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

(Incorporated with limited liability in the Cayman Islands)
(Stock Code: 838)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL RESULTS

The Board of Directors of EVA Precision Industrial Holdings Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2024 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	**2024** *HK$'000*	2023 *HK$'000*
Revenue	*4*	**6,296,926**	6,182,658
Cost of sales	*5*	**(4,921,294)**	(4,891,094)
Gross profit		**1,375,632**	1,291,564
Other income		**42,206**	49,187
Other (losses)/gains – net		**(27,333)**	37,067
Selling and marketing costs	*5*	**(318,983)**	(326,357)
General and administrative expenses	*5*	**(692,696)**	(660,670)
Impairment loss on property, plant and equipment		**(6,137)**	–
Operating profit		**372,689**	390,791
Finance income	*6*	**32,429**	42,403
Finance costs	*6*	**(121,139)**	(128,905)
Share of loss of associates		**(7,593)**	(499)
Profit before income tax		**276,386**	303,790
Income tax expense	*7*	**(32,879)**	(66,695)
Profit for the year		**243,507**	237,095
Other comprehensive income for the year, net of tax			
Item that may be reclassified to profit or loss			
– Currency translation differences		**(34,582)**	(17,491)
Item that will not be reclassified to profit or loss			
– Revaluation gains/(losses) on financial assets at fair value through other comprehensive income		**8,190**	(3,549)
Total comprehensive income for the year		**217,115**	216,055
Profit for the year attributable to equity holders of the Company		**243,507**	237,095
Total comprehensive income for the year attributable to equity holders of the Company		**217,115**	216,055
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in HK cents per share)			
– basic	*8*	**14.0**	13.6
– diluted	*8*	**14.0**	13.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

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

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

Note:

1. BASIS OF PRESENTATION

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 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.

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.

2 ACCOUNTING POLICIES

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

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants
Amendments to HKAS 16	Lease liability in sale and leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

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

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

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

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

3. SEGMENT INFORMATION

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

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

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

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

The segment results and other segment items are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

4. REVENUE

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

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

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

5. EXPENSES BY NATURE

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

	2024	2023
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**273,667**	243,380
Depreciation of right-of-use assets	**30,150**	31,117
Amortisation of intangible assets	**967**	1,792
Employee benefit expenses	**1,159,906**	1,092,307
Auditor's remuneration		
– Audit services	**4,490**	4,490
– Non-audit services	**1,365**	758
Changes in inventories of finished goods and work-in- progress	**(76,877)**	36,361
Raw materials and consumables used	**3,823,486**	3,832,633
Provision for inventory obsolescence	**7,697**	9,244
Subcontracting expenses	**9,016**	12,573
Utilities expenses	**79,561**	77,482
Transportation expenses	**59,529**	57,543
Packaging expenses	**143,776**	147,108
Marketing expenses	**12,057**	9,779
Office expenses	**71,834**	67,962
Operating lease payments for short-term and low value leases	**2,021**	2,468
Others	**330,328**	251,124
	5,932,973	5,878,121

6. FINANCE INCOME/COSTS

	2024	2023
	HK$'000	*HK$'000*
Finance income		
Interest income on bank deposits	**32,429**	42,403
Finance costs		
Interest expense on:		
Bank borrowings	**147,087**	162,474
Lease liabilities – plant and machinery	**–**	15
Lease liabilities – factory and office premises	**4,153**	4,020
Interest capitalised (Note)	**(30,101)**	(37,604)
	121,139	128,905

Note: The capitalisation rate used to determine the amount of borrowings costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during the year and in this case it is 5.60% (2023: 6.83%).

7. INCOME TAX EXPENSE

	2024	2023
	HK$'000	*HK$'000*
Current taxation		
– Mainland China corporate income tax	**45,420**	50,346
– Vietnam corporate income tax	**9,160**	7,402
– Mexico corporate income tax	**2,460**	16,195
Over-provision in prior years	**(23,644)**	(8,277)
Deferred income tax	**(517)**	1,029
	32,879	66,695

The weighted average applicable tax rate for the year ended 31 December 2024 was approximately 11.1% (2023: 18.6%). The decrease is primarily due to changes in the profitability of the subsidiaries in the respective jurisdictions of tax in the current year.

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year (2023: 16.5%).

(b) Mainland China corporate income tax

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

(i) Provision for Mainland China corporate income tax is calculated at the statutory rate of 25% (2023: 25%) on the assessable income of each of the Group's entities, except that certain subsidiaries of the Group operating in Mainland China are eligible for certain tax exemptions and concessions including tax holiday and reduced income tax rate during the year.

(ii) EVA Precision Industrial (Suzhou) Limited, Shenzhen EVA Mould Manufacturing Limited, Chongqing Digit Auto Body Ltd., Shenzhen EVA Precision Technology Group Limited, Zhongshan Digit Automotive Technology Limited, Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd., Digit Stamping Technology (Wuhan) Limited, Shenzhen Digit Automotive Technology Limited and EVA Precision Industrial (Weihai) Limited are each recognised by the Chinese Government as a "National High and New Technology Enterprise" and are therefore subject to a preferential tax rate of 15% during the years ended 31 December 2023 and 2024.

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

(c) Other income taxes

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and, accordingly, is exempted from Cayman Islands income tax.

The Company's subsidiaries established in the British Virgin Islands are exempted from British Virgin Islands income tax.

The subsidiary established and operating in Vietnam is subjected to a preferential tax rate of 10% for the first 15 years from the year of commencing operations. It is also entitled to full exemption from corporate income tax for the first four years from the earlier of (i) the year when profit is generated for the first time or (ii) the fourth year of commencing operations; and a 50% reduction in corporate income tax for the next nine years. The Vietnam subsidiary of the Group was under 75% reduction in total from corporate income tax in Vietnam for the years ended 31 December 2023 and 2024.

Provision for Mexico Corporate income tax was calculated at the statutory rate of 30% for the years ended 31 December 2023 and 2024.

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

8. EARNINGS PER SHARE

Basic

	2024	2023
Profit attributable to equity holders of the Company (HK$'000)	**243,507**	237,095
Weighted average number of ordinary shares in issue ('000)	**1,740,920**	1,740,920
Basic earnings per share (HK cents per share)	**14.0**	13.6

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (i.e. share options). A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual quoted share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted earnings per share for the year ended 31 December 2024 equals to the basic earnings per share as the exercise of the outstanding share options would be anti-dilutive.

9. DIVIDENDS

	2024	2023
	HK$'000	*HK$'000*
Interim dividend paid of HK2.20 cents (2023: HK2.10 cents) per share	**38,282**	36,559
Proposed final dividend of HK2.00 cents (2023: HK1.99 cents) per share	**34,818**	34,644
	73,100	71,203

A final dividend in respect of the year ended 31 December 2024 of HK$2.00 cents per share, totaling of HK$34,818,000 has been proposed for approval at the forthcoming annual general meeting. These financial statements have not reflected this dividend payable.

10. TRADE RECEIVABLES

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

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

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

The carrying amounts of trade receivables approximate their fair values.

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

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

Movements of loss allowance are as follows:

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

Trade receivables are denominated in the following currencies:

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

11. TRADE PAYABLES

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

	2024	2023
	HK$'000	*HK$'000*
0 to 90 days	**1,376,505**	1,359,656
91 to 180 days	**133,210**	132,608
	1,509,715	1,492,264

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

	2024	2023
	HK$'000	*HK$'000*
HK$	**13,183**	13,804
RMB	**956,133**	948,596
US$	**529,412**	519,433
Others	**10,987**	10,431
	1,509,715	1,492,264

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

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

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

BUSINESS REVIEW

Office automation equipment

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

In Vietnam, as the peak production season of the OA equipment industry commences in the second half of the year, the Group adjusted its production lines at the industrial park in Haiphong, Vietnam in the first half of 2024 to prepare for mass production in the second half. Unfortunately, Typhoon Yagi hit northern Vietnam in September and the Group's industrial park in Haiphong and its customers and supply chains in northern Vietnam suffered typhoon damage, resulting in operational disruptions. As a result, production of certain Vietnam orders was relocated to southern China and some were delayed, narrowing the business growth in Vietnam in the second half of the year. Nevertheless, Vietnam still recorded an increase of 11.5% in annual sales.

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

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

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

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

Automotive components

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

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

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

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

The industrial park in Shenzhen, although small in area, is the Group's central production base for automobile seat moulds. The quality of the seat moulds has been consistently recognised by customers over the years, and the product mould business accounts for approximately 60% of the business in Shenzhen. The product moulds developed and produced in Shenzhen are primarily exported to the US and European markets. However, due to the impact of the economic downturn in Europe and geopolitical risks, the turnover in 2024 fell by approximately 7.8% year-on-year. However, exports recovered in the second half of the year, narrowing the decline in the first half. At the same time, benefiting from the Group's stronger market development, orders on hand for moulds and products in Shenzhen reached an all-time high in 2024, including those from Adient's mould and component project in Japan, enabling the Group to successfully enter the Japanese automotive components market, which is expected to drive rapid growth in the next five years.

In Zhongshan, the Group's previous strategy focused on Japanese customers. However, over the past two years, the continued decline in the production of Japanese brand vehicles in China, especially Honda, Toyota and Nissan, has resulted in sluggish sales, hence turnover from the Group's Japanese customers in Zhongshan, including Aisin, Yachiyo and Faurecia, also declined accordingly. During the year, turnover from Zhongshan fell by 5.8%. Although shipments improved slightly in the second half, it was insufficient to reverse the overall decline for the year. During the year, the Group's Zhongshan business shifted its focus to developing major customers such as an in-vehicle electronics customer, Brose and Faurecia, and also secured several NEV customers, actively diversifying and expanding its customer base to reduce the risk of individual market performance impacting the factory in Zhongshan, while also exploring the domestic in-vehicle electronics business and the export of automotive components to Europe. At the same time, the Group continued to implement measures to reduce costs and increase efficiency in Zhongshan to enhance the Group's competitiveness.

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

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

Prospects

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

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

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

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

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

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

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

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

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

DIVIDENDS

The Board recommends the payment of a final dividend of HK2 cents per ordinary share, totaling approximately HK$34,818,000 for the year ended 31 December 2024. Subject to the approval of the directors' recommendation by the shareholders at the forthcoming annual general meeting to be held on 20 May 2025, the final dividend will be paid in cash on 12 June 2025. Including the interim dividend of HK$38,282,000 for the six months ended 30 June 2024 paid on 26 September 2024, the total dividends declared for the year ended 31 December 2024 will be approximately HK$73,100,000.

FINANCIAL REVIEW

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

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

Note 1: Others mainly represented sales of scrap materials.

Turnover

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

Gross profit

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

Segment results

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

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

Unallocated expenses

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

Finance income and costs

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

Share of loss of associates

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

Income tax expense

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

Profit attributable to equity holders of the Company

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

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2024, the Group's cash flows generated from operations increased to HK$862,394,000 (2023: HK$538,116,000), which was primarily due to increased earnings before interests and depreciation from operation and greatly improved cash flows from effective working capital management. With reduced interest and tax payments, the Group's net cash generated form operating activities increased significantly to HK$713,778,000 (2023: HK$375,151,000). During the year, the Group's capital expenditure decreased to HK$330,107,000 as the Group has been slowing down its overall expansion plan in view of the uncertain external markets. Therefore, the Group recorded net cash used in investing activities amounting to HK$289,003,000 (2023: HK$423,593,000). The Group had a net decrease in bank borrowings of HK$185,643,000 and lease payments of HK$24,433,000 during the year. After payment of dividend of HK$72,908,000, the Group recorded net cash used in financing activities of HK$282,984,000 during the year (2023: HK$56,245,000).

Treasury policy

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

Key financial performance indicators

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

Inventory turnover days

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

Debtors' and creditors' turnover days

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

Cash conversion cycle

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

Current ratio and net debt-to-equity ratio

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

Net profit margin and return on shareholders' equity

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

FOREIGN CURRENCY EXPOSURE

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

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

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

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

HUMAN RESOURCES

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

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

CHARGES ON THE GROUP'S ASSETS

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

PURCHASES, SALE AND REDEMPTION OF THE SHARES

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

PRE-EMPTIVE RIGHTS

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

CLOSURE OF REGISTER OF MEMBERS

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all directors, the Company reported that all directors have complied with the required standards set out in the Model Code during the year ended 31 December 2024 and up to the date of this announcement.

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

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

SUFFICIENCY OF PUBLIC FLOAT

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

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2024 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

AUDITOR

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

By order of the Board
Zhang Hwo Jie
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises four executive directors, being Mr. Zhang Hwo Jie (Chairman), Mr. Zhang Jian Hua (Vice Chairman), Mr. Zhang Yaohua (Chief Executive) and Ms. Zhang Yan Yi and three independent non-executive directors, being Mr. Lam Hiu Lo, Dr. Chai Ngai Chiu Sunny and Ms. Ling Kit Sum.