities is set out on page 121 to page 125 of the annual report.

During the year ended 31 December 2022, the total remuneration for permissible non-audit services provided by the external auditor (including any entity under common control, ownership or management with the external auditor) amounted to HK\$273,000. The non-audit services comprised tax compliance and consulting services of approximately HK\$73,000 and advisory service on environmental, social and governance report of approximately HK\$200,000. The audit committee had been briefed in respect of the non-audit services and related fees and was satisfied that such services did not (in terms of the nature of services and the amount of fees charged) affect the independence of external auditor. The re-appointment of PricewaterhouseCoopers as the auditor of the Company has been recommended by the audit committee and endorsed by the Board and is subject to approval by shareholders at the forthcoming annual general meeting.

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

## COMPANY SECRETARY

The company secretary is Ms. Lee Hiu Laam. The Board had reviewed the training and continuous professional development of the company secretary during the year ended 31 December 2022 and considered that the requirements under rule 3.29 of the Listing Rules in respect of the professional training of the company secretary were complied.



# CORPORATE GOVERNANCE REPORT

## DIVIDEND POLICY

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

The Board recommends the payment of a final dividend of HK 1.76 cents per ordinary share, totaling approximately HK\$30,640,000, for the year ended 31 December 2022 which is subject to shareholders' approval at the Company's forthcoming annual general meeting to be held on 18 May 2023. Together with the interim dividend of HK\$30,675,000 paid on 23 September 2022 in respect of the six months ended 30 June 2022, the interim and final dividends for the year ended 31 December 2022 will be approximately HK\$61,315,000, which is in line with the Group's normal target payout ratio of about 30% of the net profit.

## SHAREHOLDERS' RIGHTS

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

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

### **Procedures for directing shareholders' enquiries to the Board**

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

# CORPORATE GOVERNANCE REPORT

## COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

- (i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's websites at [www.eva-group.com](http://www.eva-group.com) or [www.irasia.com/listco/hk/evaholdings](http://www.irasia.com/listco/hk/evaholdings);
- (ii) periodic announcements are published on the websites of the Stock Exchange and the Company;
- (iii) corporate information is made available on the Company's websites; and
- (iv) annual general meetings and other general meetings provide a forum for the shareholders to make comments and exchange views with the directors and senior management.

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



# CORPORATE GOVERNANCE REPORT

## CHANGES IN CONSTITUTIONAL DOCUMENTS

The Company's memorandum and articles of association was amended during the year ended 31 December 2022 and the changes were mainly as follows:

- (i) to provide greater flexibility to the Company in relation to the conduct of general meetings of the Company by (i) permitting the use of hybrid meetings to allow general meetings to be convened and held simultaneously in different physical locations and by means of electronic facilities and (ii) permitting the use of electronic meetings to allow general meetings to be convened and held by means of electronic facilities;
- (ii) to bring the Company's memorandum and articles of association in line with the latest legal and regulatory requirements, including the amendments made to Appendix 3 to the Listing Rules which took effect on 1 January 2022, and the applicable laws of the Cayman Islands; and
- (iii) to incorporate other consequential and housekeeping changes.

## 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 10 to the Listing Rules. Having made specific enquiry of all directors, the Company reported that all directors have complied with the required standards set out in the Model Code during the year ended 31 December 2022 and up to the date of this report.

## COMPLIANCE WITH THE CG CODE

The Company and the directors confirm, to the best of their knowledge, that the Company has complied with the CG Code as set out in Part 2 of Appendix 14 to the Listing Rules during the year ended 31 December 2022.

By order of the Board  
**Zhang Hwo Jie**  
*Chairman*

Hong Kong, 30 March 2023

# REPORT OF THE DIRECTORS

The directors are pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2022.

## PRINCIPAL ACTIVITIES

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

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

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

An analysis of the Group's turnover and operating result by business segment for the year ended 31 December 2022 is set out in Note 5 to the consolidated financial statements.

## MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases and sales for the year ended 31 December 2022 attributable to the Group's major suppliers and customers are as follows:

### Purchases

The largest supplier	4.3%
Five largest suppliers combined	18.8%

The Group's length of relationship with its five largest suppliers ranged from 6 years to more than 10 years. The Group's length of relationship with its remaining suppliers ranged from 1 year to more than 10 years.

### Sales

The largest customer	35.7%
Five largest customers combined	61.5%

The Group's length of relationship with its five largest customers ranged from 5 years to more than 10 years. The Group's length of relationship with its remaining customers ranged from 1 year to more than 10 years.

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



# REPORT OF THE DIRECTORS

## BUSINESS REVIEW

A review of the Group's business for the year ended 31 December 2022 is set out in the sections headed "Chairman's Statement" on page 36 to page 43, "Financial Review" on page 44 to page 50 and "Environmental, Social and Governance Report" on page 51 to page 82 and of the annual report.

For the year ended 31 December 2022, sales to the five largest customers represented 61.5% of the Group's total turnover. Accordingly, any change in these customers' businesses and financial conditions is likely to have an impact on the financial performance of the Group. To manage this risk, the Group performs credit evaluation of its customers to ensure that sales are made only to entities with viable businesses and sound financial background. Credit periods granted to the customers are closely monitored and approved by the appropriate level of management. At the same time, the Group identifies and develops new customers with high potentials in an effort to widen the customer base and reduce the reliance on existing key customers.

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

## RESULTS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of comprehensive income on page 128 to page 129.

## DIVIDENDS

The Board recommends the payment of a final dividend of HK 1.76 cent per ordinary share, totaling approximately HK\$30,640,000 for the year ended 31 December 2022. Subject to the approval of the directors' recommendation by the shareholders at the forthcoming annual general meeting to be held on 18 May 2023, the final dividend will be paid in cash on 9 June 2023. Including the interim dividend of HK\$30,675,000 for the six months ended 30 June 2022 paid on 23 September 2022, the total dividends declared for the year ended 31 December 2022 will be approximately HK\$61,315,000.

## KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Details of the Group's key relationships with employees, customers and suppliers are set out in the section headed "Financial Review" on pages 44 to 50 and "Environmental, Social and Governance Report" on pages 51 to 82.

# REPORT OF THE DIRECTORS

## ENVIRONMENTAL POLICIES AND PERFORMANCE

Details of the Group's environmental policies and performance are set out in the section headed "Environmental, Social and Governance Report" on pages 51 to 82.

## COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2022, as far as the Company is aware, there is no material breach of or non-compliance with applicable laws and regulations by the Group which has a significant impact on its business and operations.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year ended 31 December 2022 are set out in Note 6 to the consolidated financial statements.

## BORROWINGS AND INTEREST

Details of borrowings are set out in Note 7 and Note 19 to the consolidated financial statements. Interest and other borrowing costs are set out in Note 26 to the consolidated financial statements.

## SHARE CAPITAL

Details of movements in share capital during the year ended 31 December 2022 are set out in Note 21 to the consolidated financial statements.

## DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2022, the Company's reserves available for distribution to the shareholders of the Company amounted to HK\$1,057,734,000. Details of the movements in the reserves of the Company are set out in Note 33 to the consolidated financial statements. Pursuant to the Companies Act (Revised) of the Cayman Islands and the Company's amended and restated articles of association, in addition to the profits and retained earnings of the Company, the funds in the share premium account and the capital redemption reserve of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debt as they fall due in the ordinary course of business.

## DONATIONS

The donations made by the Group during the year ended 31 December 2022 amounted to approximately HK\$235,000.



# REPORT OF THE DIRECTORS

## PENSION SCHEMES

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

## FIVE YEARS FINANCIAL SUMMARY

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

## MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2022.

## DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors during the year ended 31 December 2022 and up to the date of this report were:

### EXECUTIVE DIRECTORS

Mr. Zhang Hwo Jie (*Chairman*)

Mr. Zhang Jian Hua (*Vice Chairman*)

Mr. Zhang Yaohua (*Chief Executive*)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Hiu Lo

Dr. Chai Ngai Chiu, Sunny

Ms. Ling Kit Sum

Pursuant to the Company's articles of association, Mr. Zhang Yaohua and Ms. Ling Kit Sum will retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. During the year ended 31 December 2022 and up to the date of this report, no director has resigned or refused re-election.

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

# REPORT OF THE DIRECTORS

## PERMITTED INDEMNITY

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

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

## DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

## DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2022 and up to the date of this report, none of the directors of the Company is considered to have direct or indirect interest in businesses which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules.

## EQUITY-LINKED AGREEMENTS

The Company has a share option scheme, the details of which are set out in the section headed "Share Options" in the Report of the Directors. Save as the aforesaid, no equity-linked agreement was entered into or existed during the year ended 31 December 2022 and up to the date of this report.

## SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS

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

- (i) a term loan facility up to HK\$200,000,000 with a repayment term of four years from the date of first drawdown (the outstanding loan balance was HK\$80,120,000 as at 31 December 2022); and



# REPORT OF THE DIRECTORS

- (ii) a revolving loan for an amount up to HK\$40,000,000 (there was no outstanding balance as at 31 December 2022).

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

In addition, 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 up to HK\$300,000,000 for a term of four years from the date of drawdown of the loan (the outstanding loan balance was HK\$60,000,000 as at 31 December 2022);
- (ii) another term loan facility up to HK\$300,000,000 for a term of four years from the date of drawdown of the loan (the outstanding loan balance was HK\$165,000,000 as at 31 December 2022);
- (iii) another term loan facility up to HK\$150,000,000 for a term of two and a half years from the date of drawdown of the loan (the outstanding loan balance was HK\$75,000,000 as at 31 December 2022);
- (iv) another term loan facility up to HK\$100,000,000 for a term of thirty months from the date of drawdown of the loan (the outstanding loan balance was HK\$87,500,000 as at 31 December 2022); and
- (v) a revolving loan of HK\$150,000,000 (there was no outstanding balance as at 31 December 2022).

# REPORT OF THE DIRECTORS

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 loan agreements with MUFG Bank, Ltd. in respect of the following banking facilities (“MUFG Facilities Agreements”):

- (i) a term loan facility up to HK\$200,000,000 with a repayment term of four years from the date of the first drawdown (the outstanding loan balance was HK\$75,000,000 as at 31 December 2022); and
- (i) a revolving loan of HK\$30,000,000 (the outstanding loan balance was HK\$30,000,000 as at 31 December 2022).

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

- (i) 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
- (ii) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall collectively remain as single largest shareholder of the Company.

Besides, a subsidiary of the Company had entered into banking facility agreements with Fubon Bank (Hong Kong) Limited in respect of the following banking facilities (“Fubon Facilities Agreement”):

- (i) a term loan facility up to HK\$150,000,000 for a term of thirty-six months from the first drawdown date of the loan (the outstanding loan balance was HK\$150,000,000 as at 31 December 2022); and
- (ii) a short-term advance facility on a revolving basis of up to HK\$54,600,000, or an equivalent amount in other currencies (the outstanding loan balance was HK\$50,000,000 as at 31 December 2022).

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

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



## REPORT OF THE DIRECTORS

A subsidiary of the Company had also entered into a banking facility agreement with Chong Hong Bank Limited in respect of the following banking facilities (“Chong Hing Facility Agreement”):

- (i) a term loan facility up to HK\$150,000,000 with a repayment period of three years after drawdown (the outstanding loan balance was HK\$25,000,000 as at 31 December 2022); and
- (ii) a revolving loan facility of HK\$50,000,000 (there was no outstanding balance as at 31 December 2022).

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

- (i) 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
- (ii) 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 there was no outstanding loan balance as at 31 December 2022.

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

- (i) 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
- (ii) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall remain as the largest shareholder with controlling power in the Company.

Further, a subsidiary of the Company had entered into a banking facility agreement with The Bank of East Asia, Limited in respect of a term loan facility (“BEA Facility Agreement”) of HK\$200,000,000 with a repayment period of 3 years after drawdown (the outstanding loan balance was HK\$175,000,000 as at 31 December 2022).

# REPORT OF THE DIRECTORS

Under the BEA Facility Agreement, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall (i) maintain not less than 35% of the issued share capital of the Company, and (ii) 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 China Minsheng Banking Corp., Ltd. Hong Kong Branch, in respect of the following banking facilities (“CMBC Facility Agreement”):

- (i) a term loan facility of HK\$150,000,000 which is repayable by instalments with the final repayment date falling 36 months from the date of the CMBC Facility Agreement (the outstanding loan balance was HK\$150,000,000 as at 31 December 2022).

Under the CMBC Facility Agreement, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall (i) collectively and beneficially own not less than 35% of the issued share capital of the Company, (ii) remain as the largest shareholder in the Company and (iii) Mr. Zhang Hwo Jie shall remain as the Chairman of the board of directors and an executive director of the Company.

A subsidiary of the Company had entered into a banking facility agreement with Hang Seng Bank Limited (as mandate lead arranger and bookrunner and agent) and certain financial institutions (as lenders) in respect of a term loan facility of HK\$1,190,000,000 (“HSB Syndicated Facility Agreement”), and the outstanding loan balance was HK\$1,190,000,000 as at 31 December 2022.

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

- (i) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall collectively own, directly or indirectly, at least 35% of the beneficial shareholding, carrying at least 35% of the voting rights, in the Company, free from any security; and remain as the controlling shareholders of the Company;
- (ii) Mr. Zhang Hwo Jie shall remain as the Chairman of the board of directors of the Company; and
- (iii) Either Mr. Zhang Jian Hua or Mr. Zhang Yaohua shall remain as the executive director of the Company.

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

## SHARE OPTIONS

### (a) The Share Option Scheme

The Company has a share option scheme which became effective on 21 May 2015 (the “Share Option Scheme”), the date on which it was approved by the shareholders at the annual general meeting of the Company that was held on the same day.

The following is a summary of the Share Option Scheme:

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

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

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

- a. employees of the Group (whether full-time or part-time);
- b. directors (including executive directors, non-executive directors and independent non-executive directors) of the Group;
- c. substantial shareholders of each member of the Group;
- d. associates of directors or substantial shareholders of the Group;
- e. the trustees of any trust pre-approved by the Board and the beneficiaries (or in case of discretionary trust, the discretionary objects) of which include any of the abovementioned persons; and
- f. business associates including (i) any adviser or consultant (in the areas of technical, financial or corporate management) to any member of the Group; (ii) any provider of goods and/or services to the Group; or (iii) any customer of the goods and/or services of the Group who, at the sole determination of the Board, is not a competitor of the Group and has contributed to the development and expansion of the Group and/or whose contribution to the future development and expansion of the Group is desired.

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

Pursuant to the terms of the Share Option Scheme, the maximum number of shares in respect of which options may be granted thereunder must not exceed 186,405,180 shares (“Scheme Mandate Limit”), representing 10% of the Company’s issued share capital as at the date of approval of the Share Option Scheme, unless the Company obtains a fresh approval from its shareholders. At the annual general meeting of the Company held on 21 May 2018 (“2018 AGM”), the Scheme Mandate Limit was refreshed with the shareholders’

# REPORT OF THE DIRECTORS

approval whereby the directors were authorised to grant options to subscribe for up to 172,901,180 shares, representing 10% of the Company's issued share capital as at the date of the 2018 AGM. Subsequent to the 2018 AGM and up to the date of this report, 69,200,000 options have been granted by the directors. Accordingly, options to subscribe for up to 103,701,180 shares (representing 5.96% of the issued share capital as at the date of this report) are available for issue under the Scheme Mandate Limit refreshed as aforesaid.

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

The total number of shares issued and to be issued upon the exercise of options granted and to be granted to each participant (including both exercised and outstanding options) in any period of twelve consecutive months shall not exceed 1% of the Company's shares in issue. Any further grant of options in excess of this limit must be subject to shareholders' approval in general meeting at which the relevant participant and his associates must abstain from voting.

**5. *The period within which shares must be taken up under an option:***

Commencing from the date of grant of an option and ending on such date as the Board may determine in granting the option but in any event not exceeding ten years from the date of grant.

**6. *The minimum period for which an option must be held before it can be exercised:***

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

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

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant. Any offer may be accepted in respect of less than the number of shares for which it is offered provided that it is accepted in a board lot for dealing in the Company's shares on The Stock Exchange of Hong Kong Limited or an integral multiple thereof. An offer is open for acceptance within 21 days from the date of offer provided that no offer shall be open for acceptance after the expiry of the scheme period or after the Share Option Scheme has been terminated.

# REPORT OF THE DIRECTORS

## 8. *The basis of determining the exercise price:*

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

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

The Share Option Scheme is valid and effective for a period of 10 years. It commenced on 21 May 2015 and will expire on 20 May 2025.

Movement in the share options under the Share Option Scheme during the year ended 31 December 2022 is as follows:

	As at 1 January 2022	Exercised during the year	As at 31 December 2022	Share price immediately before offer date	Exercise price	Exercisable period	Weighted average closing price before exercise of options
				HK\$	HK\$		HK\$
<b>Executive directors</b>							
Mr. Zhang Hwo Jie							
- Granted on 3 November 2017	17,000,000	-	17,000,000	1.08	1.10	2 January 2020 to 4 November 2024	
- Granted on 3 November 2021	1,700,000	-	1,700,000	1.88	1.80	2 May 2023 to 4 November 2027	
Mr. Zhang Jian Hua							
- Granted on 3 November 2021	1,700,000	-	1,700,000	1.88	1.80	2 May 2023 to 4 November 2027	
Mr. Zhang Yaohua							
- Granted on 3 November 2017	17,000,000	-	17,000,000	1.08	1.10	2 January 2020 to 4 November 2024	
- Granted on 3 November 2021	1,700,000	-	1,700,000	1.88	1.80	2 May 2023 to 4 November 2027	

# REPORT OF THE DIRECTORS

	As at 1 January 2022	Exercised during the year	As at 31 December 2022	Share price immediately before offer date	Exercise price	Exercisable period	Weighted average closing price before exercise of options
				HK\$	HK\$		HK\$
<b>Independent non-executive directors</b>							
Mr. Lam Hiu Lo							
– Granted on 3 November 2021	400,000	–	400,000	1.88	1.80	2 May 2023 to 4 November 2027	
Dr. Chai Ngai Chiu Sunny							
– Granted on 3 November 2021	400,000	–	400,000	1.88	1.80	2 May 2023 to 4 November 2027	
Ms. Ling Kit Sum							
– Granted on 3 November 2021	400,000	–	400,000	1.88	1.80	2 May 2023 to 4 November 2027	
<b>Employees of the Group</b>							
Mr. Zhang Hanming (Note 1)							
– Granted on 3 November 2021	400,000	–	400,000	1.88	1.80	2 May 2023 to 4 November 2027	
Ms. Zhang Quian Yi (Note 2)							
– Granted on 3 November 2017	600,000	(300,000)	300,000	1.08	1.10	2 January 2020 to 4 November 2024	2.03
– Granted on 3 November 2021	400,000	–	400,000	1.88	1.80	2 May 2023 to 4 November 2027	
Ms. Zhang Yan Yi (Note 2)							
– Granted on 3 November 2021	400,000	–	400,000	1.88	1.80	2 May 2023 to 4 November 2027	
<b>Others</b>							
– Granted on 3 November 2017	15,700,000	–	15,700,000	1.08	1.10	2 January 2020 to 4 November 2024	
– Granted on 3 November 2021	50,000,000	–	50,000,000	1.88	1.80	2 May 2023 to 4 November 2024	
– Granted on 3 November 2021	11,700,000	–	11,700,000	1.88	1.80	2 May 2023 to 4 November 2027	
	<u>119,500,000</u>	<u>–</u>	<u>119,200,000</u>				

# REPORT OF THE DIRECTORS

Notes:

1. Mr. Zhang Hanming is the father of the three executive directors, hence an associate (as defined in the Listing Rules) of them. 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.
2. Ms. Zhang Quian Yi and Ms. Zhang Yan Yi are the daughters of the Chairman of the Group, hence each an associate (as defined in the Listing Rules) of him. Ms. Zhang Quian Yi is responsible for the business development of the Group and Ms. Zhang Yan Yi is a production management assistant.

## (b) Valuation

The fair value of the 50,000,000 options and 69,200,000 options granted on 3 November 2017 and 3 November 2021 were HK\$18,915,000 and HK\$46,701,000 as at 31 December 2022 respectively.

These 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 2017	3 November 2017 to 2 January 2020	1.10	46.52%	4.59 years	1.42%	1.89%
Granted on 3 November 2021	3 November 2021 to 2 May 2023	1.80	67.24%	2.25 years	0.40%	1.35%
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.

# REPORT OF THE DIRECTORS

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

As at 31 December 2022, the interests and/or short positions of the directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have taken under such provisions of the SFO), and/or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and The Stock Exchange of Hong Kong Limited were as follows:

### (i) Long position in the shares of the Company

Name of director	Corporate interests	Personal interests	Interest of spouse	Personal interests in underlying shares held under equity derivatives (Note 1)	Total interests	Approximate percentage of interest in the Company as at 31 December 2022
Mr. Zhang Hwo Jie	673,750,000 (Note 2)	28,152,000	-	18,700,000	720,602,000	41.39%
Mr. Zhang Jian Hua	-	664,000	-	1,700,000	2,364,000	0.14%
Mr. Zhang Yaohua	673,750,000 (Note 2)	40,164,000	156,000	18,700,000	732,770,000	42.09%
Mr. Lam Hiu Lo	-	-	-	400,000	400,000	0.02%
Dr. Chai Ngai Chiu Sunny	-	-	-	400,000	400,000	0.02%
Ms. Ling Kit Sum	-	-	-	400,000	400,000	0.02%

Notes:

- 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.
- Mr. Zhang Hwo Jie and Mr. Zhang Yaohua held 52.93% and 47.07% of the entire issued capital of Prosper Empire Limited respectively, and Prosper Empire Limited was interested in 38.70% of the entire issued capital of the Company as at 31 December 2022. 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.

# REPORT OF THE DIRECTORS

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

<b>Name of director</b>	<b>Capacity</b>	<b>Approximate percentage of interest in Prosper Empire Limited as at 31 December 2022</b>
Mr. Zhang Hwo Jie	Personal interests	52.93%
Mr. Zhang Yaohua	Personal interests	47.07%

## SUBSTANTIAL SHAREHOLDERS

As at 31 December 2022, 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:

<b>Name</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Number of underlying shares held under equity derivatives</b>	<b>Total interests</b>	<b>Approximate percentage of interest</b>
Prosper Empire Limited	Beneficial owner	673,750,000	–	673,750,000	38.70%
Ms. Shen Chan Jie Lin	Interest of spouse (Note 1)	701,902,000	18,700,000	720,602,000	41.39%
Ms. Jiang Lu	Beneficial owner	156,000	–	156,000	0.01%
	Interest of spouse (Note 2)	713,914,000	18,700,000	732,614,000	42.08%

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.

# REPORT OF THE DIRECTORS

## PURCHASES, SALE AND REDEMPTION OF THE SHARES

During the year ended 31 December 2022, the Company repurchased its 8,500,000 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 31 December 2022 are summarised as follows:

<b>Months of repurchase</b>	<b>Number of shares repurchased</b>	<b>Highest price per share</b>	<b>Lowest price per share</b>	<b>Total consideration paid</b>
		HK\$	HK\$	HK\$'000
May 2022	5,500,000	1.56	1.21	7,654
October 2022	3,000,000	1.29	1.19	3,708
	<u>8,500,000</u>			<u>11,362</u>

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 year ended 31 December 2022.

## PRE-EMPTIVE RIGHTS

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

## CLOSURE OF REGISTER OF MEMBERS

To determine which shareholders will be eligible to attend and vote at the forthcoming annual general meeting to be held on Thursday, 18 May 2023, the register of members of the Company will be closed from Monday, 15 May 2023 to Thursday, 18 May 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, namely, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 May 2023.



# REPORT OF THE DIRECTORS

Subject to the shareholders' approval of the recommended final dividend at the annual general meeting of the Company, the final dividend will be payable on Friday, 9 June 2023 to shareholders whose names appear on the register of members on Monday, 29 May 2023. To determine eligibility for the final dividend, the register of members of the Company will be closed from Wednesday, 24 May 2023 to Monday, 29 May 2023, both days inclusive, during which period no share transfer will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, namely, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 23 May 2023.

## CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on page 87 to page 101.

## CHANGE OF DIRECTORS' INFORMATION

During the year, Ms. Ling Kit Sum, an independent non-executive director of the Company, ceased as a member of Hospital Governing Committee of Hospital Authority on 31 March 2022 and a member of the Appeal Board Panel (Town Planning) on 30 September 2022. She was appointed as an independent manager of the incorporated management committee of Ng Yuk Secondary School, an aided school, on 1 February 2023.

## 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 14 to the Listing Rules, for the purpose of reviewing and providing supervision on the financial reporting process, risk management, internal control system and corporate governance matters of the Group. The audit committee comprises the three independent non-executive directors, namely, Ms. Ling Kit Sum, Mr. Lam Hiu Lo and Dr. Chai Ngai Chiu Sunny, with Ms. Ling Kit Sum as the chairman. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control, corporate governance and financial reporting matters with management including a review of the audited consolidated financial statements for the year ended 31 December 2022.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, the directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules during the year ended 31 December 2022 and up to the date of this report.

# REPORT OF THE DIRECTORS

## AUDITOR

The consolidated financial statements for the year ended 31 December 2022 have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

By order of the Board

**Zhang Hwo Jie**

*Chairman*

Hong Kong, 30 March 2023



# INDEPENDENT AUDITOR'S REPORT

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

## OPINION

### What we have audited

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

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

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

### Independence

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

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS

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

Key audit matter identified in our audit is related to risk of revenue recognition.

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><b>Risk of revenue recognition</b></p> <p>Refer to note 2.25 for the Group's accounting policies on revenue recognition and note 5 for the analysis of the Group's revenue for the year ended 31 December 2022.</p> <p>The Group recognised revenue of HK\$6,268 million for the year ended 31 December 2022.</p> <p>We focused on revenue recognition due to its magnitude. Proper control is essential to ensure that sales are recognised in the correct period and for the correct amount. Therefore, it required significant time and resource to audit.</p>	<p>We understood, evaluated and validated management's key internal controls in its revenue recognition process.</p> <p>We performed analysis on revenue by comparing the actual result of the current year with that of the prior year.</p> <p>We tested samples of sales transactions against invoices and other supporting documents where relevant.</p> <p>We tested sales transactions that took place before and after the balance sheet date, on a sample basis, to assess whether the sales transactions were recognised in the correct reporting periods.</p> <p>We tested samples of journal entries posted to revenue accounts on risk-based criteria and inspected the relevant supporting documents, consistent with the Group's revenue recognition accounting policy.</p> <p>Based on the procedures performed above, we considered that the Group's sales transactions being tested were recognised in a manner consistent with the Group's revenue recognition accounting policy.</p>

### OTHER INFORMATION

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

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

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

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

### RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Albert K. W. Lee.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 30 March 2023

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	2,453,708	2,417,647
Right-of-use assets	7	377,546	384,467
Intangible assets	8	5,847	7,639
Investments in associates	10	30,591	34,633
Prepayments, deposits and other receivables	13	57,031	48,529
Financial assets at fair value through other comprehensive income	14	28,647	32,328
Deferred income tax assets	20	6,549	6,675
		<b>2,959,919</b>	2,931,918
<b>Current assets</b>			
Inventories	11	638,603	688,478
Trade receivables	12	1,681,160	1,381,951
Prepayments, deposits and other receivables	13	146,135	150,365
Restricted bank deposits	15	69,599	102,742
Short-term bank deposits	15	39,194	–
Cash and cash equivalents	15	1,722,162	1,318,182
		<b>4,296,853</b>	3,641,718
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	16	1,489,832	1,372,815
Contract liabilities	17	99,288	67,778
Accruals and other payables	18	242,242	283,712
Bank borrowings	19	965,640	1,447,550
Lease liabilities	7	44,120	30,949
Current income tax liabilities		18,364	23,187
		<b>2,859,486</b>	3,225,991

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Net current assets</b>		<b><u>1,437,367</u></b>	<u>415,727</u>
<b>Total assets less current liabilities</b>		<b><u>4,397,286</u></b>	<u>3,347,645</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	19	<b>1,459,783</b>	460,000
Lease liabilities	7	<b>76,107</b>	78,297
Deferred income tax liabilities	20	<b><u>22,992</u></b>	<u>20,907</u>
		<b><u>1,558,882</u></b>	<u>559,204</u>
<b>Net assets</b>		<b><u>2,838,404</u></b>	<u>2,788,441</u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	21	<b>174,092</b>	174,912
Reserves	22	<b><u>2,664,312</u></b>	<u>2,613,529</u>
<b>Total equity</b>		<b><u>2,838,404</u></b>	<u>2,788,441</u>

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

The consolidated financial statements on pages 126 to 225 were approved by the Board of Directors on 30 March 2023 and were signed on its behalf.

**Zhang Hwo Jie**  
Chairman

**Zhang Jian Hua**  
Director

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>Revenue</b>	5	<b>6,268,065</b>	5,108,777
Cost of sales	24	<b>(5,016,754)</b>	(4,096,058)
<b>Gross profit</b>		<b>1,251,311</b>	1,012,719
Other income	23	<b>22,430</b>	31,759
Other losses – net	23	<b>(8,335)</b>	(4,904)
Selling and marketing costs	24	<b>(369,162)</b>	(314,933)
General and administrative expenses	24	<b>(615,446)</b>	(505,690)
Net impairment losses on financial assets	12, 13	<b>(7,622)</b>	(24,350)
<b>Operating profit</b>		<b>273,176</b>	194,601
Finance income	26	<b>10,462</b>	12,665
Finance costs	26	<b>(52,837)</b>	(27,510)
Share of (loss)/profit of associates	10	<b>(210)</b>	358
<b>Profit before income tax</b>		<b>230,591</b>	180,114
Income tax expense	27	<b>(24,574)</b>	(24,924)
<b>Profit for the year</b>		<b>206,017</b>	155,190
Other comprehensive (loss)/income for the year, net of tax			
Item that may be reclassified to profit or loss			
– Currency translation differences		<b>(115,686)</b>	38,924
Item that will not be reclassified to profit or loss			
– Revaluation losses on financial assets at fair value through other comprehensive income		<b>(3,681)</b>	(30,276)
<b>Total comprehensive income for the year</b>		<b>86,650</b>	163,838

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Profit for the year attributable to equity holders of the Company		<b>206,017</b>	155,190
Total comprehensive income for the year attributable to equity holders of the Company		<b>86,650</b>	163,838
<b>Earnings per share for profit attributable to equity holders of the Company during the year (expressed in HK cents per share)</b>			
– basic	28	<b>11.8</b>	9.0
– diluted	28	<b>11.8</b>	9.0

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Attributable to equity holders of the Company		
		Share capital HK\$'000	Reserves HK\$'000	Total HK\$'000
Balance at 1 January 2022		<b>174,912</b>	<b>2,613,529</b>	<b>2,788,441</b>
Comprehensive income				
Profit for the year		-	<b>206,017</b>	<b>206,017</b>
Other comprehensive losses				
Revaluation losses on financial assets at fair value through other comprehensive income		-	<b>(3,681)</b>	<b>(3,681)</b>
Currency translation differences		-	<b>(115,686)</b>	<b>(115,686)</b>
Total comprehensive income for the year		-	<b>86,650</b>	<b>86,650</b>
Transactions with owners				
Repurchase of shares		<b>(850)</b>	<b>(10,629)</b>	<b>(11,479)</b>
Proceeds from issuance of shares upon exercise of employees share options		<b>30</b>	<b>300</b>	<b>330</b>
Employee share option scheme:				
Value of employee services	21	-	<b>31,277</b>	<b>31,277</b>
Dividends paid		-	<b>(56,815)</b>	<b>(56,815)</b>
		<b>(820)</b>	<b>(35,867)</b>	<b>(36,687)</b>
Balance at 31 December 2022		<b>174,092</b>	<b>2,664,312</b>	<b>2,838,404</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Attributable to equity holders of the Company		Total
		Share capital HK\$'000	Reserves HK\$'000	
Balance at 1 January 2021		<u>171,658</u>	<u>2,438,034</u>	<u>2,609,692</u>
Comprehensive income				
Profit for the year		–	155,190	155,190
Other comprehensive income				
Revaluation losses on financial assets at fair value through other comprehensive income		–	(30,276)	(30,276)
Currency translation differences		–	38,924	38,924
Total comprehensive income for the year		<u>–</u>	<u>163,838</u>	<u>163,838</u>
Transactions with owners				
Proceeds from issuance of shares upon exercise of employees share options		3,254	27,422	30,676
Employee share option scheme:				
Value of employee services	21	–	4,970	4,970
Dividends paid		–	(20,735)	(20,735)
		<u>3,254</u>	<u>11,657</u>	<u>14,911</u>
Balance at 31 December 2021		<u>174,912</u>	<u>2,613,529</u>	<u>2,788,441</u>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	30	<b>456,024</b>	290,087
Interest received		<b>10,462</b>	12,665
Interest paid		<b>(67,831)</b>	(33,183)
Income tax paid		<b>(26,302)</b>	(10,285)
		<hr/>	<hr/>
Net cash generated from operating activities		<b>372,353</b>	259,284
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		<b>(339,033)</b>	(368,467)
Prepayments for property, plant and equipment		<b>(6,777)</b>	(7,788)
Proceeds from sale of property, plant and equipment	30	<b>19,264</b>	5,046
Proceeds from disposal of a financial asset at fair value through other comprehensive income		–	13,682
Dividend income from a financial asset at fair value through other comprehensive income		<b>1,056</b>	304
Repayment of consideration payable for acquisition of subsidiary		<b>(14,376)</b>	–
Acquisition of a subsidiary, net of cash acquired		–	(4,191)
Decrease/(increase) in restricted bank deposits		<b>33,143</b>	(9,168)
(Increase)/decrease in short-term bank deposits		<b>(39,194)</b>	33,336
		<hr/>	<hr/>
Net cash used in investing activities		<b>(345,917)</b>	(337,246)

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	30	<b>1,577,500</b>	548,042
Repayments of borrowings	30	<b>(1,059,627)</b>	(542,353)
Repayments of principal element of lease payments	30	<b>(30,418)</b>	(28,939)
Repayments of interest element of lease payments	30	<b>(4,972)</b>	(5,124)
Proceeds from issuance of shares upon exercise of share options	21	<b>330</b>	30,676
Repurchase of shares	21	<b>(11,479)</b>	–
Dividends paid	22	<b>(56,815)</b>	(20,735)
Net cash generated from/(used in) financing activities		<b>414,519</b>	(18,433)
Net increase/(decrease) in cash and cash equivalents		<b>440,955</b>	(96,395)
Cash and cash equivalents at beginning of the year		<b>1,318,182</b>	1,405,694
Exchange gain on cash and cash equivalents		<b>(36,975)</b>	8,883
Cash and cash equivalents at end of the year	15	<b>1,722,162</b>	1,318,182

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

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

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

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

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and the disclosure requirements of the Hong Kong Company Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income (“FVOCI”) which are carried at fair values.

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

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

#### (a) *Relevant amendments to existing standards and conceptual framework adopted by the Group*

The following amended standards and conceptual framework are mandatory for the first time for the financial year beginning 1 January 2022:

Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020 (Amendments)
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments
Amendments to HKFRS 16	Covid-19 Related Rent Concessions beyond 2021
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

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

The Group has not applied any amended standards or conceptual framework that is not yet effective for the current accounting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

- (b) *New standards and amendments to existing standards that have been issued and are relevant to the Group but not effective for the financial year beginning 1 January 2022 and have not been early adopted*

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRS 17	Amendments to HKFRS 17	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback	1 January 2024
HK Int5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayments on Demand Clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Principles of consolidation and equity accounting

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December 2022.

#### (a) *Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

#### (b) *Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group hold a between 20% and 50% of the voting rights. Investment in associates are accounted for using the equity method of accounting after initially being recognised at cost.

#### (c) *Equity method*

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Principles of consolidation and equity accounting (Continued)

#### (c) *Equity method* (Continued)

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'Share of (loss)/profit of associates' in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Financial information reported by the associate has been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in an associate are recognised in profit or loss.

### 2.3 Changes in ownership interests

When the Group ceases to have control, any retained interests in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified by applicable HKFRSs where appropriate.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### 2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified collectively as the executive directors and senior management that make strategic decisions.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Foreign currency translation

#### (a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK\$, which is the Company's functional and the Group's presentation currency.

#### (b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'Other losses – net'.

Translation differences on non-monetary financial assets, such as equities classified as financial assets at FVOCI, are included in other comprehensive income.

#### (c) *Group companies*

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Foreign currency translation (Continued)

#### (c) *Group companies* (Continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

#### (d) *Disposal of foreign operation and partial disposal*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that include a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interest and are not recognised in profit or loss. For all other partial disposals (that is, reduction in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Property, plant and equipment

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

Freehold land is stated at historical cost.

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

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

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

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

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

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Property, plant and equipment (Continued)

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

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

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

### 2.8 Leases as lessee

All land in Mainland China is state-owned or collectively-owned and no individual land ownership right exists. The Group has acquired the rights to use certain land in Mainland China. The premiums paid for leasehold land and land use rights are treated as prepayments for operating leases, recorded as leasehold land and land use rights, and are amortised over the lease/land use right periods using the straight-line method. From 1 January 2019, these are grouped as part of right-of-use assets.

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

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

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Leases as lessee (Continued)

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Leases as lessee (Continued)

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

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

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

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

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

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

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

### 2.9 Investment property under development

Investment property under development, principally freehold office buildings, are held for long-term rental yields and are not occupied by the Group. Investment property under development is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in profit or loss as part of 'Other losses – net'.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Intangible assets

#### (a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### (b) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Amortisation is calculated using the straight-line method to allocate the cost of source codes over their estimated useful lives of five years.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation, are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### 2.12 Financial assets

#### (a) *Classification*

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

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

#### (b) *Recognition and derecognition*

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

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Financial assets (Continued)

#### (c) *Measurement*

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

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

#### (i) *Equity instruments*

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

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

#### (d) *Impairment*

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

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.14 Inventories

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

### 2.15 Trade receivables

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

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

### 2.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group entity purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled.

### 2.18 Trade payables, accruals and other payables

These amounts represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Borrowings (Continued)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

### 2.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowings costs are recognised in profit or loss in the period in which they are incurred.

### 2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income or equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

#### (a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Current and deferred income tax (Continued)

#### (b) *Deferred income tax*

##### **Inside basis differences**

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

##### **Outside basis differences**

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

#### (c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.22 Employee benefits

#### (a) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the statement of financial position date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### (b) *Pension obligations*

Group companies participate in several defined contribution plans. The plans are generally funded through payments to trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employment costs when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### (c) *Profit-sharing and bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing, taking into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### (d) *Share-based payments – expense recognition and grant date*

Share-based payment expenses should be recognised over the period during which the employees provide the relevant services. Once the grant date has been established, the entity revises the earlier estimate so that the amounts recognised for services received is ultimately based on the grant date fair value of the equity instruments.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.23 Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (“options”) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets and the requirement to remain an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each statement of financial position date, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

### 2.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.25 Revenue recognition

#### (a) *Sales of goods*

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

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

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

### 2.26 Earnings per share

#### (a) *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

#### (b) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account, the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.27 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

### 2.28 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of plant and equipment and land use right (which is grouped as right-of-use assets) are initially included in liabilities as deferred government grants and when such plant and equipment and land use right are built or purchased, the received government grants are netted off with carrying value of the related assets.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

### 2.29 Interest income

Interest income is presented as finance income (Note 26) where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.30 Dividend income

Dividends are received from financial assets measured at fair value through profit or loss (FVPL) and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

## 3 FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

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

#### (a) *Market risk*

##### (i) **Foreign exchange risk**

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### (a) Market risk (Continued)

##### (i) Foreign exchange risk (Continued)

	<b>2022</b> <b>HK\$'000</b>
Chinese Renminbi 7.9% depreciation against Hong Kong dollars	<b>(46,428)</b>
Japanese Yen 12.7% depreciation against Hong Kong dollars	<b>(757)</b>
Euro 6.4% appreciation against Hong Kong dollars	<b>769</b>
US dollars 0.1% depreciation against Hong Kong dollars	<b>(37)</b>
Decrease in post-tax profit	<b><u>(46,453)</u></b>
	2021 HK\$'000
Chinese Renminbi 3.4% appreciation against Hong Kong dollars	19,083
Japanese Yen 9.9% depreciation against Hong Kong dollars	(216)
Euro 7.0% appreciation against Hong Kong dollars	2,429
US dollars 0.6% appreciation against Hong Kong dollars	<u>3,071</u>
Increase in post-tax profit	<b><u>24,367</u></b>

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

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### (a) Market risk (Continued)

##### (ii) Cash flow and fair value interest rate risk

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

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

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

At 31 December 2022, a 100 basis points (i.e. 1%) fall/rise in market interest rates for all currencies in which the Group had net borrowings, after offsetting bank deposits, would increase/decrease post-tax profit (2021: increase/decrease post-tax profit) by approximately HK\$7,059,000 (2021: HK\$7,719,000), mainly as a result of lower/higher interest expense on floating rate borrowings.

#### (b) Credit risk

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

As at 31 December 2021 and 2022, all the bank balances are deposited in major reputable financial institutions, and in the opinion of management, without significant credit risk. Management does not expect any losses from non-performance by these banks.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

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

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

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Deposits and other receivables	<b>78,018</b>	76,455
Trade receivables	<b>1,681,160</b>	1,381,951
Restricted bank deposits	<b>69,599</b>	102,742
Short-term bank deposits	<b>39,194</b>	–
Cash and cash equivalents	<b>1,722,162</b>	1,318,182

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

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

#### (i) Impairment of financial assets

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) Trade receivables

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

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

On that basis, the loss allowance as at 31 December 2022 and 31 December 2021 was determined based on past due date as follows for trade receivables:

	<b>As at 31 December 2022 Current</b>	As at 31 December 2021 Current
Gross carrying amount	<b>1,682,348</b>	1,383,139
Loss allowance	<b>(1,188)</b>	(1,188)
Lifetime expected loss rate	<b>0.07%</b>	0.09%

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### (c) Liquidity risk

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

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

	<b>Less than 1 year or on demand HK\$'000</b>	<b>Between 1 and 2 years HK\$'000</b>	<b>Between 2 and 5 years HK\$'000</b>	<b>Over 5 years HK\$'000</b>	<b>Total HK\$'000</b>
<b>As at 31 December 2022</b>					
Bank borrowings	965,640	533,430	926,353	-	2,425,423
Lease liabilities	44,120	15,662	34,188	26,257	120,227
Interest payables	140,531	87,849	41,915	2,651	272,946
Trade payables	1,489,832	-	-	-	1,489,832
Other payables	109,681	-	-	-	109,681
	<b><u>2,749,804</u></b>	<b><u>636,941</u></b>	<b><u>1,002,456</u></b>	<b><u>28,908</u></b>	<b><u>4,418,109</u></b>
<b>As at 31 December 2021</b>					
Bank borrowings	1,447,550	375,000	85,000	-	1,907,550
Lease liabilities	30,949	25,838	17,416	35,043	109,246
Interest payables	24,952	11,551	7,755	4,436	48,694
Trade payables	1,372,815	-	-	-	1,372,815
Other payables	148,471	-	-	-	148,471
	<b><u>3,024,737</u></b>	<b><u>412,389</u></b>	<b><u>110,171</u></b>	<b><u>39,479</u></b>	<b><u>3,586,776</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### (c) Liquidity risk (Continued)

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

	<b>Less than 1 year HK\$'000</b>	<b>Between 1 and 2 years HK\$'000</b>	<b>Between 2 and 5 years HK\$'000</b>	<b>Over 5 years HK\$'000</b>	<b>Total HK\$'000</b>
<b>As at 31 December 2022</b>					
Bank borrowings	810,641	688,429	926,353	-	2,425,423
Lease liabilities	44,120	15,662	34,188	26,257	120,227
Interest payables	146,502	93,819	41,915	2,651	284,887
Trade payables	1,489,832	-	-	-	1,489,832
Other payables	109,681	-	-	-	109,681
	<b>2,600,776</b>	<b>797,910</b>	<b>1,002,456</b>	<b>28,908</b>	<b>4,430,050</b>
<b>As at 31 December 2021</b>					
Bank borrowings	1,192,430	475,120	240,000	-	1,907,550
Lease liabilities	30,949	25,838	17,416	35,043	109,246
Interest payables	4,352	3,094	6,356	4,436	18,238
Trade payables	1,372,815	-	-	-	1,372,815
Other payables	148,471	-	-	-	148,471
	<b>2,749,017</b>	<b>504,052</b>	<b>263,772</b>	<b>39,479</b>	<b>3,556,320</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2 Capital risk management

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

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

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

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

The gearing ratios were as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Bank borrowings (Note 19)	<b>2,425,423</b>	1,907,550
Lease liabilities (Note 7)	<b>120,227</b>	109,246
Less: Short-term bank deposits (Note 15)	<b>(39,194)</b>	–
Less: Cash and cash equivalents (Note 15)	<b>(1,722,162)</b>	(1,318,182)
Total net debt	<b>784,294</b>	698,614
Total equity	<b>2,838,404</b>	2,788,441
Gearing ratio	<b>27.6%</b>	25.1%

The net debt to equity ratio increased from 25.1% to 27.6% resulted primary from collection of cash from trade receivables is slower than settlement of trade payable and increase in finance cost.

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.3 Fair value estimation

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

The different methods of valuation have been defined as follows:

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

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

Specific valuation techniques used to value financial instruments include:

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Fair value estimation (Continued)

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

	<b>Level 3</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Financial assets at FVOCI – unlisted equity securities	<b>28,647</b>	32,328

There were no transfers between levels during the year.

The following table presents the changes in level 3 instruments for the years ended 31 December 2021 and 2022.

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
As at 1 January	<b>32,328</b>	87,110
Disposal	–	(24,506)
Revaluation losses transferred to other comprehensive income	<b>(3,681)</b>	(30,276)
As at 31 December	<b>28,647</b>	32,328

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

#### (b) Impairment of long-lived assets

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

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### (c) Impairment of trade and other receivables

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

#### (d) Income taxes

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

#### (e) Net realisable value of inventories

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

#### (f) Fair value of financial assets at FVOCI

The fair value of financial assets at FVOCI that is not traded in an active market is determined by using valuation techniques including income approach, asset-based approach or market approach. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 REVENUE AND SEGMENT INFORMATION

#### (a) Revenue

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Sales of moulds and components	<b>6,104,907</b>	4,975,773
Others (Note)	<b>163,158</b>	133,004
	<b><u>6,268,065</u></b>	<u>5,108,777</u>

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 FVOCI are reported as un-allocated assets as at 31 December 2022 in information provided to the chief operating decision-maker as they are not directly related to the segment performance.

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### (b) Segment information (Continued)

The segment results and other segment items are as follows:

	2022			2021		
	Office automation equipment	Automotive components	Total	Office automation equipment	Automotive components	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	<u>4,502,285</u>	<u>1,765,780</u>	<u>6,268,065</u>	<u>3,743,273</u>	<u>1,365,504</u>	<u>5,108,777</u>
Segment results	<u>253,507</u>	<u>101,824</u>	<u>355,331</u>	<u>138,926</u>	<u>126,844</u>	<u>265,770</u>
Unallocated expenses			<b>(82,155)</b>			(71,169)
Finance income			<b>10,462</b>			12,665
Finance costs			<b>(52,837)</b>			(27,510)
Share of (loss)/profit of associates			<b>(210)</b>			358
Profit before income tax			<b>230,591</b>			180,114
Income tax expense			<b>(24,574)</b>			(24,924)
Profit for the year			<u><b>206,017</b></u>			<u>155,190</u>
Depreciation	<u>138,001</u>	<u>132,530</u>	<u>270,531</u>	<u>143,178</u>	<u>131,021</u>	<u>274,199</u>
Amortisation	<u>1,792</u>	<u>-</u>	<u>1,792</u>	<u>1,502</u>	<u>-</u>	<u>1,502</u>

For the years ended 31 December 2021 and 2022, unallocated expenses represent corporate expenses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### (b) Segment information (Continued)

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

	2022				2021			
	Office	Automotive	Un-allocated	Total	Office	Automotive	Un-allocated	Total
	automation	components			automation	components		
	equipment	components	equipment	components				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Assets	<u>4,044,457</u>	<u>3,135,168</u>	<u>77,147</u>	<u>7,256,772</u>	<u>3,454,922</u>	<u>3,018,296</u>	<u>100,418</u>	<u>6,573,636</u>
Liabilities	<u>1,184,422</u>	<u>765,765</u>	<u>2,468,181</u>	<u>4,418,368</u>	<u>1,093,149</u>	<u>736,946</u>	<u>1,955,100</u>	<u>3,785,195</u>
Capital expenditure	<u>227,138</u>	<u>184,903</u>	<u>-</u>	<u>412,041</u>	<u>168,513</u>	<u>233,093</u>	<u>-</u>	<u>401,606</u>

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### (b) Segment information (Continued)

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

	<b>As at 31 December</b>			
	<b>2022</b>		2021	
	<b>Assets</b>	<b>Liabilities</b>	Assets	Liabilities
	<b>HK\$'000</b>	<b>HK\$'000</b>	HK\$'000	HK\$'000
Segment assets/liabilities	<b>7,179,625</b>	<b>1,950,187</b>	6,473,218	1,830,095
Unallocated:				
Investments in associates	<b>30,591</b>	–	34,633	–
Financial assets at FVOCI	<b>28,647</b>	–	32,328	–
Cash and cash equivalents	<b>4,644</b>	–	7,714	–
Deferred income tax assets	<b>6,549</b>	–	6,675	–
Prepayments, deposits and other receivables	<b>6,716</b>	–	19,068	–
Current income tax liabilities	–	<b>18,364</b>	–	23,187
Deferred income tax liabilities	–	<b>22,992</b>	–	20,907
Bank borrowings	–	<b>2,425,423</b>	–	1,907,550
Accruals and other payables	–	<b>1,402</b>	–	3,456
	<b>7,256,772</b>	<b>4,418,368</b>	<b>6,573,636</b>	<b>3,785,195</b>
Total	<b>7,256,772</b>	<b>4,418,368</b>	<b>6,573,636</b>	<b>3,785,195</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment information (Continued)

An analysis of the Group's two major customers (2021: two major customers), each of which accounts for 10% or more of the Group's external revenue, is as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Customer A	<b>2,244,260</b>	1,593,335
Customer B	<b>683,374</b>	617,033

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

	2022				2021			
	The People's Republic of China ("PRC") HK\$'000	Vietnam HK\$'000	Mexico HK\$'000	Total HK\$'000	The People's Republic of China ("PRC") HK\$'000	Vietnam HK\$'000	Mexico HK\$'000	Total HK\$'000
Revenue	<u>4,670,608</u>	<u>1,028,943</u>	<u>568,514</u>	<u>6,268,065</u>	<u>4,332,448</u>	<u>459,920</u>	<u>316,409</u>	<u>5,108,777</u>
Assets by geographical region								
Total non-current assets	<u>2,278,956</u>	<u>255,849</u>	<u>425,114</u>	<u>2,959,919</u>	<u>2,304,504</u>	<u>246,066</u>	<u>381,348</u>	<u>2,931,918</u>
Total assets	<u>5,825,587</u>	<u>683,634</u>	<u>747,551</u>	<u>7,256,772</u>	<u>5,490,863</u>	<u>466,108</u>	<u>616,665</u>	<u>6,573,636</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6 PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK\$'000	Buildings HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Construction- in-progress HK\$'000	Total HK\$'000
<b>Year ended 31 December 2022</b>							
Opening net book amount	26,497	864,043	801,377	140,745	10,474	574,511	2,417,647
Exchange differences	(6)	(17,507)	(22,812)	(2,043)	(488)	(26,160)	(69,016)
Additions	-	1,134	10,410	-	490	348,291	360,325
Transfers	-	134,501	158,458	26,824	1,028	(320,811)	-
Disposals	-	(52)	(11,104)	(8,033)	-	(7,101)	(26,290)
Depreciation	-	(60,829)	(144,085)	(21,276)	(2,768)	-	(228,958)
Closing net book amount	<u>26,491</u>	<u>921,290</u>	<u>792,244</u>	<u>136,217</u>	<u>8,736</u>	<u>568,730</u>	<u>2,453,708</u>
<b>As at 31 December 2022</b>							
Cost	26,491	1,459,771	2,081,194	599,091	43,632	568,730	4,778,909
Accumulated depreciation	-	(538,481)	(1,288,950)	(462,874)	(34,896)	-	(2,325,201)
Net book amount	<u>26,491</u>	<u>921,290</u>	<u>792,244</u>	<u>136,217</u>	<u>8,736</u>	<u>568,730</u>	<u>2,453,708</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land HK\$'000	Buildings HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Construction- in-progress HK\$'000	Total HK\$'000
<b>Year ended 31 December</b>							
<b>2021</b>							
Opening net book amount	26,342	861,458	802,424	131,834	10,964	447,740	2,280,762
Exchange differences	155	6,959	9,097	1,230	41	8,093	25,575
Acquisition of a subsidiary	-	-	22,047	5,185	-	-	27,232
Additions	-	232	30,497	5,435	138	297,475	333,777
Transfers	-	52,790	94,729	25,574	2,149	(175,242)	-
Disposals	-	-	(4,424)	(856)	(39)	(3,555)	(8,874)
Depreciation	-	(57,396)	(152,993)	(27,657)	(2,779)	-	(240,825)
Closing net book amount	<u>26,497</u>	<u>864,043</u>	<u>801,377</u>	<u>140,745</u>	<u>10,474</u>	<u>574,511</u>	<u>2,417,647</u>
<b>As at 31 December 2021</b>							
Cost	26,497	1,349,385	2,072,518	625,587	42,677	574,511	4,691,175
Accumulated depreciation	-	(485,342)	(1,271,141)	(484,842)	(32,203)	-	(2,273,528)
Net book amount	<u>26,497</u>	<u>864,043</u>	<u>801,377</u>	<u>140,745</u>	<u>10,474</u>	<u>574,511</u>	<u>2,417,647</u>

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

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Cost of sales	<b>165,102</b>	175,774
Selling and marketing costs	<b>4,400</b>	4,015
General and administrative expenses	<b>59,456</b>	61,036
	<b><u>228,958</u></b>	<u>240,825</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Buildings in Hong Kong, located on land with lease of between 10 and 50 years	<b>6</b>	10
Buildings in Mainland China and Vietnam, located on land with land use rights of between 10 and 50 years	<b>716,620</b>	766,010
Building in Mexico, located on freehold land	<b>204,664</b>	98,023
	<b><u>921,290</u></b>	<u>864,043</u>

Analysis of construction-in-progress is as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Construction costs of buildings	<b>351,637</b>	375,779
Cost of machinery	<b>217,093</b>	198,732
	<b><u>568,730</u></b>	<u>574,511</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

#### *Right-of-use assets*

	<b>Leasehold land and land use rights HK\$'000</b>	<b>Land under finance lease HK\$'000</b>	<b>Plant and machinery under finance lease HK\$'000</b>	<b>Factory and office premises HK\$'000</b>	<b>Total HK\$'000</b>
<b>Year ended 31 December 2022</b>					
Opening net book amount	241,671	5,674	49,269	87,853	384,467
Additions	-	-	-	51,716	51,716
Depreciation	(6,293)	(262)	(6,194)	(28,824)	(41,573)
Exchange differences	(7,860)	-	(19)	(9,185)	(17,064)
Closing net book amount	<u>227,518</u>	<u>5,412</u>	<u>43,056</u>	<u>101,560</u>	<u>377,546</u>
<b>As at 31 December 2022</b>					
Cost	287,659	9,613	93,061	167,010	557,343
Accumulated depreciation	(60,141)	(4,201)	(50,005)	(65,450)	(179,797)
Net book amount	<u>227,518</u>	<u>5,412</u>	<u>43,056</u>	<u>101,560</u>	<u>377,546</u>
<b>Year ended 31 December 2021</b>					
Opening net book amount	245,203	5,937	55,090	66,738	372,968
Acquisition of a subsidiary	-	-	417	38,734	39,151
Depreciation	(6,354)	(263)	(6,249)	(20,508)	(33,374)
Exchange differences	2,822	-	11	2,889	5,722
Closing net book amount	<u>241,671</u>	<u>5,674</u>	<u>49,269</u>	<u>87,853</u>	<u>384,467</u>
<b>As at 31 December 2021</b>					
Cost	297,917	9,613	93,091	131,424	532,045
Accumulated depreciation	(56,246)	(3,939)	(43,822)	(43,571)	(147,578)
Net book amount	<u>241,671</u>	<u>5,674</u>	<u>49,269</u>	<u>87,853</u>	<u>384,467</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

(Continued)

##### *Lease liabilities*

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Current portion	<b>44,120</b>	30,949
Non-current portion	<b>76,107</b>	78,297
	<b>120,227</b>	109,246
Lease liabilities – Plant and machinery	<b>2,629</b>	11,974
Lease liabilities – Factory and office premises	<b>117,598</b>	97,272
	<b>120,227</b>	109,246

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

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Depreciation charge of right-of-use assets	<b>41,573</b>	33,374
Unwinding of interests on lease liabilities	<b>4,972</b>	5,124
Operating lease rental for short-term and low value leases	<b>1,970</b>	721

The total cash outflow of leases for the year ended 31 December 2022 was approximately HK\$37,360,000 (2021: HK\$34,784,000).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Cost of sales	<b>6,194</b>	6,249
General and administrative expenses	<b>35,379</b>	27,125
	<b>41,573</b>	33,374

#### (c) The Group's leasing activities

The Group leases various buildings, plant and machineries. 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 31 December 2022, the net book amount of the secured right-of-use assets was approximately HK\$43,056,000 (31 December 2021: HK\$49,269,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8 INTANGIBLE ASSETS

	<b>Goodwill</b> HK\$'000	<b>Software</b> HK\$'000	<b>Total</b> HK\$'000
<b>Year ended 31 December 2022</b>			
Opening net book amount	<b>2,510</b>	<b>5,129</b>	<b>7,639</b>
Amortisation	-	<b>(1,792)</b>	<b>(1,792)</b>
Closing net book amount	<b><u>2,510</u></b>	<b><u>3,337</u></b>	<b><u>5,847</u></b>
<b>At 31 December 2022</b>			
Cost	<b>2,510</b>	<b>8,959</b>	<b>11,469</b>
Accumulated amortisation	-	<b>(5,622)</b>	<b>(5,622)</b>
Net book amount	<b><u>2,510</u></b>	<b><u>3,337</u></b>	<b><u>5,847</u></b>
<b>Year ended 31 December 2021</b>			
Opening net book amount	2,510	5,185	7,695
Acquisition of a subsidiary	-	1,446	1,446
Amortisation	-	<b>(1,502)</b>	<b>(1,502)</b>
Closing net book amount	<b><u>2,510</u></b>	<b><u>5,129</u></b>	<b><u>7,639</u></b>
<b>At 31 December 2021</b>			
Cost	2,510	8,959	11,469
Accumulated amortisation	-	<b>(3,830)</b>	<b>(3,830)</b>
Net book amount	<b><u>2,510</u></b>	<b><u>5,129</u></b>	<b><u>7,639</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8 INTANGIBLE ASSETS (CONTINUED)

For the year ended 31 December 2022, amortisation expense of HK\$1,792,000 (2021: HK\$1,502,000) has been charged to 'general and administrative expenses' in the consolidated profit or loss.

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

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Corporate	<b>2,510</b>	2,510
At 31 December	<b>2,510</b>	2,510

Management performed a goodwill impairment assessment and determined no impairment charge was necessary against goodwill at 31 December 2022 (2021: Nil).

## 9 SUBSIDIARIES

The following is a list of the principal subsidiaries held directly or indirectly by the Company at 31 December 2022:

Name	Place of incorporation/ establishment, operations and type of legal entity	Issued/ registered and fully paid up capital	Percentage of equity interest attributable to the Group		Principal activities
			Direct	Indirect	
EVA Group Limited	Hong Kong, limited liability company	HK\$15,000	–	100%	Investment holding
Digit Automotive Limited	Hong Kong, limited liability company	HK\$1	–	100%	Investment holding
EVA Metal Mould Products Limited	British Virgin Islands, limited liability company	US\$1.12	100%	–	Investment holding

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9 SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment, operations and type of legal entity	Issued/ registered and fully paid up capital	Percentage of equity interest attributable to the Group		Principal activities
			Direct	Indirect	
Eva Precision Industrial (Eastern China) Limited (億和精密工業(華東)有 限公司)	British Virgin Islands, limited liability company	US\$1	100%	–	Investment holding
EVA Limited	Hong Kong, limited liability company	HK\$200,000,000	–	100%	Trading of moulds and components
EVA Plastic Mould Products (HK) Limited	Hong Kong, limited liability company	HK\$280,000	–	100%	Trading of moulds and components
Okutatu (Macao Commercial Offshore) Limited	Macao, limited liability company	MOP500,000	–	100%	Trading of moulds and components
Shenzhen EVA Precision Technology Group Limited* (深圳市億和精密 科技集團有限公司)	Mainland China, limited liability company	HK\$221,880,000	–	100%	Manufacturing of moulds and components
Yihe Plastic and Electronic Products (Shenzhen) Co., Limited* (億和塑膠電子製 品(深圳)有限公司)	Mainland China, limited liability company	HK\$195,000,000	–	100%	Manufacturing of moulds and components
EVA Precision Industrial (Suzhou) Limited* (億和精 密工業(蘇州)有限公司)	Mainland China, limited liability company	US\$69,000,000	–	100%	Manufacturing of moulds and components

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9 SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment, operations and type of legal entity	Issued/ registered and fully paid up capital	Percentage of equity interest attributable to the Group		Principal activities
			Direct	Indirect	
Zhongshan Digit Automotive Technology Limited* (中山 數碼模汽車技術有限公司) (formerly known as 億和精 密工業(中山)有限公司)	Mainland China, limited liability company	HK\$220,000,000	–	100%	Manufacturing of moulds and components
Shenzhen EVA Mould Manufacturing Limited* (深圳億和模具製造有限 公司)	Mainland China, limited liability company	HK\$340,000,000	–	100%	Manufacturing of moulds
Digit Stamping Technology (Wuhan) Limited* (數碼模 沖壓技術(武漢)有限公司)	Mainland China, limited liability company	RMB431,995,188	–	100%	Manufacturing of moulds and components
Chongqing Digit Auto Body Ltd.* (重慶數碼模車身模具 有限公司)	Mainland China, limited liability company	RMB380,000,000	–	100%	Manufacturing of moulds
EVA Hai Phong Precision Industrial Co., Ltd.	Vietnam, limited liability company	US\$40,000,000	–	100%	Manufacturing of moulds and components
Digit Automotive de Mexico S.A. de C.V.	Mexico, limited liability company	MXN19,000	–	100%	Manufacturing of moulds and components

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9 SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment, operations and type of legal entity	Issued/ registered and fully paid up capital	Percentage of equity interest attributable to the Group		Principal activities
			Direct	Indirect	
EVA Precision Industrial (Weihai) Limited* (億和精 密工業(威海)有限公司)	Mainland China, limited liability company	US\$120,000,000	–	100%	Manufacturing of moulds and components
Sichuan Junyuan Investment Management Limited* (四 川駿源投資管理有限公司)	Mainland China, limited liability company	RMB130,000,000	–	100%	Property development
Yixinhe Investment (Suzhou) Limited* (億新和投資(蘇州) 有限公司)	Mainland China, limited liability company	US\$30,000,000	–	100%	Investment holding
Shenzhen Ewisdom Investment Holdings Limited (formerly known as Shenzhen Yizhi Investment Holding Limited)* (深圳億 智投資控股有限公司)	Mainland China, limited liability company	RMB18,000,000	–	100%	Investment holding
Intops (Weihai) Electronics Co., Limited* (因塔思(威海) 電子有限公司)	Mainland China, limited liability company	RMB28,975,346	–	100%	Manufacturing of moulds and components
Shenzhen Huaxian Intelligent Technology Co., Ltd (formerly known as Shenzhen EVA Smart Device Limited)* (深圳華先 智造科技有限公司)	Mainland China, limited liability company	RMB10,000,000	–	100%	Manufacturing of moulds and components

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9 SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment, operations and type of legal entity	Issued/ registered and fully paid up capital	Percentage of equity interest attributable to the Group		Principal activities
			Direct	Indirect	
Shenzhen Digit Automotive Technology Limited* (深圳 數碼模汽車技術有限公司)	Mainland China, limited liability company	RMB816,162,259	–	100%	Manufacturing of moulds and components
Shenzhen EVA Technology Intelligent Manufacturing Co., Ltd.* (深圳市億和科技 智造有限公司)	Mainland China, limited liability company	RMB134,269,421	–	100%	Manufacturing of moulds and components
Sichuan Digit Automotive Technology Limited* (四川 數碼模汽車技術有限公司)	Mainland China, limited liability company	RMB10,000,000	–	100%	Manufacturing of moulds and components
Ewisdom Hai Phong Precision Industrial Company Limited	Vietnam, limited liability company	US\$7,000,000	–	100%	Manufacturing of moulds and components

\* Registered as wholly foreign owned enterprises under PRC law

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10 INVESTMENTS IN ASSOCIATES

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
As at 1 January	<b>34,633</b>	32,990
Exchange differences	<b>(3,832)</b>	1,285
Share of (loss)/profit	<b>(210)</b>	358
As at 31 December	<b>30,591</b>	34,633

Details of the associates:

Name	Place of establishment, operations and kind of legal entity	Percentage of equity interest attributable to the Group		Principal activities	Measurement method
		2022	2021		
Shenzhen Jinggong Microcredit Limited (深圳市精工小額貸款有限公司)	Mainland China, limited liability company	<b>40%</b>	40%	Microcredit business	Equity
Shenzhen L&L Auto-tech Co., Ltd. (深圳興和瑜創新科技有限公司)	Mainland China, limited liability company	<b>48%</b>	48%	Design and manufacturing of reduction drive	Equity

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 10 INVESTMENTS IN ASSOCIATES (CONTINUED)

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

### Summarised statement of financial position

	<b>Microcredit</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>1,483</b>	2,061
<b>Current assets</b>	<b>75,312</b>	84,889
<b>LIABILITIES</b>		
<b>Current liabilities</b>	<b>317</b>	368
<b>Net current assets</b>	<b>74,995</b>	84,521
<b>Net assets</b>	<b>76,478</b>	86,582

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10 INVESTMENTS IN ASSOCIATES (CONTINUED)

#### Summarised statement of comprehensive income

	<b>Microcredit</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>Reconciliation of carrying amounts:</b>		
<b>Net assets as at 1 January</b>	<b>86,582</b>	82,476
(Loss)/profit for the year	<b>(524)</b>	894
Other comprehensive (loss)/gain	<b>(9,580)</b>	3,212
<b>Net assets as at 31 December</b>	<b>76,478</b>	86,582
Interest in an associate (40%)	<b>30,591</b>	34,633
<b>Revenue</b>	<b>4,324</b>	9,188
<b>(Loss)/profit before income tax</b>	<b>(404)</b>	2,266
Income tax expense	<b>(120)</b>	(1,372)
<b>Total comprehensive (loss)/income for the year</b>	<b>(524)</b>	894
Share of (loss)/profit of an associate (40%)	<b>(210)</b>	358

#### Aggregate information of another associate

Shenzhen L&L Auto-tech Co., Ltd., the another associate, the Group has not recognised loss amounting to HK\$353,000 for the year ended 31 December 2022 (31 December 2021: HK\$826,000). This associate was at net liability position as at both 31 December 2022 and 31 December 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11 INVENTORIES

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Raw materials	<b>257,785</b>	248,660
Work-in-progress	<b>251,539</b>	212,259
Finished goods	<b>156,275</b>	270,728
	<b>665,599</b>	731,647
Less: Provision for inventory obsolescence	<b>(26,996)</b>	(43,169)
Inventories – net	<b>638,603</b>	688,478

The cost of inventories recognised as expense and included in cost of sales amounted to HK\$3,953,158,000 (2021: HK\$3,001,398,000).

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

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
At 1 January	<b>43,169</b>	46,355
Reversal of provision for inventory obsolescence	<b>(16,173)</b>	(3,186)
At 31 December	<b>26,996</b>	43,169

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12 TRADE RECEIVABLES

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>1,682,348</b>	1,383,139
Less: Loss allowance	<b>(1,188)</b>	(1,188)
Trade receivables – net	<b><u>1,681,160</u></b>	<u>1,381,951</u>

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:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
0 to 90 days	<b>1,447,054</b>	1,232,628
91 to 180 days	<b>235,294</b>	150,511
Less: Loss allowance	<b>(1,188)</b>	(1,188)
Trade receivables – net	<b><u>1,681,160</u></b>	<u>1,381,951</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12 TRADE RECEIVABLES (CONTINUED)

The carrying amounts of trade receivables approximate their fair values.

The top five customers and the largest customer accounted for 37.7% (2021: 44.8%) and 12.1% (2021: 12.4%), respectively, of the trade receivables balance as at 31 December 2022. Other than these major customers, there is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

As at 31 December 2022, no trade receivables (2021: Nil) were past due.

#### Movements of loss allowance are as follows:

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
As at 1 January	<b>1,188</b>	1,188
Net impairment losses on financial assets	<b>–</b>	–
As at 31 December	<b>1,188</b>	1,188

Trade receivables are denominated in the following currencies:

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
HK\$	<b>221,906</b>	118,176
US\$	<b>789,518</b>	638,622
RMB	<b>657,841</b>	609,665
Others	<b>13,083</b>	16,676
	<b>1,682,348</b>	1,383,139

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Non-current:		
Deposits for purchases of property, plant and equipment	<b>53,168</b>	46,391
Others	<b>3,863</b>	2,138
	<b>57,031</b>	48,529
Current:		
Consideration receivables from disposal of financial assets at FVOCI (Note)	<b>10,824</b>	12,341
Consideration receivables from disposal of a subsidiary (Note)	<b>3,544</b>	3,544
Prepayments for purchases of raw materials	<b>60,382</b>	68,493
Value-added tax recoverable	<b>62,371</b>	40,206
Prepayment of utilities expenses	<b>1,584</b>	424
Receivables from employees and staff advances (Note)	<b>6,567</b>	6,302
Deposits placed with customs in Mainland China	<b>2,117</b>	1,209
Deposits placed for bill receivables in Mainland China	<b>–</b>	5,237
Receivables from the former subsidiaries (Note)	<b>51,097</b>	56,046
Receivables from an associate (Note)	<b>6,517</b>	6,715
Others	<b>6,904</b>	7,998
	<b>211,907</b>	208,515
Loss allowance	<b>(65,772)</b>	(58,150)
	<b>146,135</b>	150,365

Note: Consideration receivables from disposal of a subsidiary, consideration receivable from disposal of a financial asset at FVOCI, receivables from employees and staff advances, receivables from the former subsidiaries and receivables from an associate are unsecured, non-interest bearing, and denominated in RMB. Except for consideration receivables from disposal of financial assets at FVOCI which is repayable by June 2022, the other amounts are repayable on demand.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Movements of loss allowance are as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
As at 1 January	<b>58,150</b>	33,800
Net impairment losses on financial assets	<b>7,622</b>	24,350
As at 31 December	<b>65,772</b>	58,150

### 14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Unlisted: Equity securities – Mainland China, at fair value	<b>28,647</b>	32,328

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 significant unobservable inputs are revenue growth rate of 14% and the discount rate of 14.2%. The lower the discount rate, the higher the fair value of the investment. The higher the revenue growth rate, the higher the fair value of the investment. The fair values are within level 3 of the fair value hierarchy (see Note 3.3).

The financial assets at FVOCI are denominated in RMB.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Movements of the financial assets at FVOCI are as follows:

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
As at 1 January	<b>32,328</b>	87,110
Disposal (Note)	–	(24,506)
Revaluation losses transferred to other comprehensive income	<b>(3,681)</b>	(30,276)
As at 31 December	<b>28,647</b>	32,328

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

### 15 RESTRICTED BANK DEPOSITS/SHORT-TERM BANK DEPOSITS/CASH AND CASH EQUIVALENTS

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Restricted bank deposits	<b>69,599</b>	102,742
Short-term bank deposits	<b>39,194</b>	–
Cash and cash equivalents	<b>1,722,162</b>	1,318,182
	<b>1,830,955</b>	1,420,924

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15 RESTRICTED BANK DEPOSITS/SHORT-TERM BANK DEPOSITS/CASH AND CASH EQUIVALENTS (CONTINUED)

As at 31 December 2022, the effective interest rate and respective average maturity days of the restricted bank deposits, short-term bank deposits and cash and cash equivalents were as follows:

	2022		2021	
	Effective interest rate (per annum)	Average maturity (days)	Effective interest rate (per annum)	Average maturity (days)
Restricted bank deposits	1.08%	180	0.5%	180
Short-term bank deposits	2.9%	180	–	–
Cash and cash equivalents	0.5%	7	0.1%	7

Restricted bank deposits, short-term bank deposits and cash and cash equivalents were denominated in the following currencies:

	2022 HK\$'000	2021 HK\$'000
HK\$	501,690	160,863
RMB	813,095	842,528
US\$	478,629	384,284
Japanese yen	5,961	2,189
Euro	25,703	27,746
Vietnamese dong	4,652	2,140
Mexican peso	887	927
Others	338	247
	<b>1,830,955</b>	<b>1,420,924</b>

The carrying amounts of restricted bank deposits, short-term bank deposits and cash and cash equivalents approximate their fair values.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 TRADE PAYABLES

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

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
0 to 90 days	<b>1,344,134</b>	1,269,900
91 to 180 days	<b>145,698</b>	102,915
	<b><u>1,489,832</u></b>	<u>1,372,815</u>

The carrying amounts of trade payables approximate their fair values and are denominated in the following currencies:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
HK\$	<b>18,095</b>	20,186
RMB	<b>891,957</b>	871,901
US\$	<b>564,484</b>	463,965
Others	<b>15,296</b>	16,763
	<b><u>1,489,832</u></b>	<u>1,372,815</u>

### 17 CONTRACT LIABILITIES

The Group has recognised the following assets and liabilities related to contracts with customers:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Receipt in advance from customers	<b><u>99,288</u></b>	<u>67,778</u>

Contract liabilities for receipt in advance have increased by HK\$31,510,000 (2021: decreased by HK\$13,724,000) due to more (2021: due to less) prepayments from customers.

For the year ended 31 December 2022, HK\$67,778,000 (2021: HK\$81,502,000) of revenue recognised was included in the contract liability balance at the beginning of the period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18 ACCRUALS AND OTHER PAYABLES

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Payable for purchase of property, plant and equipment	<b>46,813</b>	45,487
Accrued utilities expenses	<b>3,866</b>	4,120
Accrued wages, salaries and welfare	<b>121,775</b>	124,806
Accrued operating expenses	<b>6,920</b>	6,315
Purchase consideration balance payable for the acquisition of subsidiaries	<b>25,720</b>	40,096
Other payables	<b>37,148</b>	62,888
	<b>242,242</b>	283,712

The carrying amounts of other payables (excluding accruals) approximate their fair values and are denominated in the following currencies:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
HK\$	<b>1,195</b>	1,613
RMB	<b>97,605</b>	134,436
Others	<b>10,881</b>	12,422
	<b>109,681</b>	148,471

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 19 BANK BORROWINGS

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Current:		
Short-term bank loans	<b>217,647</b>	593,983
Portion of long-term loans from banks due for repayment within one year (including those repayable on demand)	<b>747,993</b>	853,567
	<b>965,640</b>	1,447,550
Non-current:		
Portion of long-term loans from banks due for repayment after one year	<b>1,459,783</b>	460,000
Total bank borrowings	<b>2,425,423</b>	1,907,550

All bank borrowings are interest-bearing and carried at amortised cost.

All bank borrowings bore floating interest rates and the carrying amounts of bank borrowings approximate their fair values.

The Group's bank borrowings are repayable as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Within 1 year or on demand	<b>965,640</b>	1,447,550
Between 1 and 2 years	<b>533,430</b>	375,000
Between 2 and 5 years	<b>926,353</b>	85,000
	<b>2,425,423</b>	1,907,550

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 19 BANK BORROWINGS (CONTINUED)

The carrying amounts of the bank borrowings are denominated in the following currencies:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
HK\$	<b>2,363,394</b>	1,878,567
RMB	<b>60,800</b>	26,908
USD	<b>1,229</b>	2,075
	<b><u>2,425,423</u></b>	<u>1,907,550</u>

As at 31 December 2022, the effective interest rates (per annum) of the Group's bank borrowings were as follows:

	<b>Short-term bank loans</b>		<b>Long-term bank loans</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
HK dollars	<b>2.79%</b>	1.54%	<b>8.31%</b>	2.25%
Renminbi	<b>1.19%</b>	3.17%	-	-

As at 31 December 2022, the Group has undrawn floating rate borrowing facilities of approximately HK\$804,600,000 (2021: HK\$519,600,000).

As at 31 December 2022 and 2021, no asset was pledged as collateral for the Group's bank borrowings.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20 DEFERRED TAXATION

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax recoverable against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The offset amounts are as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than 12 months	<b>6,549</b>	6,675
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered after more than 12 months	<b>(21,985)</b>	(19,900)
Deferred income tax liabilities to be recovered within 12 months	<b>(1,007)</b>	(1,007)
Deferred income tax liabilities, net	<b><u>(16,443)</u></b>	<u>(14,232)</u>

The gross movement of the deferred income tax liabilities, net is as follow:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
As at 1 January	<b>(14,232)</b>	(12,347)
Charged to profit or loss (Note 27)	<b>(2,211)</b>	(1,885)
As at 31 December	<b><u>(16,443)</u></b>	<u>(14,232)</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 20 DEFERRED TAXATION (CONTINUED)

The nature of items giving rise to the deferred income tax liabilities, without taking into consideration of the offsetting of balances within the same jurisdiction are as follows:

	<b>Fair value gains</b>	<b>Withholding tax</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2021	(16,404)	(5,129)	(21,533)
Charged to profit or loss	<u>(2,410)</u>	<u>–</u>	<u>(2,410)</u>
As at 31 December 2021	(18,814)	(5,129)	(23,943)
Credited to profit or loss	<u>951</u>	<u>–</u>	<u>951</u>
As at 31 December 2022	<u><u>(17,863)</u></u>	<u><u>(5,129)</u></u>	<u><u>(22,992)</u></u>

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:

	<b>Lease liabilities</b>	<b>Tax loss</b>	<b>Fair value loss</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2021	–	8,057	1,129	9,186
Credited/(charged) to profit or loss	<u>1,369</u>	<u>(788)</u>	<u>(56)</u>	<u>525</u>
As at 31 December 2021	1,369	7,269	1,073	9,711
Credited/(charged) to profit or loss	<u>973</u>	<u>(4,078)</u>	<u>(57)</u>	<u>(3,162)</u>
As at 31 December 2022	<u><u>2,342</u></u>	<u><u>3,191</u></u>	<u><u>1,016</u></u>	<u><u>6,549</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20 DEFERRED TAXATION (CONTINUED)

The above deferred income tax liabilities in respect of withholding tax related to the unremitted retained earnings of certain subsidiaries. In addition, deferred income tax liabilities of HK\$95,423,000 (2021: HK\$77,605,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries as such amounts are considered likely to be reinvested permanently.

Deferred income tax assets are recognised for tax loss carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK\$52,862,000 (2021: HK\$35,027,000) in respect of losses amounting to HK\$273,399,000 (2021: HK\$191,527,000) that can be carried forward against future taxable income. Tax losses of HK\$307,000, HK\$88,211,000, HK\$67,786,000, HK\$47,523,000, HK\$12,550,000, HK\$24,883,000 and HK\$32,139,000 will expire in 2024, 2025, 2026, 2027, 2029, 2030 and 2032 respectively (2021: HK\$1,506,000, HK\$90,278,000, HK\$62,310,000, HK\$12,550,000 and HK\$24,883,000 will expire in 2024, 2025, 2026, 2029 and 2030 respectively).

### 21 SHARE CAPITAL

	Note	<b>Number of ordinary shares</b> (thousands)	<b>Nominal value</b> HK\$'000
Authorised:			
As at 1 January 2021, 31 December 2021 and 2022		<u>200,000,000</u>	<u>20,000,000</u>
Issued and fully paid:			
As at 1 January 2021		1,716,582	171,658
Issuance of shares	(i)	<u>32,538</u>	<u>3,254</u>
As at 31 December 2021		1,749,120	174,912
Issuance of shares	(i)	300	30
Repurchase of shares	(ii)	<u>(8,500)</u>	<u>(850)</u>
As at 31 December 2022		<u>1,740,920</u>	<u>174,092</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 21 SHARE CAPITAL (CONTINUED)

Notes:

- (i) During the year ended 31 December 2022, 300,000 ordinary shares (2021: 12,538,000 and 20,000,000 ordinary shares) were issued at HK\$1.1 (2021: HK\$0.692 and HK\$1.1) per share, and net proceeds of HK\$330,000 (2021: HK\$30,676,000) were received upon the exercise of certain options under the share options scheme.
- (ii) During the year ended 31 December 2022, the Company repurchased a total of 8,500,000 of its own shares on The Stock Exchange of Hong Kong Limited at prices ranging from HK\$1.19 to HK\$1.56 per share for a total consideration of approximately HK\$11,479,000. The directors were authorised to repurchase shares of the Company at the annual general meeting held on 27 October 2022. The repurchased shares were cancelled during the year. Accordingly, the issued share capital of the Company was reduced by the nominal value of these shares and the premiums paid on these shares upon the repurchase were charged against the share premium account. An amount equivalent to the par value of the shares cancelled was transferred from the Company's retained earnings to the capital redemption reserve.

<b>Month of purchase</b>	<b>Number of shares of HK\$0.1 each</b>	<b>Highest price per share</b> HK\$	<b>Lowest price per share</b> HK\$	<b>Aggregate consideration paid</b> HK\$'000
May 2022	5,500,000	1.56	1.21	7,686
October 2022	3,000,000	1.29	1.19	3,793
	<u>8,500,000</u>			<u>11,479</u>

### Share options

In 2005, the Company adopted a share options scheme ("2005 Share Options Scheme"). Under the 2005 Share Options Scheme, the Company's directors may, at their sole discretion, grant to any director or employee of the Group options to subscribe for shares of the Company at the highest of (i) the closing price of the 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 2005 Share Options Scheme and any other share options scheme of the Group must not, in aggregate, exceed 30% of the shares of the Company in issue from time to time.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 21 SHARE CAPITAL (CONTINUED)

#### Share options (Continued)

In 2015, the Company adopted a share options scheme (“2015 Share Options Scheme”). Under the 2015 Share Options Scheme, the Company’s directors may, at their sole discretion, grant to any director or employee of the Group options to subscribe for shares of the Company at the highest of (i) the closing price of the 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 2015 Share Options Scheme and any other share options scheme of the Group must not, in aggregate, exceed 30% of the shares of the Company in issue from time to time.

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

	2022		2021	
	Average exercise price per share HK\$	Number of options '000	Average exercise price per share HK\$	Number of options '000
As at 1 January	<b>1.51</b>	<b>119,500</b>	0.90	133,350
Granted	–	–	1.80	69,200
Exercised	<b>1.10</b>	<b>(300)</b>	0.90	(32,538)
Lapsed	–	–	0.90	(50,512)
As at 31 December	<b>1.51</b>	<b>119,200</b>	1.51	119,500

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 21 SHARE CAPITAL (CONTINUED)

#### Share options (Continued)

Share options outstanding as at the end of the year have the following expiry dates and exercise prices:

Expiry date	2022		2021	
	Exercise Price HK\$	Number of Options '000	Exercise price HK\$	Number of options '000
4 November 2024	<b>1.10</b>	<b>50,000</b>	1.10	50,300
5 November 2024	<b>1.80</b>	<b>50,000</b>	1.80	50,000
5 November 2027	<b>1.80</b>	<b>19,200</b>	1.80	19,200
		<b>119,200</b>		<b>119,500</b>

The amount of share-based payment charged to the consolidated statement of comprehensive income during the year ended 31 December 2022 was HK\$31,277,000 (2021: HK\$4,970,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 22 RESERVES

	Share premium HK\$'000	Capital reserve (i) HK\$'000	Statutory reserves (ii) HK\$'000	Capital redemption reserve (iii) HK\$'000	Share options reserve HK\$'000	Financial assets at FVOCI reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
As at 1 January 2022	1,084,704	(735)	212,779	39,211	32,909	(31,780)	(3,360)	1,279,801	2,613,529
Profit for the year	-	-	-	-	-	-	-	206,017	206,017
Dividends paid	(56,815)	-	-	-	-	-	-	-	(56,815)
Other comprehensive loss									
– Currency translation differences	-	-	-	-	-	-	(115,686)	-	(115,686)
– Revaluation losses on financial assets at FVOCI	-	-	-	-	-	(3,681)	-	-	(3,681)
Employee share option scheme:									
Value of employee services	-	-	-	-	31,277	-	-	-	31,277
Transfer to share premium upon exercise of share options	113	-	-	-	(113)	-	-	-	-
Proceeds from share issuance of shares upon exercise of employees share options	300	-	-	-	-	-	-	-	300
Premium on repurchase of shares	(10,629)	-	-	-	-	-	-	-	(10,629)
Capital redemption reserve arising from repurchase of shares	-	-	-	850	-	-	-	(850)	-
Transfer to statutory reserves	-	-	13,856	-	-	-	-	(13,856)	-
As at 31 December 2022	<u>1,017,673</u>	<u>(735)</u>	<u>226,635</u>	<u>40,061</u>	<u>64,073</u>	<u>(35,461)</u>	<u>(119,046)</u>	<u>1,471,112</u>	<u>2,664,312</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 22 RESERVES (CONTINUED)

	Share premium	Capital reserve (i)	Statutory reserves (ii)	Capital redemption reserve (iii)	Share options reserve	Financial assets at FVOCI reserve	Exchange reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2021	1,068,537	(735)	195,709	39,211	37,419	3,890	(42,284)	1,136,287	2,438,034
Profit for the year	-	-	-	-	-	-	-	155,190	155,190
Dividends paid	(20,735)	-	-	-	-	-	-	-	(20,735)
Other comprehensive income									
– Currency translation differences	-	-	-	-	-	-	38,924	-	38,924
– Revaluation gains on financial assets at FVOCI	-	-	-	-	-	(30,276)	-	-	(30,276)
Employee share option scheme:									
Value of employee services	-	-	-	-	4,970	-	-	-	4,970
Transfer to share premium upon exercise of share options	9,480	-	-	-	(9,480)	-	-	-	-
Proceeds from share issuance of shares upon exercise of employees share options	27,422	-	-	-	-	-	-	-	27,422
Transfer to statutory reserves	-	-	17,070	-	-	-	-	(17,070)	-
Transfer to retained earnings upon disposal of a financial asset at FVOCI	-	-	-	-	-	(5,394)	-	5,394	-
As at 31 December 2021	<u>1,084,704</u>	<u>(735)</u>	<u>212,779</u>	<u>39,211</u>	<u>32,909</u>	<u>(31,780)</u>	<u>(3,360)</u>	<u>1,279,801</u>	<u>2,613,529</u>

### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 22 RESERVES (CONTINUED)

Notes: (Continued)

- (ii) In accordance with the articles of association of the relevant subsidiaries established in Mainland China and the Mainland China rules and regulations, the Mainland China subsidiaries are required to transfer not less than 10% of their net profit as stated in the financial statements prepared under Mainland China accounting regulations to statutory reserves before the corresponding Mainland China subsidiaries can distribute any dividend. Such a transfer is not required when the amount of statutory reserves reaches 50% of the corresponding subsidiaries' registered capital. The statutory reserve shall only be used to make up losses of the corresponding subsidiaries, to expand the corresponding subsidiaries' production operations, or to increase the capital of the corresponding subsidiaries. Upon approval of the corresponding subsidiaries' shareholders in general meetings, the subsidiaries may convert their statutory reserves into registered capital and issue bonus capital to the existing owners in proportion to the existing ownership structure.
- (iii) The capital redemption reserve resulted from repurchase of the Company's own shares on The Stock Exchange of Hong Kong Limited. The repurchased shares were cancelled upon repurchase. An amount equivalent to the par value of the shares cancelled was transferred from the Company's retained earnings to capital redemption reserve.

## 23 OTHER INCOME AND OTHER LOSSES – NET

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>Other income</b>		
Government grants	<b>12,971</b>	23,651
Storage income	<b>9,459</b>	8,108
	<b>22,430</b>	31,759
<b>Other losses – net</b>		
Loss on disposal of property, plant and equipment	<b>(7,026)</b>	(3,828)
Net exchange losses	<b>(6,198)</b>	(4,413)
Dividend income from a financial asset at FVOCI	<b>1,056</b>	304
Others	<b>3,833</b>	3,033
	<b>(8,335)</b>	(4,904)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 24 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and general and administrative expenses are analysed as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Depreciation of property, plant and equipment	<b>228,958</b>	240,825
Depreciation of right-of-use assets	<b>41,573</b>	33,374
Amortisation of intangible assets	<b>1,792</b>	1,502
Employee benefit expenses (Note 25)	<b>1,110,988</b>	1,013,143
Auditor's remuneration		
– Audit services	<b>4,175</b>	4,175
– Non-audit services	<b>273</b>	262
Changes in inventories of finished goods and work-in-progress	<b>75,173</b>	(74,253)
Raw materials and consumables used	<b>3,887,110</b>	3,145,305
Reversal of provision for inventory obsolescence	<b>(16,173)</b>	(3,186)
Subcontracting expenses	<b>10,724</b>	30,047
Utilities expenses	<b>78,941</b>	68,540
Transportation expenses	<b>64,724</b>	63,547
Packaging expenses	<b>143,618</b>	126,519
Marketing expenses	<b>11,335</b>	8,589
Office expenses	<b>61,240</b>	56,583
Operating lease payments for short-term and low value leases	<b>1,970</b>	721
Others	<b>294,941</b>	200,988
	<b>6,001,362</b>	4,916,681

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 25 EMPLOYEE BENEFIT EXPENSES

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Wages, salaries and bonus	<b>958,261</b>	899,492
Staff welfare	<b>54,037</b>	41,207
Retirement benefit – defined contribution plans (a)	<b>67,413</b>	67,474
Share-based payment (Note 21)	<b>31,277</b>	4,970
	<b><u>1,110,988</u></b>	<u>1,013,143</u>

#### (a) Retirement benefits – defined contribution plans

As stipulated by rules and regulations in Mainland China, the Group contributes to a state-sponsored retirement plan for its employees in Mainland China, which is a defined contribution plan. The Group and its employees contribute a certain percentage of the employees' basic wages/salary as specified by the local government, and the Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plan is responsible for the entire pension obligations payable to retired employees.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its Hong Kong employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions are subject to a cap of HK\$1,500 per month.

During the year ended 31 December 2022, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK\$67,413,000 (2021: HK\$67,474,000). As at 31 December 2022, the Group was not entitled to any forfeited contributions to reduce its future contributions (2021: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

### (b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2021: three) directors whose emoluments are reflected in the analysis in Note 34.

The emoluments payable to the remaining two (2021: two) individuals are as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Salaries	<b>1,786</b>	1,716
Discretionary bonus	<b>348</b>	66
Contribution to pension scheme	<b>36</b>	36
Share options granted	<b>569</b>	90
	<b><u>2,739</u></b>	<u>1,908</u>

The emoluments fell within the following bands:

	<b>Number of individuals</b>	
	<b>2022</b>	2021
Emolument bands		
Nil to HK\$1,000,000	<b>1</b>	1
HK\$1,000,001 to HK\$1,500,000	<b>–</b>	1
HK\$1,500,001 to HK\$2,000,000	<b>1</b>	–
	<b><u>2</u></b>	<u>2</u>

During the year, no emolument was paid by the Group to any of the directors of the Company and the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2021: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26 FINANCE INCOME/COSTS

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>Finance income</b>		
Interest income on bank deposits	<b>10,462</b>	12,665
<b>Finance costs</b>		
Interest expense on:		
Bank borrowings	<b>67,831</b>	33,183
Lease liabilities – plant and machinery	<b>199</b>	346
Lease liabilities – factory and office premises	<b>4,773</b>	4,778
Interest capitalised	<b>(19,966)</b>	(10,797)
	<b>52,837</b>	27,510

### 27 INCOME TAX EXPENSE

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Current taxation		
– Mainland China corporate income tax	<b>23,585</b>	34,118
– Vietnam corporate income tax	<b>10,934</b>	–
Over-provision in prior years	<b>(12,156)</b>	(11,079)
Deferred income tax (Note 20)	<b>2,211</b>	1,885
	<b>24,574</b>	24,924

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 27 INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the domestic tax rate applicable to profits/(losses) in the respective countries/places of business of the group entities, as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Profit before income tax	<b>230,591</b>	180,114
Tax calculated at domestic rates applicable to profits/ (losses) in the respective countries/places of business	<b>38,083</b>	28,448
Income not subject to tax	<b>(10,059)</b>	(9,915)
Expenses not deductible for tax purpose	<b>21,089</b>	13,913
Tax concession	<b>(32,927)</b>	(5,926)
Tax losses for which no deferred income tax assets were recognised (including recognition of previously unrecognised deferred income tax assets)	<b>17,283</b>	10,785
Utilisation of tax loss previously not recognised	<b>(817)</b>	(1,302)
Derecognition of deferred income tax assets previously recognised	<b>4,078</b>	–
Over-provision in prior years	<b>(12,156)</b>	(11,079)
Tax charge	<b>24,574</b>	24,924

The weighted average applicable tax rate for the year ended 31 December 2022 was approximately 16.5% (2021: 15.8%). The increase is primarily due to changes in the profitability of the subsidiaries in the respective jurisdictions of tax in the current year.

## 27 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 year (2021: 16.5%).

### (b) Mainland China corporate income tax

Income tax of the subsidiaries of the Group established in Mainland China has been provided at the following tax rates:

- (i) Provision for Mainland China corporate income tax is calculated at the statutory rate of 25% (2021: 25%) on the assessable income of each of the Group's entities, except that certain subsidiaries of the Group operating in Mainland China are eligible for certain tax exemptions and concessions including tax holiday and reduced income tax rate during the year.
- (ii) EVA Precision Industrial (Suzhou) Limited, Shenzhen EVA Mould Manufacturing Limited, Chongqing Digit Auto Body Ltd., Shenzhen EVA Precision Technology Group Limited, Zhongshan Digit Automotive Technology Limited, Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd., Digit Stamping Technology (Wuhan) Limited, Shenzhen Digit Automotive Technology Limited and EVA Precision Industrial (Weihai) Limited are each recognised by the Chinese Government as a "National High and New Technology Enterprise" and are therefore subject to a preferential tax rate of 15% during the years ended 31 December 2021 and 2022.

Under the Corporate Income Tax Law of Mainland China, dividend distributions out of profit of foreign invested enterprises earned after January 2008 are subject to corporate withholding income tax at 10%, or at a reduced rate of 5% for subsidiaries of Hong Kong incorporated holding companies.

## 27 INCOME TAX EXPENSE (CONTINUED)

### (c) Other income taxes

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and, accordingly, is exempted from Cayman Islands income tax.

The Company's subsidiaries established in the British Virgin Islands are exempted from British Virgin Islands income tax.

The subsidiary established and operating in Vietnam is subjected to a preferential tax rate of 10% for the first 15 years from the year of commencing operations. It is also entitled to full exemption from corporate income tax for the first four years from the earlier of (i) the year when profit is generated for the first time or (ii) the fourth year of commencing operations; and a 50% reduction in corporate income tax for the next nine years. The Vietnam subsidiary of the Group was under 75% reduction in total from corporate income tax in Vietnam for the years ended 31 December 2021 and 2022.

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

## 28 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 year.

### Basic

	<u>2022</u>	<u>2021</u>
Profit attributable to equity holders of the Company (HK\$'000)	<u><b>206,017</b></u>	<u>155,190</u>
Weighted average number of ordinary shares in issue ('000)	<u><b>1,745,051</b></u>	<u>1,727,866</u>
Basic earnings per share (HK cents per share)	<u><b>11.8</b></u>	<u>9.0</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 28 EARNINGS PER SHARE (CONTINUED)

#### Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (i.e. share options). A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual quoted share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	<u>2022</u>	<u>2021</u>
Profit attributable to equity holders of the Company (HK\$'000)	<u><b>206,017</b></u>	<u>155,190</u>
Weighted average number of ordinary shares in issue ('000)	<u><b>1,745,051</b></u>	<u>1,727,866</u>
Adjustment for share options ('000)	<u><b>44</b></u>	<u>464</u>
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u><b>1,745,095</b></u>	<u>1,728,330</u>
Diluted earnings per share (HK cents per share)	<u><b>11.8</b></u>	<u>9.0</u>

### 29 DIVIDENDS

	<u>2022</u> <u>HK\$'000</u>	<u>2021</u> <u>HK\$'000</u>
Interim dividend paid of HK1.76 cents (2021: HK1.2 cents) per share	<u><b>30,675</b></u>	<u>20,735</u>
Proposed final dividend of HK1.76 cents (2021: HK1.5 cents) per share	<u><b>30,640</b></u>	<u>26,237</u>
	<u><b>61,315</b></u>	<u>46,972</u>

A final dividend in respect of the year ended 31 December 2022 of HK\$1.76 cents per share, totaling of HK\$30,640,000 has been proposed for approval at the forthcoming annual general meeting. These financial statements have not reflected this dividend payable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Profit before income tax	<b>230,591</b>	180,114
Adjustments for:		
– Depreciation of property, plant and equipment	<b>228,958</b>	240,825
– Depreciation of right-of-use assets	<b>41,573</b>	33,374
– Amortisation of intangible assets	<b>1,792</b>	1,502
– Loss on disposal of property, plant and equipment	<b>7,026</b>	3,828
– Share of loss/(profit) of associates	<b>210</b>	(358)
– Dividend income from a financial asset at fair value through other comprehensive income	<b>(1,056)</b>	(304)
– Reversal of provision of inventory obsolescence	<b>(16,173)</b>	(3,186)
– Net impairment losses on financial assets	<b>7,622</b>	24,350
– Share-based payment	<b>31,277</b>	4,970
– Interest income	<b>(10,462)</b>	(12,665)
– Interest expense	<b>52,837</b>	27,510
Changes in working capital:		
– Inventories	<b>66,048</b>	(116,222)
– Trade receivables	<b>(299,209)</b>	(307,746)
– Prepayments, deposits and other receivables	<b>(5,117)</b>	33,962
– Trade payables	<b>117,017</b>	172,072
– Accruals and other payables	<b>(28,420)</b>	21,785
– Contract liabilities	<b>31,510</b>	(13,724)
Cash generated from operations	<b>456,024</b>	290,087

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Net book amount	<b>26,290</b>	8,874
Loss on disposal of property, plant and equipment	<b>(7,026)</b>	(3,828)
Proceeds	<b>19,264</b>	5,046

#### Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Cash and cash equivalents	<b>1,722,162</b>	1,318,182
Lease liabilities – repayable within one year	<b>(44,120)</b>	(30,949)
Lease liabilities – repayable after one year	<b>(76,107)</b>	(78,297)
Bank borrowings – repayable within one year	<b>(965,640)</b>	(1,447,550)
Bank borrowings – repayable after one year	<b>(1,459,783)</b>	(460,000)
Net debt	<b>(823,488)</b>	(698,614)
Cash and liquid investments	<b>1,722,162</b>	1,318,182
Gross debt – fixed interest rates	<b>(117,817)</b>	(96,982)
Gross debt – variable interest rates	<b>(2,427,833)</b>	(1,919,814)
Net debt	<b>(823,488)</b>	(698,614)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

#### Net debt reconciliation (Continued)

	<b>Liabilities from financing activities</b>			
	<b>Cash and cash equivalents</b>	<b>Lease liabilities</b>	<b>Bank borrowings</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net debt as at 1 January 2021	1,405,694	(91,266)	(1,901,861)	(587,433)
Acquisition of a subsidiary	–	(43,764)	–	(43,764)
Cash flows	(96,395)	28,939	(5,689)	(73,145)
Foreign exchange adjustments	8,883	(3,155)	–	5,728
	<u>1,318,182</u>	<u>(109,246)</u>	<u>(1,907,550)</u>	<u>(698,614)</u>
Net debt as at 31 December 2021	1,318,182	(109,246)	(1,907,550)	(698,614)
New leases	–	(51,716)	–	(51,716)
Cash flows	440,955	30,418	(517,873)	(46,500)
Foreign exchange adjustments	(36,975)	10,317	–	(26,658)
	<u>1,722,162</u>	<u>(120,227)</u>	<u>(2,425,423)</u>	<u>(823,488)</u>
Net debt as at 31 December 2022	<u>1,722,162</u>	<u>(120,227)</u>	<u>(2,425,423)</u>	<u>(823,488)</u>

### 31 CAPITAL COMMITMENTS

Capital expenditures at the end of the year contracted but not yet incurred are as follows:

	<b>2022 HK\$'000</b>	2021 HK\$'000
Contracted but not provided for		
– Construction of buildings	<b>112,588</b>	126,345
– Purchase of plant and machinery	<b>119,454</b>	32,549
	<u><b>232,042</b></u>	<u>158,894</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 32 RELATED PARTY TRANSACTIONS

Zhang Hwo Jie and Zhang Yaohua, the Company's executive directors, have beneficial interests in Prosper Empire Limited, which owned 38.70% (2021: 38.41%) of the Company's shares as at 31 December 2022.

#### (a) Key management compensation

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Salaries, allowances and bonus	<b>27,889</b>	23,101
Share-based payment	<b>2,796</b>	444
Retirement benefits – defined contribution plans	<b>72</b>	72
	<b>30,757</b>	23,617

The following transactions were undertaken by the Group with related party. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

#### (b) Transactions with a related party

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>Sales of goods to an associate</b>		
Shenzhen L&L Auto-tech Co., Ltd.	<b>–</b>	102

#### (c) Balances with a related party

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>Receivables from an associate</b>		
Shenzhen L&L Auto-tech Co., Ltd.	<b>1,712</b>	5,641

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments in subsidiaries	<b>123,358</b>	123,358
Amounts due from subsidiaries	<b>1,393,696</b>	1,447,744
	<b>1,517,054</b>	1,571,102
<b>Current assets</b>		
Other receivables	–	240
Cash and cash equivalents	<b>4,644</b>	7,714
	<b>4,644</b>	7,954
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accruals and other payables	<b>76,103</b>	115,813
Bank borrowing	<b>30,000</b>	–
	<b>106,103</b>	115,813
<b>Net current liabilities</b>	<b>(101,459)</b>	(107,859)
<b>Total assets less current liabilities</b>	<b>1,415,595</b>	1,463,243
<b>Net assets</b>	<b>1,415,595</b>	1,463,243
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Share capital	<b>174,092</b>	174,912
Reserves	<b>1,241,503</b>	1,288,331
<b>Total equity</b>	<b>1,415,595</b>	1,463,243

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Reserve movement of the Company:

	Share premium HK\$'000	Contributed surplus (Note) HK\$'000	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	Retained Earnings/ (accumulated deficits) HK\$'000	Total HK\$'000
Balance at 1 January 2022	1,084,704	121,351	39,211	32,909	10,156	1,288,331
Loss for the year	-	-	-	-	(10,961)	(10,961)
Dividends paid	(56,842)	-	-	-	-	(56,842)
Employee share option scheme:						
Value of employee services	-	-	-	31,277	-	31,277
Transfer to share premium upon exercise of share options	113	-	-	(113)	-	-
Proceeds from share issuance of shares upon exercise of employees share options	300	-	-	-	-	300
Premium on repurchase of shares	(10,602)	-	-	-	-	(10,602)
Capital redemption reserve arising from repurchase of shares	-	-	850	-	(850)	-
Balance at 31 December 2022	<u>1,017,673</u>	<u>121,351</u>	<u>40,061</u>	<u>64,073</u>	<u>(1,655)</u>	<u>1,241,503</u>
Balance at 1 January 2021	1,068,537	121,351	39,211	37,419	22,522	1,289,040
Loss for the year	-	-	-	-	(12,366)	(12,366)
Dividends paid	(20,735)	-	-	-	-	(20,735)
Employee share option scheme:						
Value of employee services	-	-	-	4,970	-	4,970
Transfer to share premium upon exercise of share options	9,480	-	-	(9,480)	-	-
Proceeds from share issuance of shares upon exercise of employees share options	27,422	-	-	-	-	27,422
Balance at 31 December 2021	<u>1,084,704</u>	<u>121,351</u>	<u>39,211</u>	<u>32,909</u>	<u>10,156</u>	<u>1,288,331</u>

Note: The contributed surplus of the Company represents the difference between the costs of investments in subsidiaries acquired pursuant to a reorganisation over the nominal value of the share capital of the Company issued in exchange therefor.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34 BENEFITS AND INTERESTS OF DIRECTORS

### (a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 December 2022 is set out below:

Name	Fees HK\$'000	Salaries HK\$'000	Discretionary bonus HK\$'000	Allowances and benefits in kind HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
<b>Executive directors</b>						
Mr. Zhang Hwo Jie	-	5,760	3,260	806	18	9,844
Mr. Zhang Jian Hua	-	5,760	2,960	806	18	9,544
Mr. Zhang Yaohua (Note i)	-	5,760	2,960	806	18	9,544
<b>Independent non-executive directors</b>						
Mr. Lam Hiu Lo	160	-	-	190	-	350
Dr. Chai Ngai Chiu Sunny	160	-	-	190	-	350
Ms. Ling Kit Sum	160	-	-	190	-	350
	<b>480</b>	<b>17,280</b>	<b>9,180</b>	<b>2,988</b>	<b>54</b>	<b>29,982</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 34 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

#### (a) Directors' and chief executive's emoluments (Continued)

The remuneration of every director and the chief executive for the year ended 31 December 2021 is set out below:

Name	Fees HK\$'000	Salaries HK\$'000	Discretionary bonus HK\$'000	Allowances and benefits in kind HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
<b>Executive directors</b>						
Mr. Zhang Hwo Jie	-	5,760	1,480	128	18	7,386
Mr. Zhang Jian Hua	-	5,760	1,480	128	18	7,386
Mr. Zhang Yaohua (Note i)	-	5,760	1,730	128	18	7,636
<b>Independent non-executive directors</b>						
Mr. Lam Hiu Lo	160	-	-	30	-	190
Dr. Chai Ngai Chiu Sunny	160	-	-	30	-	190
Ms. Ling Kit Sum	160	-	-	30	-	190
	<u>480</u>	<u>17,280</u>	<u>4,690</u>	<u>474</u>	<u>54</u>	<u>22,978</u>

Note:

- (i) Zhang Yaohua is also the Chief Executive of the Group.

### 34 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

#### (a) Directors' and chief executive's emoluments (Continued)

None of the directors waived or agreed to waive any emoluments paid/payable by the Group during the year (2021: Nil).

During the year, no emoluments, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2021: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2021: Nil). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2021: Nil).

No director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2021: Nil).

# FIVE YEARS FINANCIAL SUMMARY

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
<b>CONSOLIDATED RESULTS</b>					
Turnover	<b><u>6,268,065</u></b>	<u>5,108,777</u>	<u>4,008,459</u>	<u>3,747,055</u>	<u>3,666,657</u>
Profit/(loss) attributable to equity holders of the Company	<b><u>206,017</u></b>	<u>155,190</u>	<u>(15,371)</u>	<u>51,781</u>	<u>82,663</u>
<b>CONSOLIDATED BALANCE SHEET</b>					
Non-current assets	<b>2,959,919</b>	2,931,918	2,830,973	2,820,060	2,687,823
Current assets	<b>4,296,853</b>	3,641,718	3,270,512	3,128,036	3,020,124
Current liabilities	<b>(2,859,486)</b>	(3,255,991)	(2,773,904)	(2,446,269)	(2,498,981)
Non-current liabilities	<b>(1,558,882)</b>	(559,204)	(717,889)	(906,578)	(620,463)
Net assets	<b><u>2,838,404</u></b>	<u>2,788,441</u>	<u>2,609,692</u>	<u>2,595,249</u>	<u>2,588,503</u>
Share capital	<b>174,092</b>	174,912	171,658	171,713	172,944
Reserves	<b><u>2,664,312</u></b>	<u>2,613,529</u>	<u>2,438,034</u>	<u>2,423,536</u>	<u>2,415,559</u>
Total equity	<b><u>2,838,404</u></b>	<u>2,788,441</u>	<u>2,609,692</u>	<u>2,595,249</u>	<u>2,588,503</u>



# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS

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

## INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## AUDIT COMMITTEE

Ms. Ling Kit Sum (*Chairman*)  
Mr. Lam Hiu Lo  
Dr. Chai Ngai Chiu Sunny

## NOMINATION COMMITTEE

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

## REMUNERATION COMMITTEE

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

## HEAD OFFICE

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## REGISTERED OFFICE

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## COMPANY SECRETARY

Ms. Lee Hiu Laam Joyce

## AUTHORISED REPRESENTATIVES

Mr. Zhang Hwo Jie  
Ms. Lee Hiu Laam Joyce

## STOCK CODE

838

## PRINCIPAL BANKERS

### Hong Kong

The Hongkong and Shanghai Banking Corporation Limited  
Hang Seng Bank Limited  
Bank of China (Hong Kong) Limited  
MUFG Bank, Ltd.  
Chong Hing Bank Limited  
KBC Bank N.V. Hong Kong Branch  
Fubon Bank (Hong Kong) Limited  
China Construction Bank Corporation Limited Hong Kong Branch  
Bank of Communications Co., Ltd. Hong Kong Branch  
Bank of East Asia, Limited  
China Minsheng Banking Corp., Ltd. Hong Kong Branch  
Dah Sing Bank, Limited

# CORPORATE INFORMATION

## LEGAL ADVISOR

MinterEllison LLP

## AUDITOR

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Certified Public Accountants  
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