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

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

(Stock Code 股份代號 : 838)

2024
INTERIM REPORT 中期報告

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

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

REGISTERED OFFICE

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

COMPANY SECRETARY

Ms. Lee Hiu Laam Joyce

AUTHORISED REPRESENTATIVES

Mr. Zhang Hwo Jie
Ms. Lee Hiu Laam Joyce

STOCK CODE

838

CORPORATE INFORMATION

PRINCIPAL BANKERS

Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
MUFG Bank, Ltd.
Chong Hing Bank Limited
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
Bank of Shanghai (Hong Kong) Limited
Luso International Banking Limited

LEGAL ADVISOR

MinterEllison LLP

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Note	Unaudited Six months ended 30 June 2024 HK$'000	2023 HK$'000
Revenue	6	**2,999,779**	2,862,158
Cost of sales	21	**(2,397,115)**	(2,317,158)
Gross profit		**602,664**	545,000
Other income	20	**21,938**	30,063
Other (losses)/gains – net	20	**(7,161)**	28,104
Selling and marketing costs	21	**(117,011)**	(125,250)
General and administrative expenses	21	**(304,448)**	(288,911)
Operating profit		**195,982**	189,006
Finance income	22	**17,071**	17,103
Finance costs	22	**(64,582)**	(61,668)
Impairment losses for investment in associates	9	**(7,200)**	–
Share of losses of associates	9	**(220)**	(359)
Profit before income tax		**141,051**	144,082
Income tax expense	23	**(13,238)**	(21,458)
Profit for the period		**127,813**	122,624
Other comprehensive income/(loss) for the period, net of tax			
Items that may be reclassified subsequently to profit or loss			
– Currency translation differences		**33,619**	(16,136)
Items that may not be reclassified subsequently to profit or loss			
– Revaluation gains/(losses) on financial assets at fair value through other comprehensive income		**711**	(1,261)
Total comprehensive income for the period		**162,143**	105,227

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Unaudited	
		Six months ended 30 June	
	Note	**2024**	2023
		HK$'000	HK$'000
Profit for the period attributable to equity holders of the Company		**127,813**	122,624
Total comprehensive income for the period attributable to equity holders of the Company		**162,143**	105,227
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in HK cents per share)			
– basic	24	**7.3**	7.0
– diluted	24	**7.3**	7.0

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	Unaudited 30 June 2024 HK$'000	Audited 31 December 2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**2,682,548**	2,682,224
Right-of-use assets	8	**337,867**	293,661
Intangible assets	7	**3,233**	4,055
Investments in associates	9	**21,962**	29,501
Financial assets at fair value through other comprehensive income	11	**9,899**	11,954
Prepayments, deposits and other receivables	10	**68,829**	95,375
Deferred income tax assets	16	**3,179**	4,733
		3,127,517	3,121,503
Current assets			
Inventories		**569,901**	640,802
Trade receivables	12	**1,806,590**	1,820,258
Prepayments, deposits and other receivables	10	**78,272**	142,576
Restricted bank deposits		**74,682**	104,448
Short-term bank deposits		**47,409**	–
Cash and cash equivalents		**1,666,299**	1,610,592
		4,243,153	4,318,676
LIABILITIES			
Current liabilities			
Trade payables	13	**1,356,810**	1,492,264
Contract liabilities		**116,275**	95,722
Accruals and other payables	14	**229,105**	256,095
Bank borrowings	15	**1,356,659**	1,149,136
Lease liabilities	8	**12,823**	15,341
Current income tax liabilities		**21,308**	31,194
		3,092,980	3,039,752

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	**Unaudited 30 June 2024 HK$'000**	Audited 31 December 2023 HK$'000
Net current assets		**1,150,173**	1,278,924
Total assets less current liabilities		**4,277,690**	4,400,427
Non-current liabilities			
Bank borrowings	15	**1,063,619**	1,321,006
Lease liabilities	8	**67,129**	59,502
Deferred income tax liabilities	16	**21,730**	22,205
		1,152,478	1,402,713
Net assets		**3,125,212**	2,997,714
EQUITY			
Capital and reserves			
Share capital	17	**174,092**	174,092
Reserves	19	**2,951,120**	2,823,622
Total equity		**3,125,212**	2,997,714

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Unaudited		
	Attributable to equity holders of the Company		
	Share capital HK$'000 (Note 17)	Reserves HK$'000 (Note 19)	Total HK$'000
Balance at 1 January 2024	174,092	2,823,622	2,997,714
Comprehensive income			
Profit for the period	–	127,813	127,813
Other comprehensive income			
Currency translation differences	–	33,619	33,619
Revaluation gains on financial assets at fair value through other comprehensive income	–	711	711
Total comprehensive income for the period	–	162,143	162,143
Transactions with owners			
Dividend paid	–	(34,645)	(34,645)
	–	(34,645)	(34,645)
Balance at 30 June 2024	174,092	2,951,120	3,104,917

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Unaudited		
	Attributable to equity holders of the Company		
	Share capital HK$'000 (Note 17)	Reserves HK$'000 (Note 19)	Total HK$'000
Balance at 1 January 2023	174,092	2,664,312	2,838,404
Comprehensive income			
Profit for the period	–	122,624	122,624
Other comprehensive loss			
Currency translation differences	–	(16,136)	(16,136)
Revaluation losses on financial assets at fair value through other comprehensive income	–	(1,261)	(1,261)
Total comprehensive income for the period	–	105,227	105,227
Transactions with owners			
Dividend paid	–	(30,624)	(30,624)
Employee share option scheme:			
Value of employee services	–	5,227	5,227
	–	(25,397)	(25,397)
Balance at 30 June 2023	174,092	2,744,142	2,918,234

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Unaudited	
		Six months ended 30 June	
	Note	**2024**	2023
		HK$'000	HK$'000
Cash flows from operating activities			
Cash generated from operations		**361,709**	172,498
Interest received		**17,071**	17,103
Interest paid		**(81,265)**	(63,095)
Income tax paid		**(21,913)**	(28,888)
Net cash generated from operating activities		**275,602**	97,618
Cash flows from investing activities			
Purchases of property, plant and equipment		**(147,975)**	(210,117)
Redemption on investment		**2,766**	–
Proceeds from disposal of a financial asset at fair value through other comprehensive income		**–**	9,242
Proceeds from sales of property, plant and equipment		**1,896**	1,970
(Increase)/decrease in short-term bank deposits		**(47,409)**	28,159
Decrease/(increase) in restricted bank deposits		**29,766**	(5,069)
Net cash used in investing activities		**(160,956)**	(175,815)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Note	Unaudited Six months ended 30 June 2024 HK$'000	2023 HK$'000
Cash flows from financing activities			
Proceeds from borrowings		**604,861**	661,975
Repayments of borrowings		**(654,120)**	(504,365)
Repayments of principal element of lease payments		**(8,804)**	(11,124)
Repayments of interest element of lease payments		**(1,806)**	(2,155)
Dividend paid		**(34,645)**	(30,624)
Net cash (used in)/generated from financing activities		**(94,514)**	113,707
Net increase in cash and cash equivalents		**20,132**	35,510
Cash and cash equivalents at the beginning of the period		**1,610,592**	1,722,162
Exchange gains/(losses) on cash and cash equivalents		**35,575**	(6,968)
Cash and cash equivalents at the end of the period		**1,666,299**	1,750,704

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

EVA Precision Industrial Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in 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 condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated, and was approved for issue on 28 August 2024.

The condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements.

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

(a) Relevant amendments to existing standards and interpretation effective for the financial year beginning 1 January 2024

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
HK Interpretation 5 (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
Amendments to HKFRS 7 and HKAS 7	Supplier Finance Arrangements

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

3 ACCOUNTING POLICIES (CONTINUED)

(b) The following new standards and amendments to standards have been issued but not yet effective for the financial year beginning of 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 (amendments)	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard)	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard)	1 January 2027
Amendments to HK Int 5	Hong Kong Interpretation 5 Presentation of Financial statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors of the Group will adopt the new amendments to standards when they become effective. The directors of the Group are in the process of assessing the financial impact of the adoption of the above new amendments to standards, none of which is expected to have a significant effect on the consolidated financial statements of the Group.

4 ESTIMATES

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

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2023.

5 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

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

The condensed consolidated interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023.

There have been no changes in any risk management policies since 31 December 2023.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

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

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	More than 5 years HK$'000	Total HK$'000
At 30 June 2024					
Bank borrowings	**1,347,379**	**873,619**	**190,000**	**–**	**2,410,998**
Lease liabilities	**12,823**	**12,953**	**28,317**	**25,859**	**79,952**
Interest payables	**107,298**	**31,164**	**11,457**	**1,948**	**151,867**
Trade payables	**1,356,810**	**–**	**–**	**–**	**1,356,810**
Other payables	**95,397**	**–**	**–**	**–**	**95,397**
At 31 December 2023					
Bank borrowings	1,139,251	1,057,106	263,900	–	2,460,257
Lease liabilities	15,341	11,641	27,990	19,871	74,843
Interest payables	136,233	62,499	17,976	1,512	218,220
Trade payables	1,492,264	–	–	–	1,492,264
Other payables	99,403	–	–	–	99,403

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

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

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	More than 5 years HK$'000	Total HK$'000
At 30 June 2024					
Bank borrowings	**1,338,100**	**882,898**	**190,000**	**–**	**2,410,998**
Lease liabilities	**12,823**	**12,953**	**28,317**	**25,859**	**79,952**
Interest payables	**107,460**	**31,326**	**11,457**	**1,948**	**152,191**
Trade payables	**1,356,810**	**–**	**–**	**–**	**1,356,810**
Other payables	**95,397**	**–**	**–**	**–**	**95,397**
At 31 December 2023					
Bank borrowings	1,139,251	1,057,106	263,900	–	2,460,257
Lease liabilities	15,341	11,641	27,990	19,871	74,843
Interest payables	136,233	62,499	17,976	1,512	218,220
Trade payables	1,492,264	–	–	–	1,492,264
Other payables	99,403	–	–	–	99,403

6 REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Six months ended 30 June	
	2024	2023
	HK$'000	HK$'000
Sale of moulds and components	**2,935,017**	2,795,264
Others (Note)	**64,762**	66,894
	2,999,779	2,862,158

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

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

(b) Segment information

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

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

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

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

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

The segment results and other segment items are as follows:

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Office automation equipment HK$'000	**Automotive components HK$'000**	**Total HK$'000**	Office automation equipment HK$'000	Automotive components HK$'000	Total HK$'000
Revenue	**2,056,701**	**943,078**	**2,999,779**	2,007,246	854,912	2,862,158
Segment results	**164,533**	**51,806**	**216,339**	163,949	49,219	213,168
Unallocated expenses			**(20,357)**			(24,162)
Finance income			**17,071**			17,103
Finance costs			**(64,582)**			(61,668)
Impairment losses for investment in associates			**(7,200)**			–
Share of losses of associates			**(220)**			(359)
Profit before income tax			**141,051**			144,082
Income tax expense			**(13,238)**			(21,458)
Profit for the period			**127,813**			122,624
Depreciation	**62,124**	**86,474**	**148,598**	60,057	70,619	130,676
Amortisation	**822**	**-**	**822**	896	–	896

For the six months ended 30 June 2024 and 2023, unallocated expenses represent corporate expenses and share-based payment expenses.

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

The segment assets and liabilities are as follows:

	As at 30 June 2024				As at 31 December 2023			
	Office automation equipment HK$'000	Automotive components HK$'000	Un-allocated HK$'000	Total HK$'000	Office automation equipment HK$'000	Automotive components HK$'000	Un–allocated HK$'000	Total HK$'000
Assets	4,340,634	2,955,074	74,962	7,370,670	4,163,505	3,222,271	54,403	7,440,179
Liabilities	1,085,411	695,781	2,464,266	4,245,458	1,116,327	800,687	2,525,451	4,442,465

The segment capital expenditure is as follows:

	Six months ended 30 June 2024				Six months ended 30 June 2023			
	Office automation equipment HK$'000	Automotive components HK$'000	Un-allocated HK$'000	Total HK$'000	Office automation equipment HK$'000	Automotive components HK$'000	Un-allocated HK$'000	Total HK$'000
Capital expenditure	108,898	89,496	-	198,394	141,086	85,741	–	226,827

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

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

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

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

Segment assets and liabilities are reconciled to the Group's assets and liabilities at 30 June 2024 as follows:

	Assets HK$'000	Liabilities HK$'000
Segment assets/liabilities	7,295,708	1,781,192
Unallocated:		
Investments in associates	21,962	–
Financial assets at fair value through other comprehensive income	9,899	–
Cash and cash equivalents	37,939	–
Deferred income tax assets	3,179	–
Prepayments, deposits and other receivables	1,983	–
Current income tax liabilities	–	21,308
Deferred income tax liabilities	–	21,730
Bank borrowings	–	2,420,278
Accruals and other payables	–	950
Total	7,370,670	4,245,458

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

Segment assets and liabilities are reconciled to the Group's assets and liabilities at 31 December 2023 as follows:

	Assets HK$'000	Liabilities HK$'000
Segment assets/liabilities	7,385,776	1,917,014
Unallocated:		
Investments in associates	29,501	–
Financial assets at fair value through other comprehensive income	11,954	–
Cash and cash equivalents	1,474	–
Deferred income tax assets	4,733	–
Prepayments, deposits and other receivables	6,741	–
Current income tax liabilities	–	31,194
Deferred income tax liabilities	–	22,205
Bank borrowings	–	2,470,142
Accruals and other payables	–	1,910
Total	7,440,179	4,442,465

During the six months ended 30 June 2024, the aggregated revenue from the top customer, which contributed more than 10% of the Group's revenue, amounted to approximately HK$1,002,813,000 (six months ended 30 June 2023: top two customers: HK$1,274,198,000).

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

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

Revenues by geographical region

	Six months ended 30 June 2024				Six months ended 30 June 2023			
	The People's Republic of China ("PRC")	**Vietnam**	**Mexico**	**Total**	PRC	Vietnam	Mexico	Total
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**2,241,238**	**376,883**	**381,658**	**2,999,779**	2,158,566	385,430	318,162	2,862,158

Assets by geographical region

	As at 30 June 2024				As at 31 December 2023			
	PRC	**Vietnam**	**Mexico**	**Total**	PRC	Vietnam	Mexico	Total
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Total non-current assets	**2,389,969**	**311,197**	**426,351**	**3,127,517**	2,419,070	279,185	423,248	3,121,503
Total assets	**5,654,174**	**839,019**	**877,477**	**7,370,670**	5,826,413	797,389	816,377	7,440,179

7 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment HK$'000	Intangible assets HK$'000
Opening net book amount at 1 January 2024	**2,682,224**	**4,055**
Additions	**139,729**	**–**
Disposals	**(2,253)**	**–**
Depreciation/amortisation	**(135,398)**	**(822)**
Exchange differences	**(1,754)**	**–**
Closing net book amount at 30 June 2024	**2,682,548**	**3,233**
Opening net book amount at 1 January 2023	2,453,708	5,847
Additions	226,827	–
Disposals	(1,991)	–
Depreciation/amortisation	(114,239)	(896)
Exchange differences	(7,855)	–
Closing net book amount at 30 June 2023	2,556,450	4,951

8 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

Right-of-use assets

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

	Leasehold land and land use rights HK$'000	Land under finance lease HK$'000	Plant and machinery under finance lease HK$'000	Factory and office premises HK$'000	Total HK$'000
Opening net book amount at 1 January 2023	227,518	5,412	43,056	101,560	377,546
Disposals	(200)	–	–	–	(200)
Depreciation	(3,821)	(132)	(3,049)	(9,435)	(16,437)
Exchange differences	(1,089)	–	(3)	(1,198)	(2,290)
Closing net book amount at 30 June 2023	222,408	5,280	40,004	90,927	358,619

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

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

Lease liabilities

	As at 30 June 2024 HK$'000	As at 31 December 2023 HK$'000
Current portion	**12,823**	15,341
Non-current portion	**67,129**	59,502
	79,952	74,843
Lease liabilities – Factory and office premises	**79,952**	74,843

(b) The Group's leasing activities

The Group leases various buildings, machineries and equipment. Rental contracts are typically made for fixed periods of 2 to 11 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, but certain lease liabilities are effectively secured as the right to the leased assets revert to the lessors in the event of default. As at 30 June 2024 and 31 December 2023, there is no secured right-of-use assets.

9 INVESTMENTS IN ASSOCIATES

	Six months ended 30 June	
	2024	2023
	HK$'000	HK$'000
At 1 January	**29,501**	30,591
Share of losses	**(220)**	(359)
Impairment losses for investment in associates	**(7,200)**	–
Exchange differences	**(119)**	(585)
At 30 June	**21,962**	29,647

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

	As at	
	30 June	31 December
	2024	2023
	HK$'000	HK$'000
Assets		
Non-current assets	**1,034**	1,166
Current assets	**73,370**	73,636
Liabilities	**1,500**	1,050
Net current assets	**71,870**	72,586
Net assets	**72,904**	73,752

9 INVESTMENTS IN ASSOCIATES (CONTINUED)

	Six months ended 30 June	
	2024	2023
	HK$'000	HK$'000
Revenue	**1,078**	1,330
Losses	**(550)**	(897)
Percentage held at 30 June	**40%**	40%

10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at	
	30 June 2024 HK$'000	31 December 2023 HK$'000
Non-current:		
Deposits for purchases of property, plant and equipment	**40,584**	23,385
Loan to a supplier (Note a)	**24,547**	24,481
Prepayment for a land lease	**–**	43,715
Others	**3,698**	3,794
	68,829	95,375
Current:		
Prepayments for purchases of raw materials	**42,990**	55,867
Value-added tax recoverable	**10,329**	61,646
Prepayment of utilities expenses	**2,398**	1,456
Receivables from employees and staff advances (Note b)	**5,669**	4,428
Deposits placed with customs in Mainland China	**752**	424
Receivables from the former subsidiaries (Note d)	**50,967**	51,120
Receivables from an associate (Note d)	**6,517**	6,517
Consideration receivable from disposal of financial assets at fair value through other comprehensive income (Note c)	**10,825**	14,726
Consideration receivables from disposal of a subsidiary (Note c)	**3,544**	3,544
Others	**10,053**	8,620
	144,044	208,348
Loss allowance	**(65,772)**	(65,772)
	78,272	142,576

10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

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

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

Note c: Consideration receivables from disposal of financial assets at fair value through other comprehensive income and consideration receivables from disposal of a subsidiary are unsecured, non-interest bearing, repayable upon completion of disposal and denominated in RMB, loss allowance of these receivables have been fully provided.

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

During the six months ended 30 June 2023 and 30 June 2024, no additional loss allowance was recorded for its deposits and other receivables.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at	
	30 June 2024 HK$'000	31 December 2023 HK$'000
Unlisted:		
Equity securities – PRC, at fair value	**9,899**	11,954

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

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

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

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

	Six months ended 30 June	
	2024	2023
	HK$'000	HK$'000
At 1 January	**11,954**	28,647
Redemption on investment	**(2,766)**	–
Disposal (Note)	**–**	(13,144)
Revaluation gains/(losses) transferred to other comprehensive income	**711**	(1,261)
At 30 June	**9,899**	14,242

Note: On disposal of the equity instrument, any related balance within 'financial assets at fair value through other comprehensive income reserve' is reclassified to 'retained earnings'.

12 TRADE RECEIVABLES

The credit period granted by the Group to its customers is generally 30 to 180 days.

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

	As at	
	30 June 2024 HK$'000	31 December 2023 HK$'000
0 to 90 days	**1,556,618**	1,325,777
91 to 180 days	**251,160**	495,669
	1,807,778	1,821,446
Less: loss allowance	**(1,188)**	(1,188)
Trade receivables – net	**1,806,590**	1,820,258

The top five customers and the largest customer accounted for 34.66% (31 December 2023: 49.15%) and 13.23% (31 December 2023: 12.5%), respectively, of the trade receivables balance as at 30 June 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.

During the six months ended 30 June 2024, no additional loss allowance was recorded for its trade receivables (six months ended 30 June 2023: Nil).

13 TRADE PAYABLES

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

	As at	
	30 June 2024 HK$'000	31 December 2023 HK$'000
0 to 90 days	**1,230,839**	1,359,656
91 to 180 days	**66,273**	132,608
181 to 360 days	**59,698**	–
	1,356,810	1,492,264

14 ACCRUALS AND OTHER PAYABLES

	As at	
	30 June 2024 HK$'000	31 December 2023 HK$'000
Payable for purchase of property, plant and equipment	**31,398**	40,329
Accrued utilities expenses	**4,826**	4,213
Accrued wages, salaries and welfare	**122,029**	144,447
Accrued operating expenses	**6,853**	8,032
Purchase consideration balance payables for the acquisition of subsidiaries	**13,549**	18,732
Other payables	**50,450**	40,342
	229,105	256,095

15 BANK BORROWINGS

	As at	
	30 June 2024 HK$'000	31 December 2023 HK$'000
Current		
Short-term bank loans	**725,063**	444,601
Portion of long-term loans from banks due for repayment within one year (including those repayable on demand)	**631,596**	704,535
	1,356,659	1,149,136
Non-current		
Portion of long-term loans from banks due for repayment after one year	**1,063,619**	1,321,006
Total bank borrowings	**2,420,278**	2,470,142

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.

15 BANK BORROWINGS (CONTINUED)

The Group's bank borrowings are repayable as follows:

	As at	
	30 June 2024 HK$'000	31 December 2023 HK$'000
Within 1 year	**1,356,659**	1,149,136
Between 1 and 2 years	**873,619**	1,057,106
Between 2 and 5 years	**190,000**	263,900
	2,420,278	2,470,142

Bank borrowings were denominated in below currencies:

	As at	
	30 June 2024 HK$'000	31 December 2023 HK$'000
HK$	**2,308,286**	2,420,541
RMB	**111,992**	49,601
	2,420,278	2,470,142

15 BANK BORROWINGS (CONTINUED)

As at 31 December 2023 and 30 June 2024, the effective interest rates (per annum) of the Group's bank borrowings were as follows:

	Short-term bank loans		**Long-term bank loans**	
	June 2024	December 2023	**June 2024**	December 2023
HK$	**4.91%**	6.70%	**6.57%**	6.91%
RMB	**3.04%**	3.13%	**3.5%**	–

As at 30 June 2024, the Group has undrawn floating rate borrowing facilities of approximately HK$575,800,000 (31 December 2023: HK$455,200,000).

16 DEFERRED TAXATION

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

	As at	
	30 June 2024 HK$'000	31 December 2023 HK$'000
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than 12 months	**3,179**	4,733
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered after more than 12 months	**(21,730)**	(21,198)
Deferred income tax liabilities to be recovered within 12 months	**–**	(1,007)
Deferred income tax liabilities, net	**(18,551)**	(17,472)

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

	Six months ended 30 June	
	2024 HK$'000	2023 HK$'000
At 1 January	**(17,472)**	(16,443)
(Charged)/credited to profit or loss	**(1,079)**	476
At 30 June	**(18,551)**	(15,967)

16 DEFERRED TAXATION (CONTINUED)

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

	Right-of-use assets HK$'000	Fair value gains HK$'000	Withholding tax HK$'000	Total HK$'000
At 1 January 2024	**(8,536)**	**(17,076)**	**(5,129)**	**(30,741)**
(Charged)/credited to profit or loss	**(2,366)**	**475**	**–**	**(1,891)**
At 30 June 2024	**(10,902)**	**(16,601)**	**(5,129)**	**(32,632)**
At 1 January 2023	(13,097)	(17,863)	(5,129)	(36,089)
Credited to profit or loss	1,437	475	–	1,912
At 30 June 2023	(11,660)	(17,388)	(5,129)	(34,177)

16 DEFERRED TAXATION (CONTINUED)

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

	Lease liabilities HK$'000	Tax loss HK$'000	Fair value loss HK$'000	Total HK$'000
At 1 January 2024	**9,394**	**2,887**	**988**	**13,269**
Credited/(charged) to profit or loss	**2,471**	**(1,631)**	**(28)**	**812**
At 30 June 2024	**11,865**	**1,256**	**960**	**14,081**
At 1 January 2023	15,439	3,191	1,016	19,646
Charged to profit or loss	(1,408)	–	(28)	(1,436)
At 30 June 2023	14,031	3,191	988	18,210

17 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Number of shares (thousands)	Share capital HK$'000
At 1 January 2024 and 30 June 2024	**1,740,920**	**174,092**
At 1 January 2023 and 30 June 2023	1,740,920	174,092

18 SHARE OPTION SCHEME

In 2015, the Company adopted a share option scheme (the "2015 Share Option Scheme"). Under the 2015 Share Option Scheme, the Company's directors may, at their sole discretion, grant to any director or employee of the Group the right to take up options to subscribe for shares of the Company at the highest of (i) the closing price of shares of the Company as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") on the day of the offer of grant; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the day of the offer of the grant; and (iii) the nominal value of shares. A nominal consideration of HK$1 is payable on acceptance of the grant of an option. The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2015 Share Option Scheme and any other share option scheme of the Company must not, in aggregate, exceed 30% of the relevant shares or securities of the Company in issue from time to time.

In 2023, the Company adopted a share option scheme (the "2023 Share Option Scheme"). Under the 2023 Share Option Scheme, the Company's directors may, at their sole discretion, grant to any director or employee of the Group the right to take up options to subscribe for shares of the Company at the highest of (i) the closing price of shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the day of the offer of grant; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the day of the offer of the grant; and (iii) the nominal value of shares. A nominal consideration of HK$1 is payable on acceptance of the grant of an option. The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2023 Share Option Scheme and any other share option scheme of the Company shall not, in aggregate, exceed 10% of the relevant shares or securities of the Company in issue as at the date on which the 2023 Share Option Scheme is approved and adopted by resolution of the Shareholders ("effective date"). The maximum number of shares to be issued upon the exercise of all outstanding options granted to the Service Providers and yet to be exercised under the 2023 Share Option Scheme and any other share option scheme of the Company shall not, in aggregate, exceed 1% of the relevant shares or securities of the Company in issue as at the effective date.

18 SHARE OPTION SCHEME (CONTINUED)

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

	Six months ended 30 June			
	2024		2023	
	Average exercise price per share HK$	**Number of options '000**	Average exercise price per share HK$	Number of options '000
At 1 January and 30 June	**1.51**	**119,200**	1.51	119,200

Share options outstanding at 30 June 2024 and 30 June 2023 have the following expiry dates and exercise prices:

		Number of share options	
Expiry date	Exercise price per share	**As at 30 June 2024 '000**	As at 30 June 2023 '000
5 November 2024	HK$1.10	**50,000**	50,000
5 November 2024	HK$1.80	**50,000**	50,000
5 November 2027	HK$1.80	**19,200**	19,200
		119,200	119,200

19 RESERVES

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

19 RESERVES (CONTINUED)

	Share premium HK$'000	Capital reserve (i) HK$'000	Statutory reserves (ii) HK$'000	Capital redemption reserve (iii) HK$'000	Share options reserve HK$'000	Financial assets at fair value through other comprehensive income reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 31 December 2022	1,017,673	(735)	226,635	40,061	64,073	(35,461)	(119,046)	1,471,112	2,664,312
Profit for the period	–	–	–	–	–	–	–	122,624	122,624
Dividend paid	(30,624)	–	–	–	–	–	–	–	(30,624)
Other comprehensive income									
– Translation differences	–	–	–	–	–	–	(16,136)	–	(16,136)
– Revaluation losses on financial assets at fair value through other comprehensive income	–	–	–	–	–	(1,261)	–	–	(1,261)
Employee share option scheme: value of employee services	–	–	–	–	5,227	–	–	–	5,227
Transfer to retained earnings upon disposal of a financial asset at fair value through other comprehensive income	–	–	–	–	–	18,438	–	(18,438)	–
Balance at 30 June 2023	987,049	(735)	226,635	40,061	69,300	(18,284)	(135,182)	1,575,298	2,744,142

19 RESERVES (CONTINUED)

Notes:

(i) The capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to a reorganisation over the nominal value of the share capital of the Company issued in exchange therefor. The reorganisation took place in April 2005 in contemplation of the listing of the Company's shares on The Stock Exchange of Hong Kong Limited.

(ii) In accordance with the articles of association of the relevant subsidiaries established in Mainland China and the Mainland China rules and regulations, the Mainland China subsidiaries are required to transfer not less than 10% of their net profit as stated in the financial statements prepared under Mainland China accounting regulations to statutory reserves before the corresponding Mainland China subsidiaries can distribute any dividend. Such a transfer is not required when the amount of statutory reserves reaches 50% of the corresponding subsidiaries' registered capital. The statutory reserve shall only be used to make up losses of the corresponding subsidiaries, to expand the corresponding subsidiaries' production operations, or to increase the capital of the corresponding subsidiaries. Upon approval of the corresponding subsidiaries' shareholders in general meetings, the subsidiaries may convert their statutory reserves into registered capital and issue bonus capital to the existing owners in proportion to the existing ownership structure.

(iii) The capital redemption reserve resulted from repurchase of the Company's own shares on The Stock Exchange of Hong Kong Limited. The repurchased shares were cancelled upon repurchase. An amount equivalent to the par value of the shares cancelled was transferred from the Company's retained earnings to capital redemption reserve.

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

	Six months ended 30 June	
	2024	2023
	HK$'000	HK$'000
Other income		
Government grants	**9,922**	10,832
Others	**12,016**	19,231
	21,938	30,063
Other (losses)/gains – net		
Losses on disposal of property, plant and equipment and right-of-use assets	**(357)**	(221)
Net exchange (losses)/gains	**(6,804)**	28,325
	(7,161)	28,104

21 STATEMENT OF COMPREHENSIVE INCOME ITEMS BY NATURE

Statement of comprehensive income items included in cost of sales, selling and marketing costs and general and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2024	2023
	HK$'000	HK$'000
Raw materials used	**1,795,752**	1,745,980
Production overhead costs (excluding labour and depreciation expenses)	**175,861**	164,753
Staff costs, including directors' emoluments and share option costs		
– Wages, salaries and bonus	**480,650**	449,921
– Staff welfare	**26,762**	26,002
– Retirement benefit – defined contribution plans	**41,515**	34,999
– Share option granted	**–**	5,227
Depreciation		
– Property, plant and equipment	**135,398**	114,239
– Right-of-use assets	**13,200**	16,437
Amortisation of intangible assets	**822**	896
Provision for inventory obsolescence	**15,316**	22,205
Operating lease rental for short-term and low-value leases	**867**	973

22 FINANCE INCOME/COSTS

	Six months ended 30 June	
	2024	2023
	HK$'000	HK$'000
Finance income		
Interest income from bank deposits	**17,071**	17,103
Finance costs		
Interest expense on:		
Bank borrowings	**80,660**	79,188
Lease liabilities – Plant and machinery	**–**	23
Lease liabilities – Factory and office premises	**1,806**	2,132
Interest capitalised	**(17,884)**	(19,675)
	64,582	61,668

23 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	HK$'000	HK$'000
Current taxation		
– PRC corporate income tax	**(24,043)**	(18,152)
– Overseas corporate income tax	**(6,341)**	(12,047)
Over-provision in prior years	**18,225**	8,265
Deferred income tax	**(1,079)**	476
	(13,238)	(21,458)

23 INCOME TAX EXPENSE (CONTINUED)

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the six months ended 30 June 2024 (six months ended 30 June 2023: 16.5%).

(b) Mainland China corporate income tax

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

(i) Provision for Mainland China corporate income tax was calculated at the statutory rate of 25% (six months ended 30 June 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 period.

(ii) EVA Precision Industrial (Suzhou) Limited, Shenzhen EVA Mould Manufacturing Limited, Chongqing Digit Auto Body Ltd., Shenzhen EVA Precision Technology Group Limited, Zhongshan Digit Automotive Technology Limited, Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd., Digit Stamping Technology (Wuhan) Limited, Shenzhen Digit Automotive Technology Limited and EVA Precision Industrial (Weihai) Limited are each recognised by the Chinese Government as a "National High and New Technology Enterprise" and are therefore subject to a preferential tax rate of 15% during the six months ended 30 June 2023 and 2024.

23 INCOME TAX EXPENSE (CONTINUED)

(c) Other income taxes

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

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

The subsidiary established and operating in Vietnam is subjected to a preferential tax rate of 10% for the first 15 years from the year of commencing operations. It is also entitled to full exemption from corporate income tax for the first four years from the earlier of (i) the year when profit is generated for the first time or (ii) the fourth year of commencing operations; and a 50% reduction in corporate income tax for the next nine years. The Vietnam subsidiary of the Group was under 75% reduction in total from corporate income tax in Vietnam for the six months ended 30 June 2024 (six months ended 30 June 2023: Same).

Provision for Mexico Corporate income tax was calculated at the statutory rate of 30%(six months ended 30 June 2023: same).

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

24 EARNINGS PER SHARE

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

Basic

	Six months ended 30 June	
	2024	2023
Profit attributable to equity holders of the Company (HK$'000)	**127,813**	122,624
Weighted average number of ordinary shares in issue ('000)	**1,740,920**	1,740,920
Basic earnings per share (HK cents per share)	**7.3**	7.0

Diluted

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

Diluted loss per share for both periods equals to the basic loss per share as the exercise of the outstanding share options would be anti-dilutive.

25 DIVIDEND

An interim dividend of HK2.2 cents (six months ended 30 June 2023: HK2.1 cents) per ordinary share, amounting to HK$38,300,000 (six months ended 30 June 2023: HK$36,559,000), was declared by the directors of the Company for the six months ended 30 June 2024.

26 CAPITAL COMMITMENTS

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

	As at	
	30 June 2024 HK$'000	31 December 2023 HK$'000
Contracted but not provided for		
– Construction of buildings	**77,271**	145,313
– Purchase of plant and machinery	**43,708**	31,911
	120,979	177,224

27 RELATED PARTY TRANSACTIONS

Mr. Zhang Hwo Jie and Mr. Zhang Yaohua, the Company's executive directors, have beneficial interests in Prosper Empire Limited, which owns 38.70% of the Company's shares as at 30 June 2024 (31 December 2023: 38.70%).

(a) Key management compensation

	Six months ended 30 June	
	2024	2023
	HK$'000	HK$'000
Salaries and allowances	**9,570**	9,240
Retirement benefits – defined contribution plan	**45**	36
Share-based payment	**–**	467
	9,615	9,743

(b) Balance with a related party

	As at	
	30 June 2024	31 December 2023
	HK$'000	HK$'000
Receivables from an associate		
Shenzhen L&L Auto-tech Co., Ltd.	**–**	456

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the first half of 2024, the global economic environment became increasingly complex, with different economies performing unevenly. The international market and geopolitical environment remained uncertain, and the inflation and interest rate hike cycle continued to affect the global economy, bringing challenges and opportunities to industries. Meanwhile, end-user demand started to recover as the manufacturing industry gradually completed destocking and resumed growth, slowly but steadily. In the first half of the year, China's domestic GDP grew by 5.0% year-on-year, of which the second quarter increased by 4.7%, which was lower than in the first quarter. The manufacturing industry grew by 6.5% year-on-year. Looking back at the first half of the year, domestic demand was recovering and foreign demand also improved.

During the period, the Group capitalised on the global economic recovery. Its two major business segments, office automation ("OA") equipment and automotive components, recorded steady growth. For the six months ended 30 June 2024, the Group's turnover increased by 4.8% year-on-year to HK$2,999,779,000 (1H2023: HK$2,862,158,000). Operating profit increased by 3.7% year-on-year to HK$195,982,000 (1H 2023: HK$189,006,000). Profit attributable to equity holders increased by 4.2% year-on-year to HK$127,813,000 (1H2023: HK$122,624,000). Basic earnings per share rose by 4.3% year-on-year to HK7.3 cents (1H2023: basic earnings per share of HK7.0 cents). The Group's turnover and operating profit increased steadily as a result of the Group's efforts to diversify its presence and optimise internal management over the past decade, including proactively managing the supply chain network, regulating suppliers and reviewing supply chain partners and their potential risks, price negotiation with customers, exploring market opportunities, and deepening the framework of cooperation with long-term customers, all of which helped the Group to effectively mitigate various risk factors.

During the period, the Group's overall gross profit margin increased by 1.1 percentage points to 20.1% (1H2023: 19.0%) compared with the same period last year, mainly due to the continuous improvement in the capacity utilisation rate of the industrial parks in Wuhan and Mexico of the Group's automotive component business in the first half of 2024. In addition, the Group gradually reduced its lower-margin products in the existing customer base of the two major businesses in order to improve overall product value. The quality of customer orders continued to improve, which boosted overall gross profit. Also, the Group intensified its efforts in cost reduction and efficiency enhancement and effectively controlled costs during the period. For example, the management focused on promoting internal reform, implementing lean production in the industrial parks and strengthening cost control. The Group also continued to streamline its organisational structure to improve work efficiency. Stronger inventory control also contributed to an improved overall gross margin level.

Business Review

OA equipment

The Group has focused on developing the OA equipment business for nearly three decades. With its rich industry experience and excellent product quality, the Group has won unanimous praise and trust from customers, and its products have been favoured by the market. In recent years, the Group has been committed to expanding its Design and Electronic Manufacturing Services ("D-EMS"), complete machine assembly, and assembly parts sales businesses, thereby increasing market penetration and achieving business diversification. During the period, the Group continued to work closely with customers, and the OA equipment business grew steadily with turnover up 2.5% to HK$2,056,701,000 over the same period last year (1H2023: HK$2,007,246,000). As the destocking in the industry gradually came to an end, the increase in segment turnover was mainly driven by the year-on-year increase in total sales to major customers such as Fujifilm, Kyocera and Toshiba.

In Shenzhen, turnover increased by 11.3% over the same period last year, driven by the increase in orders from Fujifilm and Kyocera. Two years ago, the Group reached an agreement in relation to a cooperation with Fujifilm to expand the transaction scale of plastic parts, sheet metal parts, shafts and other mechanical parts in China and Vietnam. The Group's continuous efforts to deepen cooperation with clients and increase investment in product technologies over the years also played a role in driving sales of OA equipment in Shenzhen to a new high in the first half of 2024.

In Vietnam, sales started to pick up as the destocking that affected last year's shipments has largely been completed. However, as the first quarter is traditionally the low season for the industry, and the Group altered its production lines in the industrial park in Haiphong, Vietnam during the first half of the year to prepare for the mass production of new models in the second half, the shipment volume decreased slightly, resulting in a 2.2% year-on-year decline in turnover from the Vietnamese operation. Looking ahead to the second half of the year, orders in Vietnam are expected to pick up strongly. In order to meet customer demand, the Group plans to build a new industrial park in Quang Ninh Province, Northern Vietnam in the second half of the year, covering an area of approximately 60,000 square metres, 1.6 times larger than the existing Haiphong Industrial Park. The new facility is expected to be completed and commence production in 2025. The Group will regularly review the construction schedule of the new industrial park and make timely adjustments based on customers' development plans and order forecasts. The Group has been expanding the scale in Vietnam in line with the industry trend of relocating OA equipment orders to the south in recent years, as it believes it can leverage on the low labour costs and policy incentives there to promote the development of the OA equipment business, increase revenue and form an edge for its business.

The industrial park in Weihai's Double Islands Bay is one of the Group's largest and serves as the Group's D-EMS service base in Eastern China. The base provides customers such as Fujifilm, TOEC, Lenovo and Great Wall Electronics with one-stop, vertically integrated services – "D-EMS Services" – ranging from mould design to complete machine assembly, and products including moulds, metal components, and plastic components, as well as complete A4 copiers and peripheral equipment for A3 copiers. During the period, Weihai's business also benefited from Fujifilm's rising sales orders, but amid a volatile market, shipments of certain assembly projects declined due to weaker demand in the first half, so Weihai's OA equipment business was under pressure, with overall turnover down by around 4.9% from the last corresponding period. Based on the latest order forecast, demand for these projects will gradually recover in the second half of the year, hopefully becoming an upward driving force for Weihai's business. At the same time, Phase II of the Weihai industrial park will be completed and put into operation in the fourth quarter of 2024. Going forward, the Group will continue to further deepen its strategic cooperation with its long-term customer Fujifilm in order to win more orders for the OA equipment business in Weihai, boost its turnover, and increase the capacity utilisation of the production base.

In Suzhou, the Group will continue to strive to maintain breakeven at the Suzhou Industrial Park. During the period, Suzhou's turnover fell by approximately 9.6% year-on-year, mainly due to the continued decline in orders from customers such as Ricoh. During the period, the Group has made considerable progress in maintaining a steady profit margin in the Suzhou business despite a continuous decline in its turnover. The Group is cautiously optimistic about the long term business prospects in Suzhou. It will continue to improve its operational approach and strategies based on market changes and business performance in order to meet market needs.

During the period, the OA equipment business segment recorded a profit of HK$164,533,000 (1H2023: HK$163,949,000) and a segment profit margin of 8.0% (1H2023: 8.2%). Despite improved cost control and overall gross profit margin level for the segment, the Group recorded a slight decrease in the segmental profit margin during the period because in the same period last year, the segment recognised a one-off gain related to the write-back of provisions from previous acquisition, but none during the period. The Group will continue to adopt strong inventory control and drive the reduction of lower-margin products to improve the overall product value and customer order quality. At the same time, the management will also continue to actively implement policies to reduce costs and increase efficiency, including promoting internal reform, implementing lean production, regulating the supply chain, strengthening cost control, and further streamlining the structure to improve work efficiency. The Group will continue to rise to the challenge, consolidate and deepen its OA equipment business, keep abreast of market needs, devote itself to research and development ("R&D"), and continue to introduce innovative and practical products and service solutions. It believes that there is still ample room for development in this business.

Automotive components

In the first half of 2024, market situation of the automotive industry improved. The Group's automotive component segment was able to grasp the opportunities deriving from global economic growth, increase in automobile market consumption, and the rapidly developing new energy vehicle ("NEV") industry. Turnover increased by 10.3% year-on-year to HK$943,078,000 (1H2023: HK$854,912,000).

In recent years, the Group has actively promoted technology R&D and market expansion in the field of new energy. As the strategic customer base of NEVs has gradually grown, the automotive components segment also received a number of new orders. Many of them were gradually manufactured in 2024, which steadily released the production capacity of the industrial parks in Wuhan and Mexico, driving double-digit growth in segment turnover.

The industrial park in Shenzhen is the Group's central production base for automobile seat moulds, which are primarily exported to the US and European markets. During the period, the turnover of the Shenzhen automotive components business fell by 16.8% year-on-year, mainly due to the continued high inflation in Europe in 2023 and the rapid decline in economic growth in the Eurozone, which affected consumption and production sentiment, resulting in insufficient order intake in the second half year. With the better-than-expected economic growth in Europe since the beginning of the year and a further decline in inflation, the second half of the year will also usher in the traditional peak season for the industries, and exports are expected to recover steadily. Benefiting from the Group's stronger market development, orders on hand soared by approximately 80.0% in the first half of 2024, including orders from Adient's mould and component project in Japan.

In Zhongshan, the continued decline in production of Japanese brand vehicles in China, especially Honda, Toyota and Nissan, resulted in sluggish sales in the second half of 2023, which had extended to the first half of 2024, hence turnover from the Group's Japanese customers in Zhongshan, including Aisin, Yachiyo and Faurecia, also declined accordingly. In the first half of 2024, turnover from Zhongshan fell by 9.9%. In terms of market development, Zhongshan's business focused on major customers such as Brose and an in-vehicle electronics customer, and actively expanded Brose's component export to Europe and the domestic in-vehicle electronics business. At the same time, the Group developed appropriate strategies for the changing operating environment. It further strengthened the cooperation with one of its existing in-vehicle electronics customers, and continued to deepen its cost reduction and efficiency enhancement strategy in Zhongshan, with the aim of further improving its market competitiveness.

The Wuhan industrial park continued its development in the new energy sector during the period. As Great Wall Motors gradually increased production scale and made breakthroughs in new market development, sales in this region surged by 51.1% year-on-year. During the period, the Group received new orders for the production of moulds and components at home and abroad, and actively expanded its new customer base. Going forward, Wuhan Industrial Park will continue to deepen internal reform and invest in new technologies to prepare for product upgrading and positioning. At present, it has built up technical and talent reserves for different welding assembly services, laying a solid foundation for receiving more high-quality orders in the future.

In Chongqing, the volatile market resulted in a 4.5% year-on-year decline in turnover in the first half of 2024, mainly due to the decline in sales of old vehicle models by some domestic OEMs and a reduction in orders for lower-margin components. In Chongqing, the engine of economic development in central and western China, the Group is committed to introducing advanced intelligent production equipment from around the world, allowing it to simultaneously provide customers in the southwestern market with car body engineering joint development and ancillary services for the delivery of functional components for car body assembly. It also deepened, strengthened and expanded the scope of strategic cooperation with quality automakers such as Great Wall Motors, Changan Automobile and SGMW, accelerating the realisation of the Group's business goals in Chongqing. In 2024, the Group was deeply involved in the development of, and reaffirmed commitment to, a large number of NEV model and NEV hybrid model projects of Changan Automobile in Chongqing. The above models will start mass production in the fourth quarter of this year, generating steady sales and hopefully setting a new milestone for the turnover of Chongqing Industrial Park.

In Mexico, the Group strived to promote the localisation of industrial park management in the first half of 2024. After more than a year of hard work, the Group has seen initial results in the internal management reform of its Mexican industrial park. It has established a localised professional team, which has helped enhance the team's stability and the management localisation processes, thereby improving efficiency and profitability. With an increasing number of new projects in the pipeline for customers such as Faurecia and Adient, sales in the region achieved year-on-year growth of 20.0%. In the second half of 2024, work in the region will focus on continuous cost reduction, efficiency enhancement and process optimisation, as well as quality and profit improvement. In 2024, the 1250T and 2500T presses that the Group invested in last year began operation to meet increasing orders from customers such as Faurecia and Brose. In 2024, the Group will endeavour to secure new customer orders and will strive to diversify and expand its customer base. The Group expects its business in Mexico to continue to flourish with its encouraging performance.

The capacity utilisation rate of the Group's industrial parks in Wuhan and Mexico increased steadily in the first half of the year. At the same time, proportion of lower-margin products supplied to existing customers has been reduced to improve the overall value of the Group's product portfolio. The quality of customer orders has continued to improve, increasing the overall gross margin level for the segment. However, the Group's automotive component business in Mexico is greatly impacted by the exchange rate fluctuation of the Mexico Peso. In the first half of last year, the Group recorded a net exchange gain, which had largely arisen from the appreciation of Mexico Peso against the US dollar. However, in the corresponding period this year, the Group recorded a net exchange loss as the Mexican Peso weakened. Hence, in the first half of 2024, the Group's automotive component business made a profit of HK$51,806,000 (1H2023: HK$49,219,000). Profit margin of the segment declined to 5.5% (1H2023: 5.8%).

PROSPECTS

The global economy remained challenging in the first half of 2024. With US inflation falling, the market expects the Fed to start cutting interest rates in the second half of the year. This, together with geopolitical volatility, global tax reforms and tax regulations in various countries, will create both challenges and opportunities going forward. The International Monetary Fund ("IMF") expects economic growth to stabilise at 3.2% this year and next, with the median general inflation rate falling from 2.8% at the end of 2024 to 2.4% by the end of 2025. The OA equipment market is also undergoing constant change, including the integration of procurement and production of certain OA equipment customers. This trend has also brought challenges and opportunities to the market. The management believes that the Group, as a leader in the OA equipment sector with many years of industry experience, has the ability to seize the emerging development opportunities.

Facing the challenges with a cautiously optimistic attitude, the Group has continued to cement its foundation and core competitiveness, and develop the brand management strengths of its core business. At the same time, it has reformed and optimised internal processes, actively implemented lean production, and accelerated automation and digital transformation to realise efficient and intelligent development. 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 arranging bank loans tied to sustainability performance, maintaining a balance between debt reduction and business development, reviewing the profitability and sustainability of customer projects, and actively standardising the supervision of suppliers. Promoting sustainability is crucial to demonstrating the strength of the Group's businesses and realising their future value, allowing the Group to make long-term development plans. Although market volatility and uncertainty are expected to continue over the next few years, the management remains optimistic about the expansion of the OA equipment market.

With the ever-changing environment and the advent of the era of artificial intelligence ("AI") and big data, the demand for data centres and high-quality and stable servers will continue to grow. The Group has seized market opportunities and is committed to expanding its Internet and information business to inject new impetus into its business growth. Leveraging its global production layout, formidable R&D team, premium quality production resources and highly synergistic supply chain network, and based on the foundation of its core stamping and automated processing technologies and its laser welding techniques, the Group has started to provide services such as the development, production and assembly of moulds for server control box 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, allowing the Group to take advantage of the sufficient resources and production capacity of its Shenzhen Industrial Park, and also prepare for the gradual relocation of the OA equipment business to Southeast Asia in the coming years. In the first half of 2024, seven of the Group's server-related projects were already in production.

The continued rapid growth of the NEV market and the green and low-carbon trend have created momentum for the development of the NEV industry. According to the "Global EV Outlook 2024" published by the International Energy Agency ("IEA"), global NEV sales volume will reach 17 million in 2024, and global demand for NEV will continue to grow strongly in the next decade. With a strong strategic layout and continuous investment in innovation, the Group's automotive component business has established a healthy and sustainable growth momentum. According to the China Association of Automobile Manufacturers ("CAAM"), China's automobile production and sales volume reached 13.89 million and 14.04 million, respectively, in the first half of 2024, representing a year-on-year growth of 4.9% and 6.1%, respectively. Of this, the production and sales volume of NEVs reached 4.929 million and 4.944 million respectively, representing a year-on-year growth of 30.1% and 32%, and the market share of NEVs increased to 35.2%. Looking ahead to the second half, China's implementation of the "trade-in" incentives and the policy of popularising NEVs in rural areas, as well as the frequent launch of innovative products by enterprises, will explore the consumption potential of the automotive market, and give the automotive industry strong impetus to achieve a stable annual growth target. Although the automotive component manufacturing market is facing low market concentration and fierce competition, the steady demand for automobiles at home and abroad continues to grow despite the changes in the domestic and overseas environment. The management remains confident in the development of the automotive component business.

In the second half of the year, the future direction of monetary policies remain uncertain, the market may continue to fluctuate, and the geopolitical and economic environment will become more complicated. The Group will maintain its dual focus on developing the OA equipment and automotive component business, deepening the design and assembly technology of the former and strengthening the manufacturing and assembly technology of the latter. By enhancing the competitive advantages of such a two-pronged strategy, the Group will be able to counter unpredictable market risks and, with optimism and prudence, seek opportunities to expand capacity and its businesses, improve business diversification and promote long-term business growth. Building on its years of experience in the industry, the Group will strive to consolidate its market leadership and achieve sustainable business growth, so as to generate the best returns for shareholders.

FINANCIAL REVIEW

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

	Six months ended 30 June			
	2024		2023	
	HK$'000		HK$'000	
By business segment				
Turnover				
Office automation equipment division				
Design and fabrication of moulds	**89,396**	**3.0%**	75,649	2.6%
Manufacturing of components	**1,948,156**	**64.9%**	1,911,048	66.8%
Others *(Note 1)*	**19,149**	**0.6%**	20,549	0.7%
	2,056,701	**68.5%**	2,007,246	70.1%
Automotive component division				
Design and fabrication of moulds	**67,770**	**2.3%**	81,602	2.9%
Manufacturing of components	**829,695**	**27.7%**	726,965	25.4%
Others *(Note 1)*	**45,613**	**1.5%**	46,345	1.6%
	943,078	**31.5%**	854,912	29.9%
Total	**2,999,779**		2,862,158	
Segment results				
Office automation equipment division	**164,533**		163,949	
Automotive component division	**51,806**		49,219	
Operating profit	**216,339**		213,168	
Unallocated expenses	**(27,557)**		(24,162)	
Finance income	**17,071**		17,103	
Finance costs	**(64,582)**		(61,668)	
Share of losses of associates	**(220)**		(359)	
Income tax expense	**(13,238)**		(21,458)	
Profit attributable to equity holders of the Company	**127,813**		122,624	

Note 1: Others mainly represented sales of scrap materials.

Turnover

During the period, the Group's turnover increased by 4.8% to HK$2,999,779,000, which was primarily due to improved order momentum in the first half of 2024 as a result of the Group's efforts in strengthening relationship with existing customers and developing new customer orders.

Gross profit

During the period, gross profit margin improved to 20.1% (1H2023: 19.0%), 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, especially those in Wuhan and Mexico.

Segment results

The Group's office automation equipment division recorded a slightly reduced operating profit margin of 8.0% (1H2023: 8.2%) for the six months ended 30 June 2024. This was mainly because despite improved cost control and overall gross profit margin level for the segment, a one-off gain related to the write-back of provisions from previous acquisition was recognised in the same period last year, but none during the period. Hence, the segmental profit margin decreased slightly by 0.2 percentage pints.

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 5.5% (1H2023: 5.8%). This was mainly because of a net exchange loss recorded in the segment during the period as opposed to a net exchange gain in the corresponding period in 2023 primarily due to exchange rate fluctuation of Mexican Peso against the US dollar.

Unallocated expenses

During the period, unallocated expenses mainly represent corporate expenses of HK$20,357,000 (1H2023: HK$18,935,000) and impairment loss for investment in an associate amounting to HK$7,200,000 (1H2023: nil), which was primarily due to provision for doubtful debts of the micro lending business in the PRC. There was no share option expense in the six months ended 30 June 2024 (1H2023: HK$5,227,000).

Finance income and costs

For the six months ended 30 June 2024, as the market interest rate hike has slowed down, the increase in our finance income and costs have also slowed down, resulting to HK$17,071,000 (1H2023: HK$17,103,000) and HK$64,582,000 (1H2023: HK$61,668,000) respectively, which were comparable to those in the first half of 2023.

Share of losses of associates

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

Income tax expense

Income tax expense for the six months ended 30 June 2024 mainly represents current income tax charge amounting to HK$24,043,000 arising from the PRC corporate income tax and HK$6,341,000 arising from overseas corporate income tax netted off by (i) over-provision in prior years amounting to HK$18,225,000 and (ii) deferred income tax charge of HK$1,079,000.

Profit attributable to equity holders of the Company

During the period, the Group recorded profit attributable to equity holders of the Company amounting to HK$127,813,000 (1H2023: HK$122,624,000), 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 was one-off gain of HK$14,585,000 related to the write-back of provisions from previous acquisition recognised in the first half of 2023 but none in the same period in 2024. In addition, the Group recorded a net exchange loss amounting to HK$6,804,000 during the period as opposed to a net exchange gain of HK$28,325,000 in the first half of 2023 primarily due to exchange rate fluctuation of Mexican Peso against the US dollar. Together with the above factors, the impairment loss for investment in an associate company amounting to HK$7,200,000 also had an offsetting impact on the net profit of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2024, the Group's net cash generated from operating activities increased to HK$275,602,000 (1H2023: HK$97,618,000), which was primarily due to improved topline during the period plus improved gross profit benefited from better utilisation of the Group's production facilities and effective cost strategics adopted by management. During the period, the Group's capital expenditure decreased to HK$147,975,000 as the construction of phase II of its Weihai industrial park since the 4th quarter in 2022 has been largely completed and the Group's expansion started to slow down. Therefore, the Group recorded net cash used in investing activities amounting to HK$160,956,000 (1H2023: HK$175,815,000). The Group recorded a net decrease in bank borrowings of HK$49,259,000 and lease payments of HK$10,610,000 during the period. After payment of dividends amounting to HK$34,645,000, the Group recorded net cash used in financing activities of HK$94,514,000 during the period (1H2023: net cash generated from financing activities HK$113,707,000).

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 has sufficient stand-by credit lines to provide adequate liquid funds to finance its business activities. Due consideration is given for the cost of borrowings. We also consider impacts of interest rates fluctuation on our operations and financial condition, and take appropriate and timely measures accordingly. In addition, as a majority of the Group's sales are made in Hong Kong dollars and United States dollars (which are pegged), almost all of the Group's borrowings as at 30 June 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

(a) Liquidity and capital adequacy ratios

	30 June 2024	31 December 2023
Inventory turnover days *(Notes 1 and 5)*	**43**	48
Debtors' turnover days *(Notes 2 and 5)*	**110**	107
Creditors' turnover days *(Notes 3 and 5)*	**103**	111
Cash conversion cycle *(Notes 4 and 5)*	**50**	44
Current ratio *(Notes 6 and 8)*	**1.37**	1.42
Net debt-to-equity ratio *(Notes 7 and 8)*	**20.2%**	25.2%

(b) Profitability ratios

	30 June 2024	30 June 2023
Net profit margin *(Notes 9 and 11)*	**4.3%**	4.3%
Return on shareholders' equity *(Notes 10 and 11)*	**4.1%**	4.2%

Notes:

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

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

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

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

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

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

7. Net debt-to-equity ratio is calculated based on the total balance of bank borrowings and lease liabilities less cash and bank balances divided by shareholders' equity. Lease liabilities exclude the rentals for factory and office premises in future periods amounting to HK$79,952,000 as at 30 June 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. Ratios for the six months ended 30 June 2023 and 2024 were calculated using the half-year profit of the Group for the respective periods.

Inventory turnover days

As a result of the increase in production and shipments to customers due to improved market conditions, the Group's inventory turnover days for the six months ended 30 June 2024 were shorter than those for the year ended 31 December 2023.

Debtors' and creditors' turnover days

For the six months ended 30 June 2024, debtors' turnover days were 3 days slower as the portion of sales with longer credit periods increased during the second quarter which remained unpaid as at 30 June 2024 and were still within normal credit periods. Creditors' turnover days decreased to 103 days as a higher percentage of the Group's purchases were made from suppliers with shorter credit periods during the period.

Cash conversion cycle

The increase in cash conversion cycle in the first half of 2024 was mainly driven by the increase in debtors' turnover days and the decrease in creditors' turnover days as mentioned above.

Current ratio and net debt-to-equity ratio

During the period, although the Group has been actively repaying long term loans that were falling due, as well as repaying in advance those that bore relatively higher interest, the Group also drew down more short term loans for coping with a higher working capital requirement during the second quarter. As a result, the Group's current ratio decreased to 1.37. Since the overall bank borrowing level was reduced, its net debt-to-equity ratio decreased to 20.2% as at 30 June 2024.

Net profit margin and return on shareholders' equity

The Group maintained relatively stable net profit margin and return on shareholders' equity during the period as compared to 2023 mainly due to the reasons as mentioned previously in the section headed "Profit attributable to equity holders of the Company".

KEY RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

The Group is committed to delivering best practices and achieving high levels of customer satisfaction. To ensure the quality, reliability, and safety of our products, the Group has implemented various processing systems on product inspection and testing. Complaints and feedback from customers were handled appropriately, and the necessary inspections and repairs were conducted to ensure the safety and functionality of the products. Compliance with relevant laws and regulations related to product safety, advertising, labeling, and privacy is a priority for the Group. Employees are required to adhere to applicable governmental and regulatory laws, rules, codes, and regulations to maintain compliance.

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

The Group places the utmost importance on adhering to laws and regulations and follows international best practices in conducting its business. When engaging with suppliers, the Group ensures fair and unbiased tender processes, and transparency is a guiding principle throughout the supply chain management.

In selecting suppliers, the Group considers various factors beyond the quality of services and products. Factors taken account include supplier integrity, social responsibility, and emission and pollution levels. The Group expects all suppliers to uphold the same environmental, social, health and safety, and governance policies as those adopted by the Group. Procurement teams are trained to consider all aspects of these policies when assessing suppliers. Tendering procedures are communicated thoroughly to vendors to ensure clarity and understanding.

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

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

As at 30 June 2024, the Group's length of relationship with its five largest customers ranged from 7 years to more than 10 years. The Group's length of relationship with its five largest suppliers ranged from 4 years to more than 10 years.

For the six months ended 30 June 2024, sales to the five largest customers represented 63.7% of the Group's total turnover. Accordingly, any change in these customers' businesses and financial conditions is likely to have an impact on the financial performance of the Group. To manage this risk, the Group performs credit evaluation of its customers to ensure that sales are made only to entities with viable businesses and sound financial background. Credit periods granted to the customers are closely monitored and approved by the appropriate level of management. At the same time, the Group identifies and develops new customers with high potentials in an effort to widen the customer base and reduce the reliance on existing key customers.

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

ENVIRONMENTAL POLICY AND PERFORMANCE

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

We recognise the importance of integrating sustainable practices and pursuing environmentally friendly production lines. To prioritise this objective, we actively engage with our stakeholders, including suppliers and customers. We have implemented stringent controls on all manufacturing procedures, covering product design, raw material procurement, production, and delivery. Our manufacturing processes comply with international standards on environmental management, such as the Restriction of Hazardous Substances Directive (RoHS) and the Waste Electrical and Electronic Equipment Directive (WEEE), across all aspects.

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

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

During the six months ended 30 June 2024, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on its business and operations.

FOREIGN CURRENCY EXPOSURE

For the six months ended 30 June 2024, the Group's sales and raw material purchases were denominated in the following currencies:

	Sales	Purchases
Hong Kong dollars	16.8%	1.3%
US dollars	52.5%	60.9%
Renminbi	29.7%	37.4%
Other currencies	1.0%	0.4%

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 69.3% of the Group's sales and 62.2% of its raw material purchases were made in United States dollars and Hong Kong dollars (which are pegged to United States dollars) during the period. The Group also has a policy of using Renminbi to settle the purchases of raw materials used for Renminbi denominated sales. Sales and raw material purchases denominated in 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.

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 purchases of raw materials used for Renminbi denominated sales. Going forward, management will continue to evaluate the Group's foreign currency exposure on a continuing basis and take actions to minimise the Group's exposure whenever necessary.

HUMAN RESOURCES

As at 30 June 2024, the total number of the Group's employees was 10,391. 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 30 June 2024, the average length of services of the Group's employees below and above manager grade was 3.1 years and 8.8 years respectively.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2024, there was no charge on Group's assets.

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 of up to HK$250,000,000 with a repayment term of three years from the date of first drawdown (the outstanding loan balance was HK$250,000,000 as at 30 June 2024); and

(ii) a revolving loan for an amount up to HK$40,000,000 (the outstanding loan balance was HK$40,000,000 as at 30 June 2024).

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

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

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

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

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

(i) a term loan facility of up to HK$100,000,000 for a term of thirty months from the date of drawdown of the loan (the outstanding loan balance was HK$31,250,000 as at 30 June 2024);

(ii) a term loan facility of up to HK$300,000,000 with the final repayment date falling three years from the date of each drawdown (there was no outstanding balance as at 30 June 2024); and

(iii) a revolving loan of HK$150,000,000 (the outstanding loan balance was HK$80,000,000 as at 30 June 2024) and a corporate credit card facility of HK$600,000 (there was no outstanding balance as at 30 June 2024).

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

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

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 a revolving loan facility of up to HK$150,000,000 ("Fubon Facilities Agreement") and the outstanding loan balance was HK$100,000,000 as at 30 June 2024.

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

A subsidiary of the Company had also entered into a banking facility agreement with Chong Hing Bank Limited in respect of a revolving loan facility of HK$50,000,000 ("Chong Hing Facility Agreement") and the outstanding loan balance was HK$50,000,000 as at 30 June 2024.

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

Further, a subsidiary of the Company had entered into a banking facility agreement with China Construction Bank Corporation Limited, Hong Kong Branch in respect of a revolving loan facility of HK$200,000,000 ("CCB Facility Agreement"), and the outstanding loan balance was HK$100,000,000 as at 30 June 2024.

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.

A subsidiary of the Company had also entered into a banking facility agreement with China Minsheng Banking Corp., Ltd. Hong Kong Branch, in respect of a term loan facility ("CMBC Facility Agreement") of HK$150,000,000 which is repayable by instalments with the final repayment date falling 36 months from the date of the CMBC Facility Agreement and the outstanding loan balance was HK$105,000,000 as at 30 June 2024.

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$952,000,000 as at 30 June 2024.

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.

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

(i) a term loan facility of up to US$10,000,000 for a term of three years from the first drawdown date of the loan (the outstanding loan balance was US$8,000,000 as at 30 June 2024);

(ii) a term loan facility of up to US$25,000,000, or an equivalent amount in Renminbi, for a term of three years from the first drawdown date of the loan (the outstanding loan balance was US$19,000,000 as at 30 June 2024);

(iii) a revolving loan facility of up to HK$50,000,000 (the outstanding loan balance was HK$45,000,000 as at 30 June 2024) and business card facility of up to HK$200,000 (there was no outstanding balance as at 30 June 2024).

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

(i) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall maintain not less than 35% of the issued share capital of the Company; 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 Luso International Banking Limited, in respect of a term loan facility ("Luso Loan Facility Agreement") of HK$150,000,000 for 24 months from the date of drawdown and the outstanding loan balance was HK$150,000,000 as at 30 June 2024.

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

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

SHARE OPTIONS

(a) 2015 Share Option Scheme

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

Options to subscribe for up to 103,701,180 shares remained ungranted under the 2015 Share Option Scheme as at 1 January 2023. As a result of the termination of the 2015 Share Option Scheme, these share options will not be granted. During the six months ended 30 June 2024 and up to the date of this report, there was no movement in the share options granted under the 2015 Share Option Scheme and details of these options as at 30 June 2024 and the date of this report are as follows:

	As at 1 January 2024, 30 June 2024 and the date of this report	Share price immediately before offer date	Exercise price	Vesting date	Exercisable period
		HK$	HK$		
Executive directors					
Mr. Zhang Hwo Jie					
– Granted on 3 November 2017	17,000,000	1.08	1.10	2 January 2020	2 January 2020 to 4 November 2024
– Granted on 3 November 2021	1,700,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
Mr. Zhang Jian Hua					
– Granted on 3 November 2021	1,700,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027

	As at 1 January 2024, 30 June 2024 and the date of this report	Share price immediately before offer date	Exercise price	Vesting date	Exercisable period
		HK$	HK$		
Mr. Zhang Yaohua					
– Granted on 3 November 2017	17,000,000	1.08	1.10	2 January 2020	2 January 2020 to 4 November 2024
– Granted on 3 November 2021	1,700,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
Ms. Zhang Yan Yi *(Note 1)*					
– Granted on 3 November 2021	400,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
Independent non-executive directors					
Mr. Lam Hiu Lo					
– Granted on 3 November 2021	400,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
Dr. Chai Ngai Chiu Sunny					
– Granted on 3 November 2021	400,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
Ms. Ling Kit Sum					
– Granted on 3 November 2021	400,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
Employees of the Group					
Mr. Zhang Hanming *(Note 2)*					
– Granted on 3 November 2021	400,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
Ms. Zhang Quian Yi *(Note 3)*					
– Granted on 3 November 2017	300,000	1.08	1.10	2 January 2020	2 January 2020 to 4 November 2024
– Granted on 3 November 2021	400,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
Other employees of the Group					
– Granted on 3 November 2017	15,700,000	1.08	1.10	2 January 2020	2 January 2020 to 4 November 2024

	As at 1 January 2024, 30 June 2024 and the date of this report	Share price immediately before offer date	Exercise price	Vesting date	Exercisable period
		HK$	HK$		
– Granted on 3 November 2021	50,000,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2024
– Granted on 3 November 2021	11,700,000	1.88	1.80	2 May 2023	2 May 2023 to 4 November 2027
	119,200,000				

Notes:

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

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

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

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 30 June 2024 respectively.

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

	Vesting period	Exercise price	Expected volatility	Expected life	Risk-free rate	Dividend paid-out rate
		HK$				
Granted on 3 November 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.

(b) 2023 Share Option Scheme

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

Pursuant to the terms of the 2023 Share Option Scheme, the maximum number of shares in respect of which options may be granted thereunder and any share options or share award to be granted under any other schemes of the Group shall not in aggregate exceed 174,091,980 shares, representing 10% of the Company's issued shares as at the date of approval of the 2023 Share Option Scheme unless the Company obtains a fresh approval from its shareholders in general meeting. No share option was granted under the 2023 Share Option Scheme since its adoption. Accordingly, options to subscribe for up to 174,091,980 shares (representing 10% of the issued share capital as at the date of this report) are available for grant under the 2023 Share Option Scheme as at 1 January 2024 and as at 30 June 2024. Options relating to 17,409,198 shares (representing 1% of the issued shares as at the date of this report) to be granted to service providers under the service provider sublimit set out in the 2023 Share Option Scheme, and any share options or share award schemes of the Group as at 1 January 2024 and 30 June 2024 are available.

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

As at 30 June 2024, the interests and/or short positions of the directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have taken under such provisions of the SFO), and/or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and The Stock Exchange of Hong Kong Limited were as follows:

(i) Long position in the shares of the Company

Name of director	Corporate interests	Personal interests	Interest of spouse	Personal interests in underlying shares held under equity derivatives	Total interests	Approximate percentage of interest in the Company as at 30 June 2024
				(Note 1)		
Mr. Zhang Hwo Jie	673,750,000 *(Note 2)*	33,152,000	–	18,700,000	725,602,000	41.68%
Mr. Zhang Jian Hua	–	664,000	–	1,700,000	2,364,000	0.14%
Mr. Zhang Yaohua	673,750,000 *(Note 2)*	55,164,000	156,000	18,700,000	747,770,000	42.95%
Ms. Zhang Yan Yi	–	–	–	400,000	400,000	0.02%
Mr. Lam Hiu Lo	–	–	–	400,000	400,000	0.02%
Dr. Chai Ngai Chiu Sunny	–	–	–	400,000	400,000	0.02%
Ms. Ling Kit Sum	–	–	–	400,000	400,000	0.02%

Notes:

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

2. Mr. Zhang Hwo Jie and Mr. Zhang Yaohua held 52.93% and 47.07% of the entire issued capital of Prosper Empire Limited respectively, and Prosper Empire Limited was interested in 38.70% of the entire issued capital of the Company as at 30 June 2024. Under the SFO, Mr. Zhang Hwo Jie and Mr. Zhang Yaohua are both deemed to be interested in the shares held by Prosper Empire Limited.

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

Name of director	Capacity	Approximate percentage of interest in Prosper Empire Limited as at 30 June 2024
Mr. Zhang Hwo Jie	Personal interests	52.93%
Mr. Zhang Yaohua	Personal interests	47.07%

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, the interests or short positions of the persons (other than a director or chief executive of the Company) in the shares or underlying shares of the Company as recorded in the register of interests kept by the Company under section 336 of the SFO were as follows:

Name	Capacity	Number of shares	Number of underlying shares held under equity derivatives	Total interests	Approximate percentage of interest
Prosper Empire Limited	Beneficial owner	673,750,000	–	673,750,000	38.70%
Ms. Shen Chan Jie Lin	Interest of spouse *(Note 1)*	706,902,000	18,700,000	725,602,000	41.68%
Ms. Jiang Lu	Beneficial owner	156,000	–	156,000	0.01%
	Interest of spouse *(Note 2)*	728,914,000	18,700,000	747,614,000	42.94%

Notes:

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

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

PURCHASES, SALE AND REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period ended 30 June 2024 and up to the date of this report.

PRE-EMPTIVE RIGHTS

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

DIVIDEND

The Board declared an interim dividend of HK2.2 cents per ordinary share, totaling HK$38,300,000 for the six months ended 30 June 2024 to eligible shareholders whose names appear on the register of members of the Company on Friday, 13 September 2024. The interim dividend will be payable in cash on Thursday, 26 September 2024.

CLOSURE OF REGISTER OF MEMBERS

To determine eligibility for the interim dividend, the register of members of the Company will be closed from Wednesday, 11 September 2024 to Friday, 13 September 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, namely, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 10 September 2024.

CORPORATE GOVERNANCE

The Company and the directors confirm, to the best of their knowledge, that the Company has complied with the Corporate Governance Code as set out in Part 2 of Appendix C1 (formerly Appendix 14) to the Listing Rules during the six months ended 30 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 (formerly Appendix 10) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Having made specific enquiry of all directors, the Company reported that all directors had complied with the required standards set out in the Model Code during the six months ended 30 June 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 (formerly Appendix 14) to the Listing Rules, for the purpose of reviewing the financial reporting process, risk management, internal control system and corporate governance matters of the Group. The audit committee comprises the three independent non-executive directors, namely, Ms. Ling Kit Sum, Mr. Lam Hiu Lo and Dr. Chai Ngai Chiu Sunny, with Ms. Ling Kit Sum as the chairman. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control, corporate governance and financial reporting matters with management including a review of the unaudited interim financial statements and the interim report for the six months ended 30 June 2024.

By order of the Board
Zhang Hwo Jie
Chairman

Hong Kong, 28 August 2024

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EVA (Guangming) Precision Manufacturing Industrial Park
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中國廣東省深圳市光明區玉塘街道田寮社區南環路
億和(光明)精密製造產業園
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Digit Zhongshan Automotive Industrial Park
No. 31 Torch Road
Torch Development Zone, Zhongshan
Guangdong Province, the People's Republic of China
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數碼模中山汽車產業園
Telephone 電話: 86-760 8996 9999
Facsimile 傳真: 86-760 8992 3300
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Digit Chongqing Automotive Industrial Park
No.1 Jianqiao Road
Jianqiao Industrial Zone A, Dadukou District
Chongqing, the People's Republic of China
中國重慶市大渡口區建橋工業園A區建橋大道1號
數碼模重慶汽車產業園
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Digit (Chengyu) Automotive Industrial Park
Tongjia Development District
Lezhi County, Ziyang,
Sichuan Province, the People's Republic of China
中國四川省資陽市樂至縣童家發展區
數碼模(成渝)汽車產業園
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Facsimile 傳真: 86-28 2339 2222
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Digit Wuhan Automotive Industrial Park
No. 19 Changfu Industrial Park, Caidian Economic Development Zone
Wuhan, Hubei Province, the People's Republic of China
中國湖北省武漢市蔡甸經濟開發區常福工業園19號
數碼模武漢汽車產業園
Telephone 電話: 86-27 8661 9999
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EVA Shenzhen (Tianliao) Smart Device Industrial Park
Industrial District No. 9,
Tian Liao Community, Yu Tang Town,
Guang Ming District, Shenzhen,
Guangdong Province, the People's Republic of China
中國廣東省深圳市光明區玉塘街道田寮社區第九工業區
億和深圳(田寮)智能終端產業園
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EVA Vietnam (Haiphong) Electronic Industrial Park
No.139 East-West Boulevard, VSIP Hai Phong Industrial Park
Lap Le Commune, Thuy Nguyen District
Hai Phong, Vietnam
越南海防市水源縣立禮社海防VSIP工業區東西大道139號
億和越南(海防)電子產業園
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EVA Weihai (Double Islands Bay) Electronic Industrial Park
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Hi-tech Zone, Weihai, Shandong Province,
the People's Republic of China
中國山東省威海市高技區雙島路367號
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中國山東省威海市威海火炬高技術產業開發區科技路268-1號
億和威海(因塔思)電子產業園
Postcode 郵編: 264200

Digit Mexico (SLP) Automotive Industrial Park
Avenue Munich 665-L2420, Parque Industrial Logistik
Villa de Reyes, San Luis Potosi, Mexico
墨西哥聖路易斯波托西州雷耶斯鎮Logistik工業園
慕尼黑大道665-L2420號
數碼模墨西哥(SLP)汽車產業園
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