



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)

2023

ANNUAL REPORT 年報



CONTENTS

2	Group Profile
3	Corporate Milestone
36	Financial Highlights
38	Chairman's Statement
47	Financial Review
54	Environmental, Social and Governance Report
93	Directors and Senior Management Profile
97	Corporate Governance Report
121	Report of the Directors
141	Independent Auditor's Report
146	Consolidated Statement of Financial Position
148	Consolidated Statement of Comprehensive Income
150	Consolidated Statement of Changes in Equity
152	Consolidated Statement of Cash Flows
154	Notes to the Consolidated Financial Statements
246	Five Years Financial Summary
247	Corporate Information

GROUP PROFILE

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

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

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

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

Year	Event
2017 (Cont'd)	<ul style="list-style-type: none"> <li data-bbox="411 448 1430 545">– “2016 Corporate Environmental Leadership Award” (二零一六年度企業環保領先大獎) from the Federation of Hong Kong Industries and Bank of China (Hong Kong) Limited; <li data-bbox="411 577 1430 674">– “Baoan Charity Donation Enterprise Award” (寶安區慈善捐贈企業獎) from the Organising Committee for Shenzhen Baoan Charity Award (深圳市寶安區慈善獎組委會); and <li data-bbox="411 707 1430 847">– “Certificate of Enterprise Credit Grade – AAA Grade” (企業信用等級證書 – AAA 級) from “China Die & Mould Industry Association” (中國模具工業協會) and “Beijing Yi Xin Jian Xin International Credit Management Co., Ltd.” (北京益信建信國際信用管理有限公司). <p data-bbox="411 879 1075 911">Yihe Precision Hardware (Shenzhen) Co., Ltd. received:</p> <ul style="list-style-type: none"> <li data-bbox="411 944 1430 1106">– “Guangdong High Quality Machinery and Mould Enterprise (2017-2020)” (廣東優質機械模具企業(二零一七年至二零二零年)) accreditation from Guangdong Machinery & Mold Technology Association (廣東省機械模具科技促進協會) and the Appraisal Committee for Evaluation Activities in Guangdong Machinery and Mould Industry (廣東機械模具產業評選活動評審委員會); <li data-bbox="411 1138 1430 1235">– “2016 Guangdong Province Enterprise of Observing Contract and Valuing Credit” (二零一六年度廣東省守合同重信用企業) accreditation from the Market Supervision Administration of Shenzhen Municipality (深圳市市場監督管理局); <li data-bbox="411 1267 1430 1343">– “Work Safety Standardisation” (安全生產標準化) certificate from State Administration of Work Safety (國家安全生產監督管理總局); and <li data-bbox="411 1375 1430 1472">– “Municipal Postdoctoral Innovative Practice Base” (市級博士後創新實踐基地) accreditation from Human Resources and Society Security Administration of Shenzhen Municipality (深圳市人力資源和社會保障局). <p data-bbox="411 1504 1209 1537">Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. received:</p> <ul style="list-style-type: none"> <li data-bbox="411 1569 1430 1645">– “The Ninth Supplier QCC Forum – First Class Award and Outstanding Award” (第九屆供應商QCC成果發表會一等獎及優秀獎) from Kyocera; <li data-bbox="411 1677 1430 1752">– “Best Cooperative Supplier” (最佳配合供應商) award from Beijing Founder Easiprint Co., Ltd. (北京方正印捷數碼技術有限公司); and <li data-bbox="411 1785 1430 1860">– “2017 Top 100 Innovative Enterprise in Baoan” (2017年寶安區創新百強企業) accreditation from Shenzhen Baoan Science and Technology Innovation Bureau (深圳市寶安區科技創新局).

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

Year	Event
2018 (Cont'd)	<ul style="list-style-type: none"> <li data-bbox="411 441 1430 571">– “2018 Award Winning Entity for Excellent Performance Management Standard Implementation Project of Baoan District” (寶安區二零一八年度卓越績效管理標準實施項目獲獎單位) accreditation from the People’s Government of Baoan District, Shenzhen (深圳市寶安區人民政府); and <li data-bbox="411 610 1430 771">– “2018 Guangdong Machinery and Mould Industry Innovative Achievement – Third Class Award” (二零一八年廣東機械模具產業創新成果三等獎) from Guangdong Machinery & Mold Technology Association (廣東省機械模具科技促進協會) and the Appraisal Committee for Evaluation Activities in Guangdong Machinery and Mould Industry (廣東機械模具產業評選活動評審委員會). <p data-bbox="411 810 1430 1004">Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. and Shenzhen EVA Mould Manufacturing Limited received “2017 Guangdong Province Enterprise of Observing Contract and Valuing Credit” (二零一七年度廣東省守合同重信用企業) accreditation from the Market Supervision Administration of Shenzhen Municipality (深圳市市場監督管理局). Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. also received “2017 Second Half Best Partner” (二零一七年下期最佳夥伴) award from Toshiba.</p> <p data-bbox="411 1043 1070 1073">Shenzhen EVA Mould Manufacturing Limited received:</p> <ul style="list-style-type: none"> <li data-bbox="411 1112 1430 1209">– the fifteen “Shenzhen Top Brand” (第十五屆「深圳知名品牌」) accreditation from Shenzhen Top Brand Appraisal Committee (深圳知名品牌評價委員會) for the brand name “EVA”; <li data-bbox="411 1248 1430 1474">– the second runner up award in “the Second Changan Cup China (Dongguan Changan) Mould Product and Technology Contest – Product Competition (Plastic Category)” (第二屆長安杯中國(東莞長安)模具作品與製造技能大賽-作品賽(塑膠組)), which was jointly organised by the People’s Government of Dongguan Changan Town (東莞市長安鎮人民政府), Guangdong National Mold Product Quality Supervision & Inspection Centre (廣東國家模具產品質量監督檢測中心) and Guangdong Die & Mould Industry Association (廣東省模具工業協會); and <li data-bbox="411 1513 1430 1677">– “Guangdong High Quality Machinery and Mould Enterprise (2018-2021)” (廣東優質機械模具企業(二零一八年至二零二一年)) accreditation from Guangdong Machinery & Mold Technology Association (廣東省機械模具科技促進協會) and the Appraisal Committee for Evaluation Activities in Guangdong Machinery and Mould Industry (廣東機械模具產業評選活動評審委員會).

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

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

CORPORATE MILESTONE

Year	Event
2021 (Cont'd)	<p>EVA Precision Industrial Holdings Limited received:</p> <ul style="list-style-type: none"> - “Premiere Partner (2021 – for 11 consecutive years)” (卓越合作夥伴(二零二一年—十一年連續受賞)) award from Fujifilm; - “2021 Guangdong Top 500 Manufacturing Enterprise” (二零二一年度廣東省製造業企業500強) accreditation from Guangdong Manufacturers Association (廣東省製造業協會); - “2021 Guangdong Top 500 Enterprise” (二零二一年廣東企業500強) accreditation from Guangdong Provincial Enterprises Confederation (廣東省企業聯合會) and Guangdong Provincial Association of Entrepreneurs (廣東省企業家協會); - “2021 Shenzhen Top 500 Enterprise” (二零二一年深圳500強企業) accreditation from Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Entrepreneur Association (深圳市企業家協會). <p>Chongqing Digit Auto Body Ltd. received:</p> <ul style="list-style-type: none"> - “2021 Most Potential Supplier” (二零二一年度最具潛力供應商) accreditation from “Great Wall Motor Company Limited Chongqing Branch” (長城汽車股份有限公司重慶分公司); - “Quality Improvement Appreciation Award” (品質改善感謝獎) accreditation from Chengdu Tianxing Yamada Auto Parts Co., Ltd. (成都天興山田車用部品有限公司); and - “Best Commissioning Assurance Award” (最佳交付保證獎) accreditation from Chongqing Yongchuan Great Wall Motors Automotive Components Ltd. (重慶市永川區長城汽車零部件有限公司). <p>Digit Stamping Technology (Wuhan) Limited was recognised as a qualified supplier (合格供應商) by Honda Engineering China Co., Ltd. (本田生產技術(中國)有限公司) and was recognised as an excellent supplier (優秀供應商) by Topre Xiangyang Automobile Parts Co., Ltd. (東普雷(襄陽)汽車部件有限公司).</p> <p>Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. was enlisted as a specialised, refined, differentiated and innovated small and medium enterprise in Guangdong Province for 2021 (二零二一年度廣東省專精特新中小企業) by Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳).</p> <p>Shenzhen EVA Precision Technology Group Limited was accredited as “2021 Intellectual Property Demonstration Enterprise in Guangdong Province” (二零二一年度廣東省知識產權示範企業) by the Guangdong Intellectual Property Protection Association (廣東知識產權保護協會).</p>

CORPORATE MILESTONE

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

CORPORATE MILESTONE

Year	Event
2022 (Cont'd)	<p>EVA Precision Industrial Holdings Limited received:</p> <ul style="list-style-type: none"> - “Premiere Partner (2022 – for 12 consecutive years)” (卓越合作夥伴(二零二二年—十二年連續受賞)) award from Fujifilm; - “BLI 2022 Choice of the Year” (BLI二零二二年年選) accreditation from Buyers Laboratory Inc., the United States (買家實驗室(美國)); - “2022 Guangdong Top 500 Enterprise” (二零二二年廣東企業500強) accreditation from Guangdong Provincial Enterprises Confederation (廣東省企業聯合會) and Guangdong Provincial Association of Entrepreneurs (廣東省企業家協會); and - “2022 Shenzhen Top 500 Enterprise” (二零二二年深圳500強企業) accreditation from Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Entrepreneur Association (深圳市企業家協會). <p>Shenzhen EVA Precision Technology Group Limited received:</p> <ul style="list-style-type: none"> - “2022 China National Intellectual Property Great Enterprise” (二零二二年度國家知識產權優勢企業) accreditation from China National Intellectual Property Administration (國家知識產權局); - “Best International Application Award” (最佳國際化應用獎) from China Municipal Bureau of Industry and Information Technology (工業和信息化部); - “2nd Batch Intelligent Manufacturing Ecosystem Cooperation Partner in Guangdong Province” (第二批廣東省智能製造生態合作夥伴) accreditation from Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳); and - “1st Batch Manufacturing Champion in Individual Fields in Shenzhen” (第一批深圳市製造業單項冠軍企業) accreditation from Shenzhen Municipal Bureau of Industry and Information Technology (深圳市工業和信息化局). <p>Digit Stamping Technology (Wuhan) Limited received “2022 Excellent Supplier Award” (二零二二年度優秀供應商獎) from “Faurecia (Wuhan) Automotive System Co.,Ltd.” (佛吉亞(武漢)汽車部件系統有限公司) and was accredited as a specialised, refined, differentiated and innovated “little giant” enterprise in Hubei Province (湖北省專精特新「小巨人」企業) for 2022 from Department of Economy and Information Technology of Hubei Province (湖北省經濟和信息化廳).</p> <p>EVA Precision Industrial (Weihai) Limited was accredited as “2021 Top 50 Taxpaying Enterprise in the District” (二零二一年度全區納稅50強) as “2021 Opening-up High Technology Enterprise” (二零二一年度對外開放工作先進企業) by the Management Committee of Weihai Torch High Technology Industrial Development Zone (威海火炬高技術產業開發區管理委員會).</p>

CORPORATE MILESTONE

Year	Event
2023	<p>Shenzhen EVA Precision Technology Group Limited, Shenzhen EVA Mould Manufacturing Limited, Shenzhen Digit Automotive Technology Limited and Shenzhen Huaxian Intelligent Manufacturing Technology Co., Ltd. were awarded the “Hong Kong-Guangdong Cleaner Production Partner (Manufacturing) (粵港清潔生產伙伴(製造業)) by the Environment and Ecology Bureau of the Government of the Hong Kong Special Administrative Region and Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳).</p> <p>Shenzhen EVA Precision Technology Group Limited received:</p> <ul style="list-style-type: none"> – “2023 China National Intellectual Property Great Enterprise” (二零二三年度國家知識產權優勢企業) accreditation from China National Intellectual Property Administration (國家知識產權局); and – “Best Employer Nomination Award” accreditation from Shenzhen Human Resources and Social Security Bureau (深圳市人力資源和社會保障局), Shenzhen General Chamber of Commerce (深圳市商業聯合會) and Shenzhen Small and Medium Sized Enterprises Service Bureau (深圳市中小企業服務局). <p>EVA Precision Industrial Holdings Limited received:</p> <ul style="list-style-type: none"> – “Premiere Partner (2023 – for 13 consecutive years)” (卓越合作夥伴(二零二三年—十三年連續受賞)) award from Fujifilm; – “2023 Guangdong Top 500 Manufacturing Enterprise” (二零二三年度廣東省製造業企業500強) accreditation from Guangdong Manufacturers Association (廣東省製造業協會); – “2023 Guangdong Top 500 Enterprise” (二零二三年廣東企業500強) accreditation from Guangdong Provincial Enterprises Confederation (廣東省企業聯合會) and Guangdong Provincial Association of Entrepreneurs (廣東省企業家協會); – “2023 Shenzhen Top 500 Enterprise” (二零二三年深圳500強企業) accreditation from Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Entrepreneur Association (深圳市企業家協會); and – “2023 High Quality Development Leading Enterprise” (二零二三年高質量發展領軍企業) accreditation from Shenzhen Federation of Industry and Commerce (深圳市工商業聯合會) and Shenzhen Enterprise High Quality Development Promotion Association (深圳市企業高質量發展促進會).

CORPORATE MILESTONE

Year	Event
2023 (Cont'd)	<p>Shenzhen EVA Mould Manufacturing Limited and Shenzhen Huaxian Intelligent Manufacturing Technology Co., Ltd. were enlisted as a specialised, refined, differentiated and innovated small and medium enterprise in Shenzhen for 2023 (二零二三年度深圳市專精特新中小企業) by Shenzhen Municipal Bureau of Industry and Information Technology (深圳市工業和信息化局) and were awarded "Innovation SME" (創新型中小企業) by Shenzhen Small and Medium Sized Enterprises Service Bureau (深圳市中小企業服務局).</p> <p>Shenzhen Digit Automotive Technology Limited received:</p> <ul style="list-style-type: none"> - "2022 R&D and Standardisation Synchronization Demonstration Enterprise" (二零二二年研發與標準化同步示範企業) accreditation from the Market Supervision Administration of Shenzhen Municipality (深圳市市場監督管理局); and - "Precision Moulds Award (2020-2023)" (精模獎(2020-2023)) from China Die and Mould Industry Association (中國模具工業協會). <p>Shenzhen EVA Mould Manufacturing Limited was accredited as a specialised, refined, differentiated and innovated "little giant" enterprise in Hubei Province for the 5th batch (第五批專精特新「小巨人」企業) from China Municipal Bureau of Industry and Information Technology (中華人民共和國工業和信息化部).</p> <p>Shenzhen Huaxian Intelligent Manufacturing Technology Co., Ltd. was accredited as "Excellent Surface Finishing Supplier" (優質表面處理供應商), "Excellent Stamping Supplier" (優質沖壓供應商), "Excellent Mould Supplier" (優質模具供應商), "Excellent Accessories Supplier" (優質配件供應商) and "Excellent Plastic Injection Supplier" (優質注塑供應商) from Guangdong Machinery & Mold Technology Association (廣東省機械模具科技促進協會).</p> <p>Zhongshan Digit Automotive Technology Limited received "Special Cooperation Award" (特別協力獎) from Yachiyo Zhongshan Manufacturing Co., Ltd. (八千代工業(中山)有限公司).</p> <p>Digit Stamping Technology (Wuhan) Limited received "2022 Quality Improvement Award" (二零二二年品質改善獎) by Topre Xiangyang Automobile Parts Co., Ltd. (東普雷(襄陽)汽車部件有限公司).</p> <p>Chongqing Digit Auto Body Ltd. received:</p> <ul style="list-style-type: none"> - "Excellent Supplier Partner Award" (優秀協作供應商獎) from Great Wall Motor Company Limited Chongqing Branch (長城汽車股份有限公司重慶分公司); - "Best Assistance and Cooperation Award" (最佳協作獎) from Lucas Varsity Langzhong Brake Co. Ltd. (盧卡斯偉利達廊重制動器有限公司); and - "National Workers' Pioneer" (工人先鋒號) award from All-China Federation of Trade Unions (中華全國總工會); <p>EVA Precision Industrial (Weihai) Limited was accredited as "Excellent Innovation Enterprise" (優秀創新企業) by ShanDong Institute of Electronics (山東電子學會) and Shandong Information Industry Association (山東省信息產業協會).</p>

FINANCIAL HIGHLIGHTS

		2023	2022	2021	2020	2019
OPERATING RESULTS						
Turnover	HK\$'000	6,182,658	6,268,065	5,108,777	4,008,459	3,747,055
Earnings before interest and taxation (EBIT) (Note 1)	HK\$'000	390,791	273,176	194,601	34,655	120,042
Earnings before interest, taxation, depreciation and amortisation (EBITDA) (Note 1)	HK\$'000	667,080	545,499	470,302	269,818	344,712
Profit/(loss) attributable to equity holders of the Company	HK\$'000	237,095	206,017	155,190	(15,371)	51,781
FINANCIAL POSITION						
Cash generated from operations	HK\$'000	538,116	456,024	290,087	517,147	456,028
Net current assets	HK\$'000	1,278,924	1,437,367	415,727	496,608	681,767
Shareholders' equity	HK\$'000	2,997,714	2,838,404	2,788,441	2,609,692	2,595,249
PER SHARE DATA						
Earnings per share – Basic (Note 2)	HK cents	13.6	11.8	9.0	(0.9)	3.0
– Diluted (Note 3)	HK cents	13.6	11.8	9.0	(0.9)	3.0
OTHER KEY STATISTICS						
Earnings before interest, taxation, depreciation and amortisation (EBITDA) margin	(%)	10.8	8.7	9.2	6.7	9.2

FINANCIAL HIGHLIGHTS

		2023	2022	2021	2020	2019
Net profit/(loss) margin	(%)	3.8	3.3	3.0	(0.4)	1.4
Return/(loss) on shareholders' equity	(%)	7.9	7.3	5.6	(0.6)	2.0
Net debt-to-equity ratio (Note 4)	(%)	25.2	21.0	17.5	15.0	22.0

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

Note 2: Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of 1,725,549,000 shares, 1,716,591,000 shares, 1,727,866,000 shares, 1,745,051,000 shares and 1,740,920,000 shares in issue during the years ended 31 December 2019, 2020, 2021, 2022 and 2023 respectively.

Note 3: Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of 1,726,696,000 shares, 1,716,591,000 shares, 1,728,330,000 shares, 1,745,095,000 shares and 1,740,920,000 shares for the years ended 31 December 2019, 2020, 2021, 2022 and 2023 respectively adjusted to assume conversion of all dilutive potential shares (i.e. share options). A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual quoted share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

Note 4: Net debt-to-equity ratio is calculated based on the total balance of bank borrowings and lease liabilities less cash and bank balances divided by shareholders' equity. Lease liabilities exclude the rentals for factory and office premises in future periods amounting to HK\$74,843,000 as at 31 December 2023 (as at 31 December 2022: HK\$117,598,000). These rentals have not yet been expensed, but are deemed as lease liabilities under the Hong Kong Financial Reporting Standard 16 "Leases". The ownership of the related factory and office premises is not held by the Group.

CHAIRMAN'S STATEMENT



EVA Weihai (Double Islands Bay) Electronic Industrial Park

Dear shareholders,

On behalf of the board of directors (the "Board"), I am pleased to present to you the annual report of EVA Precision Industrial Holdings Limited (the "Company" and together with its subsidiaries, the "Group") for the year ended 31 December 2023.

OVERVIEW

In early 2023, with impacts of COVID-19 easing across the world, China finally adjusted its pandemic control policies and the society has gradually rebounded from the trough. The international market started to get back on development track in 2022, with orders gradually resuming. Yet inventories accumulated during the pandemic had resulted in overstocking in many industries, especially for the downstream electronics manufacturing sector. Stepping into 2023, global economic rebound was less than expected and demand remained weak, hence international orders decreased. Despite global supply chain having resumed to normal, many customers were still digesting accumulated inventories. According to data from the research institute QUICK-FactSet, the total inventory value of large-scale manufacturing industries of the world, as at the end of September 2023, was close to 30% higher than before the pandemic, indicating clearly that the oversupply situation prevailed in the second half



Zhang Hwo Jie

Chairman

of 2023. Moreover, the macro environment was ridden with uncertainties from factors such as inflation and the interest rate hikes, economic rebound of China after its reconnection with the world falling short of expectation, and overall social consumption being sluggish, negative impacts were felt across the entire manufacturing industry supply chain.

Facing the continuously uncertain international market and political environment, customers' production desire was dampened and, as a result, the Group's office automation ("OA") equipment and automotive components businesses were affected to various extent. For the year ended 31 December 2023, the Group's turnover decreased by 1.4% year-on-year to HK\$6,182,658,000 (2022: HK\$6,268,065,000). Profit attributable to equity holders increased by 15.1% year-on-year to HK\$237,095,000 (2022: HK\$206,017,000), mainly attributable to the Group's lean production policy which led to effective cost control, synergies brought by integrating the production capacity of EVA Intelligent Manufacturing acquired in 2021 hence lowering operating costs, such as wages, rental and administrative expenses, recognition of a one-off gain from the write-back of provisions related to compensations for EVA Intelligent Manufacturing staff and the gain recognised on termination of its factory lease, plus exchange gain from appreciation of the Mexican peso. Excluding the one-off gains and the exchange gain, operating profit before interest and taxes of its core business were

CHAIRMAN'S STATEMENT

HK\$332,616,000 (2022: HK\$279,374,000), a 19.1% climb, evidencing the effectiveness of the Group's measures to lower costs and boost performance in a macro environment plagued by high interest rate and weak market sentiment. Basic earnings per share rose by 15.3% year-on-year to HK13.6 cents (2022: basic earnings per share HK11.8 cents).

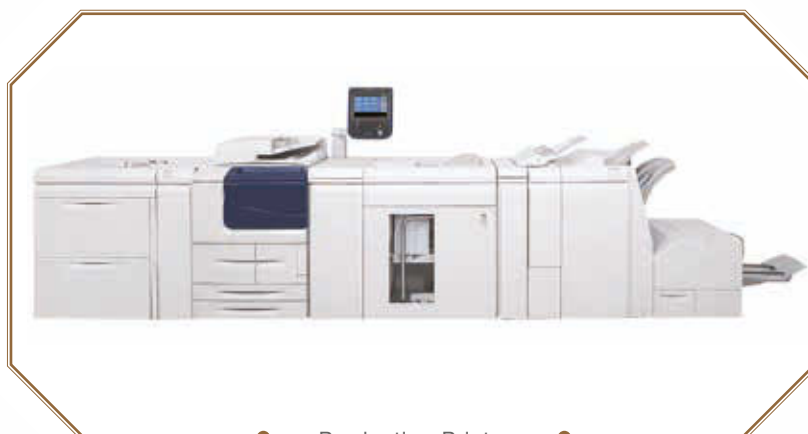
During the year, the Group's overall gross profit margin increased by 0.9 percentage points to 20.9% (2022: 20.0%), mainly due to the management's efforts in internal reforms such as effective lean production and cost control, being tailored measures for market changes. Moreover, with synergies brought by integrating the production capacity of EVA Intelligent Manufacturing acquired in 2021, the Group was able to better utilise the capacity of its existing facilities. At the same time, by gradually reducing the proportion of lower-margin products, the Group was able to enhance the overall added-value of its product portfolio and in turn the overall gross margin level.

BUSINESS REVIEW

Office automation equipment

The Group has been in the OA equipment business for almost 30 years. Boasting profound experience and excellent product quality, the Group has gained the acclaims and trust from customers and their support of the Group's products. In recent years, the Group has also worked on expanding its Design and Electronic Manufacturing Service ("D-EMS") operation, and its complete machine assembly and sales of assembly parts businesses, so as to increase market penetration and diversify business. During the year, turnover of the OA equipment business dropped 4.6% to HK\$4,295,475,000 (2022: HK\$4,502,285,000), affected mainly by the overall sluggish market.

The industrial park in Weihai's Double Islands Bay is one of the largest the Group operates and its serves as the D-EMS service base of the Group 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" that covers from mould design to complete machine assembly, and products including moulds, metal components, plastic components as well as complete A4 copiers and peripheral equipment for A3 copiers. During the year, Weihai's OA equipment business performed outstandingly, with turnover surged markedly by 89.9% year-on-year, and its annual sales are expected to cross the HK\$1 billion mark in the next few years. The good performance was owed mainly to the Group



Production Printer



CHAIRMAN'S STATEMENT

deepening strategic cooperation with its long-term customer Fujifilm, which helped fuel orders and in turn the increase in turnover. In addition, this also greatly boosted production capacity utilisation of the Weihai production base. The Group has full confidence in Weihai's business and expects a substantial increase in D-EMS orders for A3 copiers within three years. At the same time, the supportive policies of and grants from the local government can also help promote development of Weihai's business. Construction of phase II of the Weihai industrial park had commenced at the end of 2022 and is expected to be completed and start production in the first half of 2024. By then, the OA equipment business of Weihai is expected to see larger scale expansion over a few years and its production capacity topping all of the Group's production bases.

As for the Shenzhen operation, shipments were reduced during the year due to customer destocking. And, as in recent years, some orders have moved to Southeast Asia, turnover of the operation dropped by 15.8% year-on-year. In Vietnam, impacted by the same phenomenon of customer destocking, the Group's turnover fell by 19.2% from the peak in 2022. From projection based on the latest order status, the Group believes the destocking trend will gradually ease off this year. Although the Group's industrial park in Vietnam has actively developed in the past few years to match the trend of OA equipment orders moving south, the strategic deployment to gradually increase production capacity there for taking more of those orders takes time to materialise, and meanwhile, the Shenzhen factory is inevitably receiving fewer orders because of the order shift. Also, capacity utilisation will peak soon at the Group's industrial park in Haiphong City, Vietnam and the temporarily leased new factory nearby. Thus, to adequately meet customer demand, the Group has obtained a new leasehold land in Quang Ninh Province in northern Vietnam during the year and will begin construction of a new industrial park in 2024. The park's land area is approximately 60,000 square metres, which will be 1.6 times bigger than the existing Haiphong industrial park and is expected to be completed and in operation in 2026. The Group believes its business stands well to benefit from the shift of orders southward as it will allow the Group to take advantage of the low labour costs and policy incentives in Vietnam to drive development of the OA equipment business and increase revenue. The Group expects Vietnam to continue to propel development of the entire OA equipment business and is optimistic about its development in Vietnam in the next few years.

In Suzhou, customers reducing production during the three-year-long pandemic and some customers gradually moving south had cost the Group a lot of orders. Then, in 2023, affected by the continuing sluggish market, the annual turnover of the Suzhou Industrial Park declined by 19.2%. Early in 2021, the Group began to take measures to cut manpower and non-essential expenditures to reduce costs there, resulting in a streamlined operation. When the business environment was still unclear, the management endeavoured to ensure the industrial park could breakeven, with maximising shareholders' interest being the top priority for the Group. In the long run, the Group holds a cautious view about the prospects of its business in Suzhou. It will keep finetuning its operational approach and strategies taking reference to market changes and business performance, so as to meet market needs.

CHAIRMAN'S STATEMENT

During the year, the OA equipment business segment recorded profit of HK\$337,365,000 (2022: HK\$253,507,000) and the segmental profit margin was 7.9% (2022: 5.6%), which was mainly attributable to the segment's cost control initiatives including implementing lean production, the synergies from integrating the capacity of EVA Intelligent Manufacturing acquired in 2021 hence lowering operating cost from lower salaries, rental and administrative expenses, and the one-off gain from the write-back of provisions related to compensations for EVA Intelligent Manufacturing staff and the gain recognised on termination of its factory lease. The Group will continue to rise to the challenge, strive to stabilise the OA equipment business, develop and launch more relevant and practical products and solutions for it believes the business segment still has huge room for development.

Automotive components

For the year ended 31 December 2023, the Group's automotive components segment recorded growth, with turnover up 6.9% year-on-year to HK\$1,887,183,000 (2022: HK\$1,765,780,000). After four years of optimising strategic layout and integrating advantageous resources, the segment was able to grasp the global economic recovery trend and the increase in automobile market consumption, and opportunities in the rapidly developing new energy vehicle ("NEV") industry. The segment actively expanded business in the NEV market and strengthened technological research and development ("R&D"), which resulted in a boosted strategic customer base and increased orders. In 2023, the segment gradually started production to meet the new orders landed, releasing progressively the production capacities of the industrial parks in Zhongshan, Wuhan and Mexico, thus helped push up segmental turnover steadily.

The industrial park in Shenzhen is the Group's centralised production base for automobile seat moulds, which are primarily exported to the US and European markets. During the year, turnover of the automotive component business in Shenzhen fell by a slight 5.6%, mainly due to economic development in Europe slowing down at the burden of high interest rates in 2023, ultimately affecting the Group's mould export business. Despite that, the Shenzhen industrial park has been giving support to all automotive-related businesses of the Group on technological R&D, mould design and production. It received 6.4% more mould development orders than in 2022, for supplying mainly to the automotive component business of the Group's other industrial parks, particularly the one in Mexico.

In Zhongshan, the Group's turnover increased by 2.2% year-on-year, mainly benefited by the booming NEV market in the first half year. Mass production began for orders of different projects of new "three-electric systems" (NEV battery, electronic control and motor systems) customers. However, with sales of Japanese vehicle brands such as Honda and Toyota shrinking in the second half, turnover of the segment for the period dropped and full-year growth slowed down. The conventional orders the Zhongshan industrial park receives were mainly from Brose, Aisin, Yachiyo and Faurecia. Apart from these orders, it has been focusing on developing the new "three-electric systems" market customers during the year, including certain in-vehicle electronics customers, from which new orders were secured.



CHAIRMAN'S STATEMENT

In the traditional automotive sector, the Group also took on a project order from its largest major customer Brose for export to Europe. At the same time, the Group continued to implement measures in Zhongshan to reduce costs and increase efficiency, so as to enhance the competitiveness of the Group's automotive business.

In Wuhan, the Group has been actively developing the energy storage business in 2023 and secured several mass production projects for NEV energy storage system-related products. With Great Wall Motors increasing progressively the scale of production for a number of its traditional and NEV projects and expanding market for its new projects, the Group's business in Wuhan increased by 21.9% year-on-year. Facing fierce competition in the mainland automotive component industry, Wuhan Industrial Park has actively expanded overseas markets and the energy storage business, taking the Mexico Industrial Park as a bridgehead to develop relevant moulds to help it expand business overseas. During the year, Wuhan Industrial Park secured small orders related to new energy storage and also NEV-related orders for Lucid Motors' project in North America, with mass production to take place in 2024. The industrial park will continue to strengthen R&D of and make preparation for seat welding assembly and aluminum alloy welding assembly, plus make efforts on securing NEV orders from customers such as Great Wall Motors, Tesla and Lucid Motors to lay a solid foundation for future business growth.

In Chongqing, primarily affected by the drop in fuel vehicle sales of a customer in the first quarter, the Group's turnover fell by 14.1% year-on-year. In the second half of the year, turnover improved with the Group beginning delivery of NEV-related projects of Great Wall Motors and Changan Automobile. Chongqing industrial park is the Group's automobile business development base in central and western China. It is equipped with advanced intelligent production equipment brought in from around the world, allowing it to simultaneously provide customers in the southwestern market with car body parts engineering joint development and ancillary service for 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. In 2023, the Group was deeply involved in the development of and affirmed commitment to a good number of NEV model and NEV hybrid model projects of Great Wall Motors. The Group believes, as the abovementioned models subsequently go into mass production, the Group's automotive component business will see a major breakthrough in sales. At the same time, the Group continued its effort to improve cost control of the Chongqing industrial park and was able to raise cost management standard. In the future, the Chongqing operation will keep working on forging strategic cooperation with mainstream automakers in southwestern China.

CHAIRMAN'S STATEMENT

The main customers of the Mexican industrial park, such as Tesla and Faurecia, continued to maintain strong growth momentum. In 2023, with production gradually commencing for new project orders, turnover of the industrial park increased by 23.8%, which was the best performing region for automotive component business. With high hopes for the automotive component business in Mexico,



Digit Mexico (SLP) Automotive Industrial Park

on top of pushing for new orders, the Group has also worked on improving the team there to address inadequacies in relation to production efficiency and management system, so as to enhance effectiveness and profitability. During the year, to optimise management of the Mexico operation, the Group deployed some members of the management team from Wuhan Industrial Park to Mexico to render support. The management team in Mexico was eventually strengthened and became more stable, with localisation of management processes enhanced. While carrying out internal reforms, the Group also deepened its strategic partnership with customers such as Tesla, Faurecia, Brose, Adient and Yanfeng. The 1250T and 2500T presses, in which the Group invested during the year, are expected to start operation in 2024 to meet increasing orders from customers. In 2024, the Mexico operation, with access to the advantageous resources of the Group, will rally and secure new customer orders at full force, strive to diversify its customer base and products, so as to capitalise on the trend of US manufacturing moving back home, while also increasing capacity utilisation and efficiency of the industrial park. The Group expects its business in Mexico to continue to bloom with its encouraging business performance.

Although the Group has actively expanded its traditional and NEV components business in the past few years, while growth potential and prospects are both looking positive, the automotive industry is still notably affected by uncertainties of the global environment. Geopolitics, the Russia-Ukraine war, inflation and high interest rates have hit hard global industrial chains, in particular that of the manufacturing industry. In mainland China, with the gradual transformation of the automotive industry, some traditional production lines are starting to have excess capacity, orders from many traditional automotive manufacturers are therefore reducing. In this transitional period of traditional orders decreasing and NEV orders increasing, performance of the Group's automotive component business has been impacted to a certain extent. Overall, in 2023, the segment made profit of HK\$108,727,000 (2022: HK\$101,824,000). Apart from the impact of unfavorable factors in the macro environment, the Group also increased investment in R&D in the NEV realm and conducted trials and adjustments to prepare for mass production, hence the profit margin of the automotive component segment remained at 5.8% (2022: 5.8%).

Prospects

Stepping into 2024, although the world's developed economies are seeing inflation easing, interest rates remained high. In February 2024, the Organisation for Economic Cooperation and Development ("OECD") forecasted that global economic growth for the year would be 2.9%, slower than in 2023. In addition, such issues as geopolitical instability, environment and climate, natural resources and material prices etc. may continue to impact the global economy. The Group will persist with its prudent financial strategy and step up cost control efforts.

In the difficult times brought by the pandemic in the past few years, the Group faced challenges with a cautiously optimistic attitude. Over the years it worked on stabilising its infrastructure and core advantages, reformed and optimised various internal procedures, actively implemented lean production, and fully embraced automation and digitalisation. At the same time, it also began to promote sustainability and arrange bank loans tied to such performance. In 2023, the Group added sustainability performance-linked terms to a large-scale syndicated loan previously secured. The Group believes promoting sustainability is crucial in demonstrating the potency of its businesses and realising its future value, allowing it to map out long-term operational and development plans. Although there are concerns relating to economic growth in the next few years, the Group still has confidence to a good extent in expanding the OA equipment market. On top of continuing to offer competitive services to its world-leading customers, the Group's OA equipment business has started to expand into other markets. The information technology application innovation ("ITAI") industry market will grow to around RMB1.56 trillion by 2027, with total penetration rate expected to reach 80.97%. Capitalising on its competitive advantages as a leader in the OA equipment sector, the Group will strive to capture the opportunities presented by the ITAI industry market.

With the NEV market growing rapidly, seeing continuously increasing demand, the Group's automotive component business, which boasts a strong strategic layout and relentless effort to innovate, has been growing steadily. According to China Association of Automobile Manufacturers ("CAAM") data, a total of 30.09 million cars were sold in China in 2023, 12% more year-on-year, of which 9.495 million were NEVs, up by 37.9% year-on-year, with market share swelling to 31.6%. Looking ahead at 2024, CAAM is of the view that China's automotive market will maintain a steady and positive growth momentum, with automobile sales volume expected to exceed 31 million, a 3% increase year-on-year, 26.8 million of which will be passenger vehicles, 3% more year-on-year, and 4.2 million will be commercial vehicles, 4% more year-on-year. Sales volume of NEVs is expected to reach 11.5 million, and their penetration rate as well as their market are also expected to continue to grow. That plus the consistently high overseas demand for China-made NEVs are conducive to growth of the Group's automotive components business. The management has strong confidence in the prospects of the business.

CHAIRMAN'S STATEMENT

Facing an ever-changing macro environment and operating risks from geopolitical uncertainty, the Group has been able to make the best use of its global production layout, its formidable R&D team, premium quality production resources and highly synergistic supply chain network. On the foundation of its core stamping and automated processing technologies, together with its laser welding techniques, the Group has been able to develop services for new customers in the Internet and information industries. It has offered renowned Internet customers services including development, production and assembly of moulds for server control box and server case components, setting the stage for further diversification and injecting new impetus into the Group for more sustainable development. Currently, the Group's server moulds development and production base is in Shenzhen. The Group has sufficient resources and production capacity at its Shenzhen Industrial Park for the new business, which is also a critical step for coping with the OA equipment business shifting to Southeast Asia. In 2023, it has developed seven server-related projects, and five are already in production.

Looking into 2024, the high interest rate environment is expected to ease and that will help drive economic growth. The Group will strive to enhance its competitive edges and, with optimism and prudence, look for opportunities to expand capacity and its businesses, seize opportunities in the recovering market to expand market share 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 realise sustainable business growth, so as to achieve the best returns for shareholders.

APPRECIATION

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

Chairman

Zhang Hwo Jie

Hong Kong, 28 March 2024

FINANCIAL REVIEW

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

	2023 HK\$'000		2022 HK\$'000	
By business segment				
Turnover				
<i>Office automation equipment division</i>				
Design and fabrication of moulds	206,372	3.3%	179,895	2.9%
Manufacturing of components	4,046,931	65.5%	4,263,733	68.0%
Others (Note 1)	42,172	0.7%	58,657	0.9%
	4,295,475	69.5%	4,502,285	71.8%
<i>Automotive component division</i>				
Design and fabrication of moulds	210,312	3.4%	158,012	2.5%
Manufacturing of components	1,585,481	25.6%	1,503,267	24.0%
Others (Note 1)	91,390	1.5%	104,501	1.7%
	1,887,183	30.5%	1,765,780	28.2%
Total	6,182,658		6,268,065	
Segment results				
Office automation equipment division	337,365		253,507	
Automotive component division	108,727		101,824	
Operating profit	446,092		355,331	
Unallocated expenses	(55,301)		(82,155)	
Finance income	42,403		10,462	
Finance costs	(128,905)		(52,837)	
Share of loss of associates	(499)		(210)	
Income tax expense	(66,695)		(24,574)	
Profit attributable to equity holders of the Company	237,095		206,017	

Note 1: Others mainly represented sales of scrap materials.

FINANCIAL REVIEW



Turnover

During the year, the Group's turnover decreased slightly by 1.4% to HK\$6,182,658,000, which was primarily due to unfavourable external market conditions causing a decline in client production intensions in both office automation equipment and automotive component businesses.

Gross profit

During the year, gross profit margin slightly increased to 20.9% (2022: 20.0%), which was mainly driven by enhanced operational efficiency, higher utilisation in our Weihai facilities, as well as the synergies reaped by the Group following the complete consolidation of production capacity after the Group acquired EVA Intelligent Manufacturing in 2021, including the reduction of operating costs such as wages and other factory expenses.

Segment results

For the year ended 31 December 2023, as a result of increased operational efficiency and improved gross profit margin as mentioned above, as well as a one-off gain recognised in relation to the write-back of provisions related to staff compensations by EVA Intelligent Manufacturing and the gain recognised on termination of its factory lease, the operating profit margin of the Group's office automation equipment division went up to 7.9% (2022: 5.6%). The operating profit margin of the Group's automotive component division remained at 5.8% (2022: 5.8%).

Unallocated expenses

For the year ended 31 December 2023, unallocated expenses mainly represent corporate expenses of HK\$44,847,000 (2022: HK\$43,256,000), share-based payment expenses of HK\$10,454,000 (2022: HK\$31,277,000). No impairment losses on financial assets were recognised for the year ended 31 December 2023 (2022: HK\$7,622,000).

Finance income and costs

For the year ended 31 December 2023, the Group's finance income and costs increased significantly mainly due to increasing interest rates for the Group.

Share of loss of associates

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

Income tax expense

Income tax expense for the year ended 31 December 2023 mainly represents current income tax charge amounting to HK\$50,346,000 arising from Mainland China, HK\$7,402,000 arising from Vietnam and HK\$16,195,000 arising from Mexico, netted off by (i) over-provision in prior years amounting to HK\$8,277,000 and (ii) deferred income tax charge of HK\$1,029,000.

Profit attributable to equity holders of the Company

For the year ended 31 December 2023, the profit attributable to equity holders of the Company was HK\$237,095,000 (2022: HK\$206,017,000), which was primarily caused by the increase in operating profit as mentioned above.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2023, the Group's cash flows generated from operations increased to HK\$538,116,000 (2022: HK\$456,024,000), which was primarily due to increased earnings from operation. However, as the Group's net interest expenses and income taxes have both increased quite significantly during the year, the Group's net cash generated from operating activities narrowed to HK\$375,151,000 (2022: HK\$372,353,000). During the year, the Group's capital expenditure increased to HK\$444,351,000 as the Group expanded its base in Vietnam by obtaining a new leasehold land in Quang Ninh province in 2023. Therefore, the Group recorded net cash used in investing activities amounting to HK\$423,593,000 (2022: HK\$345,917,000). The Group had a net increase in bank borrowings of HK\$34,834,000 and lease payments of HK\$23,880,000 during the year. After payment of dividend of HK\$67,199,000, the Group recorded net cash used in financing activities of HK\$56,245,000 during the year (2022: net cash generated from financing activities HK\$414,519,000).

Treasury policy

The Group adopts a prudent treasury policy. Treasury activities are controlled by senior management members with an objective of achieving a balance between the Group's expansion needs and its financial stability. An adequate level of cash resources is maintained by each of the Group's subsidiaries, and the Group also have sufficient stand-by credit lines to provide adequate liquid funds to finance its business activities. Due consideration is given for the cost of borrowings. We also consider impacts of interest rates fluctuation on our operations and financial condition, and take appropriate and timely measures accordingly. In addition, as a majority of the Group's sales are made in Hong Kong dollars and United States dollars (which are pegged), almost all of the Group's borrowings as at 31 December 2023 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.

FINANCIAL REVIEW

Key financial performance indicators

	31 December 2023	31 December 2022
Inventory turnover days (<i>Note 1 and 5</i>)	48	46
Debtors' turnover days (<i>Note 2 and 5</i>)	107	98
Creditors' turnover days (<i>Note 3 and 5</i>)	111	108
Cash conversion cycle (<i>Note 4 and 5</i>)	44	36
Current ratio (<i>Note 6 and 8</i>)	1.42	1.50
Net debt-to-equity ratio (<i>Note 7 and 8</i>)	25.2%	21.0%
Net profit margin (<i>Note 9 and 11</i>)	3.8%	3.3%
Return on shareholders' equity (<i>Note 10 and 11</i>)	7.9%	7.3%

Notes:

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

7. Net debt-to-equity ratio is calculated based on the total balance of bank borrowings and lease liabilities less cash and bank balances divided by shareholders' equity. Lease liabilities exclude the rentals for factory and office premises in future periods amounting to HK\$74,843,000 as at 31 December 2023 (as at 31 December 2022: HK\$117,598,000). These rentals have not yet been expensed, but are deemed as lease liabilities under the Hong Kong Financial Reporting Standard 16 "Leases". The ownership of the related factory and office premises is not held by the Group.
8. These ratios reflect the Group's financial stability and its ability to pay its debts as they fall due. Therefore, they are selected as key financial performance indicators.
9. Net profit margin is based on profit attributable to equity holders of the Company divided by turnover.
10. Return on shareholders' equity is based on profit attributable to equity holders of the Company divided by shareholders' equity.
11. These ratios reflect the Group's ability to generate returns from its business, and the returns obtainable by shareholders from their investments in the Group. Therefore, they are selected as key financial performance indicators.

Inventory turnover days

As a result of a general slowdown in production due to unfavourable market conditions during the year, the Group's inventory turnover days increased for the year ended 31 December 2023.

Debtors' and creditors' turnover days

During the year, the weakened global demand and excessive end-stocking have slowed down the Group's business. Overall speaking, though, with the Group's efforts in making appropriate strategies to diversify to new opportunities and gradual improvement in the terminal market demand, the Group's order momentum improved in the second half of the year. The Group's turnover began to catch up and outperformed that of last year starting from October 2023 to December 2023. Therefore, substantial amount of sales and purchases were made during the fourth quarter, which remained unpaid as at 31 December 2023, and were still within normal credit periods. Therefore, the debtors' and creditors' turnover days were both longer than those for the year ended 31 December 2022.

Cash conversion cycle

The increase in cash conversion cycle in the year ended 31 December 2023 was mainly caused by the increase in inventory and debtors' turnover days as mentioned above.

FINANCIAL REVIEW

Current ratio and net debt-to-equity ratio

To better cope with increased working capital demand, the Group had drawn down additional short term bank loans during the year. As a result, the Group's current ratio decreased to 1.42 as at 31 December 2023. During the year, the Group's net debt-to-equity ratio also increased. This is primarily because, although the Group's earnings from operations have increased, the Group has maintained less cash at banks as a result of significantly increased interest costs paid and increased capital expenditure on obtaining a new leasehold land in Vietnam. These additional costs were paid out of the Group's earnings from operations. As the Group's bank borrowings level remained relatively constant, the resulted net debt is higher and hence the net debt-to-equity ratio increased.

Net profit margin and return on shareholders' equity

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

FOREIGN CURRENCY EXPOSURE

For the year ended 31 December 2023, the Group's sales and raw material purchases were denominated in the following currencies:

	Sales	Purchases
Hong Kong dollars	16.9%	1.3%
US dollars	52.1%	59.0%
Renminbi	29.9%	39.3%
Other currencies	1.1%	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 69.0% of the Group's sales and 60.3% of its raw material purchases were made in United States dollars and Hong Kong dollars (which are pegged to United States dollars) during the year. The Group also has a policy of using Renminbi to settle the purchases of raw materials used for Renminbi denominated sales. Sales and raw material purchases denominated in other currencies were mainly related to initial trial orders with new customers and suppliers, and therefore their percentages to our total turnover and purchases were small. Should these sales and raw material purchases increase in the future, we will take appropriate actions to safeguard ourselves from any potential exchange rate risk that may arise from dealing in other currencies. Further, it is the Group's policy to strictly prohibit any speculative foreign exchange transaction which is not related to business operations.

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

HUMAN RESOURCES

The total number of the Group's employees was 10,238 employees as at 31 December 2023. The Group considers its employees, in particular the skilled engineers and production management members, as its core assets since the Group's future success relies on the strengthening of its product quality and management on a continuing basis. Remuneration policy is reviewed regularly, making reference to the prevailing legal framework, market conditions and performance of the Group and individual staff. Share option schemes were adopted to attract and retain talents to contribute to the Group. However, apart from providing attractive remuneration packages, management believes that the creation of a harmonious working environment suitable for the development of employees' potentials is also important for attracting and retaining qualified staff for its future success. Training programmes are offered to employees for their continuous development. Besides, various employee activities are organised to inspire the team spirit of the Group's staff, which includes the organisation of company outings and sport activities in which the Group's employees, top management (including executive directors) and customers participate. Substantial resources were also devoted to improve the factory and dormitory environment of the Group with a view to providing an attractive working and living environment for the Group's employees.

As at 31 December 2023, the average length of services of the Group's employees below and above manager grade was 3.0 years and 8.6 years respectively.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2023, there was no charge on the Group's assets.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

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

REPORTING BOUNDARY

Unless otherwise indicated, this report covers the Group’s sustainability strategies and the ESG performance during the period from 1 January 2023 to 31 December 2023 (the “Reporting Period” or “the Year”). The ESG information in the ESG report covers twelve industrial parks in China (Shenzhen, Suzhou, Zhongshan, Chongqing, Sichuan, Wuhan and Weihai), Vietnam (Haiphong) and Mexico (San Luis Potosí).

REPORTING STANDARD

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

REPORTING PRINCIPLES

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

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



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

THE BOARD STATEMENTS

The Group is firmly committed to integrating sustainability into all aspects of our business operations. Our primary goal is to make a positive impact to the environment and our community. To achieve this goal, we prioritise the delivery of high-quality products and services, guided by prudent decision-making processes. We actively engage with a wide-range of stakeholders, including investors, customers, employees, suppliers, creditors, regulators, and the public. By engaging in constructive conversation with these stakeholders, we strive to strike a balance between their perspectives and interests, ultimately charting a course for long-term prosperity. During the Reporting Period, the Group has conducted a comprehensive assessment of materiality, drawing upon insights gained from stakeholder engagement activities. Senior management has reviewed and confirmed the material topics identified to ensure its relevance and significance.

This year marks a significant milestone for the Group as we have actively pursued sustainability initiatives through the issuance of sustainability-linked loans. In line with our commitment to sustainability, we have taken proactive measures to develop and implement appropriate reporting policies and procedures. These policies and procedures have been carefully designed based on the widely recognised principles set forth by the Loan Market Association. With relevant quantitative environmental targets and key performance indicators (KPIs) established, the Group is dedicated to advancing its sustainability agenda and making meaningful contributions towards a more sustainable future.

The Board holds the responsibility of identifying, evaluating, and mitigating the ESG-related risks faced by the Group. Our aim is to enhance sustainability and maximise returns for our shareholders while ensuring socially and environmentally responsible business operations. The Board is also accountable for establishing and maintaining relevant risk management and internal control systems that operate effectively. The Group's management regularly reports to the Board on the effectiveness of these systems, as well as the establishment and monitoring the relevant ESG-related goals and targets to raise awareness and drive improvement. The Group's management ensures that all applicable laws and regulations are followed in our operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



INTRODUCTION

Company Overview

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

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

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



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

Board Oversight

The Group’s governance is entrusted to its Board, which is accountable to the shareholders. The Board collectively assumes the responsibility of formulating the strategic business direction of the Group, establishing objectives for management, overseeing performance and assessing the effectiveness of management strategies. Furthermore, the Board evaluates and determines the nature and extent of the risks it is willing to undertake in pursuit of the Group’s strategic objectives. It ensures that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board delegates specific tasks to the Group’s management, including the implementation of Board-approved strategies, internal control and risk management procedures and compliance with statutory requirements and regulations. The Board reviews the performance of the operating divisions on a regular basis and also exercises a number of reserved powers.

During the Reporting Period, the Board has held 12 full Board meetings and one general meeting. Regular meetings are convened by the Chairman at least four times a year, at approximately quarterly intervals and fourteen days’ notice is given to all directors before such meetings. Agendas and related documents are sent to the directors at least three days prior to such meetings. During the Year, Mr. Zhang Hwo Jie, Chairman of the Board, had also held a meeting with two of the independent non-executive directors without the other directors present.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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

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

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

Stakeholder Engagement

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

Stakeholders Groups	Engagement Channels
Regulators	<ul style="list-style-type: none">• Regulatory compliance reports• Meetings and conferences• Regulatory enforcement and inspection
Investors	<ul style="list-style-type: none">• Meetings and conferences• Annual and interim reporting
Customers	<ul style="list-style-type: none">• Customer service centre and hotlines• Customer feedback surveys
Community	<ul style="list-style-type: none">• NGOs and external organisations• Sponsorship and funds
Employees	<ul style="list-style-type: none">• Open and collaborative workspace environment• Training and workshops• Employee feedback and whistleblowing procedures
Suppliers	<ul style="list-style-type: none">• Tendering procurement practices• Meetings and conferences• Supplier site inspections

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Materiality Assessment

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

The ESG issues considered to be material are listed below:

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

PEOPLE AND COMMUNITY

Employees are the cornerstone of our organisation. As of 31 December 2023, the Group recorded a total of 10,238 employees. With the Group’s ongoing expansion, our dedicated and hardworking employees are presented with exceptional prospects for advancing their careers. We take great pride in fostering a workplace that upholds non-discriminatory employment practices, ensuring that every member of our diverse workforce is treated with fairness and respect. Within the Group, we are committed to providing a safe and healthy work environment, as well as the well-being of our employees.

Employee Health and Well-being

The health and safety of our employees is of utmost importance to us. We place a strong emphasis on creating a culture of safety, which guides our employees in adopting sustainable operational practices throughout our facilities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To ensure the highest standards of occupational health and safety, we adhere to international best practices and comply with the ISO45001:2018 Occupational Health and Safety Management System requirements. ISO certifications are widely recognised credentials that demonstrate an organisation's adherence to industry quality, safety, and management system standards. We are committed to maintaining compliance with ISO45001:2018 to continuously improve our occupational health and safety performance. As part of this commitment, we have maintained our practices aligned with the ISO45001:2018 during the Reporting Period. To further enhance occupational health and safety, we provide our employees with relevant training courses and seminars. These cover a range of topics, including product safety, work accidents or injuries, and fire drills. During the Reporting Period, we allocated an average of approximately 1.15 training hours per employee, which is slightly decreased compared to 1.5 hours in 2022.



ISO45001 Certificate

At the national level, we have implemented appropriate measures to prevent workplace accidents and occupational diseases aligned with government standards. Our business operations in Chongqing have standardised work safety enforcement in alignment with the Chongqing Emergency Management Bureau Certified Work Safety Standardisation, as set by the State Administration of Work Safety. This year, we have facilitated several fire drills to familiarise employees with emergency protocols and evacuation procedures in the event of a fire. By simulating real-life scenarios, we aim to enhance employee preparedness and response capabilities, minimising potential risks and ensuring the safety of our people. We continuously evaluate and update our protocols based on the learnings from these drills, promoting a culture of safety and preparedness within our organisation.



Fire Drill, March 2023



Safety Training, March 2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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

We also prioritise the psychological well-being and mental health of our employees, aiming to cultivate a workplace culture of stability and development. To support this goal, we offer free counseling sessions and actively engage employees in sports, cultural events, and artistic competitions organised by local governments and non-governmental organisations. We provide mental health resources and encourage participation in social contests such as hiking competitions and basketball matches, promoting overall well-being and fostering positive relationships among colleagues.

Internally, we have established an employee handbook that outlines policies and procedures related to compensation, recruitment, promotion, working hours, rest periods, employee welfare, and diversity and inclusion. To enhance diversity and inclusion, we regularly organise team-building activities. These initiatives are reviewed annually to ensure that they align with market conditions and business strategies. Our payroll and performance management system, remuneration policy, and bonus system are in place to ensure that staff salaries are aligned with their work experience, qualifications, individual performance, and market conditions. Bonus evaluations are based on self-performance assessments, the operating performance of respective business units, and the Group's overall results.

Since 2008, the Group's employee care fund has provided financial assistance to employees in need, particularly for medical reasons. The fund system continues to contribute cash and in-kind donations to support employees facing financial difficulties or illnesses. In 2023, the employee caring fund system contributed a total of RMB134,450 to employees in need.


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Engagement


Employee engagement is a top priority, and we organise a range of events to foster a positive work environment. Alongside team-building initiatives like hiking and mid-autumn celebrations, we hold annual festival celebrations, competitions, and sports events that promote well-being. After the COVID-19 pandemic, we have shifted our focus from costly events like the “New Year Gala” to practical recognition, allocating the saved funds as performance prizes for our employees. This demonstrates our commitment to valuing and motivating our workforce and care for our employees.

This year, in celebration of Women’s Day, we have taken various steps to honor and support our female employees. These initiatives include hosting lectures on women’s health to promote well-being and organising a special event called Goddess Day. During Goddess Day, we express care and support for all our female employees by providing them with thoughtful gifts and snacks.



 Goddess Day, March 2023




 Women’s Health Education, March 2023


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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



 Volleyball Tournament, January 2023



 Tug of War, May 2023



 Basketball Competition, August 2023



 Hiking Competition, November 2023

Development and Training

We place a strong emphasis on the career development of our employees. To achieve this objective, we have implemented a range of comprehensive training programs designed to support their professional growth. For new employees, we organise various orientations and structured programs that provide a thorough introduction to our industry, enabling them to understand and familiarise themselves with our operations. To further equip our employees with essential skills and knowledge, we offer ongoing training programs to existing employees at all levels, from front-line staff to top management, including executive directors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To support our employees' educational aspirations, we continue to organise our annual Business Objectives Conference (經營方針發佈會) and Budget Review and Management Plan Discussion Forum (預算評審及管理工作研討會). In addition, we continue to practise our annual traditions in Performance Accreditation (榮譽表彰大會) to encourage high performance and maintain employee satisfaction and retention. This encourages high performance, enhances employee retention, and recognise outstanding employees for their contributions. We also provide sponsorship for job-related courses offered by external institutions. We believe that a deep understanding of market conditions, industry trends, and economic outlook is crucial for our managerial employees to make informed decisions in their daily work. To facilitate this, we organise annual conferences and discussion forums where colleagues from middle management or above actively participate and share their views on the industry and the economy. Through knowledge sharing, we broaden our vision and align our business direction.

This year, we have organised several competitions to assess and showcase the skills and knowledge of our employees. These competitions served as a platform for employees to demonstrate their expertise in specific areas and their proficiency with various equipment. The management took special note of the winners of these competitions and acknowledged their achievements. This recognition from the management celebrates the winners' accomplishments and highlights their dedication and talent in their respective fields. By acknowledging the winners, we aim to inspire and motivate other employees to strive for excellence and continuously enhance their skills and knowledge.



Employee Skill Competition, September 2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT


Our senior management members, including executive directors, benefit from interactive training courses, technology forums, and strategy exploration workshops. These initiatives allow the management team to gather, share experiences, and facilitate cross-functional exchanges, thereby fostering a collaborative environment. This year, we continue to comply with the requirements outlined in the provision C.1.4 of the Corporate Governance Code and rule 3.29 of the Listing Rules, ensuring that our directors and the company secretary receive appropriate professional development and training opportunities.

Talent Attraction and Retention

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

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



 Team-building Activities in Celebration of Mid-Autum Festival, September 2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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



⚙️ Interns Training Session, August 2023



⚙️ Knowledge-sharing Sessions August 2023



⚙️ Team-building Activities, August 2023

Spotlight: Collaboration with schools and education institutions

We place great importance on education and are committed to providing meaningful opportunities to the youth. We have collaborated with different schools and education institutions to offer training programs, placement opportunities and employment schemes to the students. For instance, this year, we have forged a partnership with Weihai Vocational College to deliver a comprehensive training program with tailored instruction and career guidance to the students. Through this collaboration, we have made significant contributions to enhancing the teaching materials and resources available in the laboratories of the college, enriching the overall educational experience. Apart from Weihai Vocational College, we also entered into partnerships with various schools and institutions in other provinces in China to offer students with training and employment programs. Additionally, we have actively shared our recruitment information with the students, creating valuable opportunities for them to explore potential career paths and connect with employment practices. We strive to create inclusive learning environments that empower young individuals to unlock their full potential and pursue their academic and professional aspirations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Diversity and Inclusion

The Board is committed to being an employer of choice by offering competitive remuneration packages, continuous training, and rewards. Our goal is to create a diverse and inclusive working environment. To achieve this, we have implemented various initiatives focused on diversity and inclusion, as well as employee engagement.

The overall gender diversity within the Group currently stands at 35% female and 65% male. To address the gender gap issue, we have been working on both Board level and staff level. At the Board level, in 2023, we have appointed one more female executive director to the Board. Currently, the Board consists of two female directors out of seven directors. Given that the newly appointed executive director is a young female member of the Group with a high level of education attainment, we believe that this not only improves our gender diversity, but also widens the age range on our management level. At staff level, we are making deliberate efforts to build a more inclusive working environment as the metal and plastic mould and component manufacturing industry continues to face structural barriers in terms of equal gender representation. Nevertheless, we have implemented highly automated stamping machinery, robotic arms, and remote-controlled laser welding workstations that create a less physically demanding work environment. Our goal is to have such technological advancements create a less physically demanding work environment, opening up opportunities for a more diverse workforce with a higher female ration, disabled workers, and a wider range of age groups.

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



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Labour standards

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

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

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

Community Engagement

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2023, the Group has made charitable contributions to schools in Bao'an District, Shenzhen Machinery Association, and the Red Cross Society of Zhongshan, China. As the Executive Chairman Enterprise of Shenzhen Machinery Association which is a 5A social organisation accredited by the Ministry of Civil Affairs of China, the Group initiated the "1 to 1" educational sponsorship platform. This platform is a collaborative charity project within the industry, dedicated to providing support to underrepresented students in China. During the Reporting Period, a total of 32 enterprises, including our Group, actively participated in this platform, resulting in a cumulative donation amounting to RMB331,500.

In addition to our focus on education, we are also committed to expanding our engagement with underserved communities to address issues related to food insecurity and health. During the Reporting Period, we have made donations worth RMB139,000 to charitable organisations in China to support underprivileged children and elderlies. In 2023, the Group also organised blood donation events at our industrial park in Shenzhen. Thanks to the keen participation by our employees, the events were held successfully. We have also held charity football matches and contributed academic supplies donations to schools in Bao'an District, Shenzhen.

ENVIRONMENTAL MANAGEMENT

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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.

Material Use and Energy Management

During the Reporting Period, the Group has a total procurement of more than 3.6 million kWh of electricity from renewable source of solar energy from energy providers in Wuhan and Zhongshan. It demonstrates our commitment to supporting renewable energy generation and development in China. This proactive action of purchasing clean energy from solar power aligns with the global efforts to mitigate the effects of climate change and fosters a more sustainable energy future.

We fully recognise the importance of water conservation and its relevance in the context of climate change. Our goal is to enhance our water consumption efficiency and contribute to the sustainable management of this vital natural resource. We have taken appropriate steps to reduce water consumption by implementing various water-saving measures and promoting awareness campaigns among our employees. As part of our commitment to responsible water management, we solely rely on water supplied from municipal sources and do not use on-site wells or boreholes. This ensures that our water usage is in line with regulations and helps minimise the risk of depleting local water resources. To minimise water pollution, we continuously work to reinforce wastewater treatment processes in accordance with ISO 14001:2015 Environmental Management Systems standard, an internationally recognised standard for organisations to improve their environmental performance. This practice demonstrates our commitment to conducting appropriate measurements to ensure compliance. Furthermore, we actively engage our employees through campaigns at dormitories and manufacturing areas to increase awareness and promote water conservation.

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

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



ISO 14001 Certificate

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As a result of our environment management initiatives, the overall KPIs in terms of total GHG emissions and GHG emission intensity have decreased this year. For example, total GHG emission intensity had dropped around 15.4% from 13 tCO₂e per million revenue in HKD in 2022 to 11 tCO₂e per million revenue in HKD in 2023. This exemplifies our efforts in conserving the environment and developing our business in a sustainable manner. Moving forward, we will continue to monitor and strive to achieve higher rates of energy efficiency and resource conservation.

Waste Management

The Group recognises that waste serves as an indicator of both inefficiency and environmental degradation. We prioritise waste reduction and have implemented effective measures to minimise our waste generation. Our commitment to waste reduction extends across our operations, as we continually seek ways to improve efficiency, reduce waste and contribute to a cleaner and more sustainable environment. As part of our commitment to optimal resources efficiency, we strive to minimise the materials used in our manufacturing processes while simultaneously increasing our recycling rate and utilisation of reusable materials. We maintain meticulous records of the materials we use, with the overarching goal of reducing waste production.

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

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

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

- Providing clear work instructions and protection gear for employees at all times;
- Ensuring employees have completed the hazardous waste and chemical management trainings before getting on board;

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Storing hazardous wastes in special containers that are acid resistant and solvent resistant;
- Delivering hazardous wastes in separate vehicles;
- Storing hazardous wastes in storage units that are specially constructed to prevent exposure, spillage, fire and explosion at isolated areas within the site;
- Categorising and storing hazardous wastes in corresponding sections within the storage units; and
- Ensuring that hazardous wastes are disposed of and handled by government-authorized hazardous waste disposal companies.

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

Emission Reduction

During the Year, the Group emitted a total of 65,529 tonnes of GHG emissions. The emissions originated from various sources including the consumption of purchased electricity, transportation activities, and the use of ancillary equipment powered with fossil fuels. We are committed to adopting clean energy from the early production stages and target to reduce our GHG emission intensity in the coming years.

During the Reporting Period, the Group has committed to enhancing its ESG performance and acting towards the KPIs set under sustainability-related loans. The KPIs for evaluating our sustainability performance included electricity intensity reduction, GHG intensity reduction and sustainability-related training hours increment. The Group has been making continuous efforts to achieve our sustainability objectives and targets. Additionally, we are committed to reducing air emissions stemming from transportation activities. This objective has motivated us to proactively address the issue by replacing fuel-powered forklifts with electric vehicles, thereby reducing diesel consumption. Further, we are actively working to enhance the consumption of green energy from sustainable sources. One of our emission reduction initiatives involves establishing policies to phase out and replace ancillary equipment with more environmentally friendly options.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We are responsible for the maintenance and renovation of all recently acquired production-related machinery, equipment, and measuring instruments. We conduct regular maintenance and optimization of machinery and equipment to ensure efficient operation, reducing energy waste and emissions. Supporting the improvement of infrastructure in our factories includes providing design, cost estimation, exploration, and supervision services for both new and existing infrastructure. When planning and implementing infrastructure projects, our goal is to incorporate sustainable design principles and technologies, ultimately leading to energy efficiency, reduced emissions, and improved environmental performance.

Since electricity is the primary energy source in our operations, achieving energy efficiency is our top priority. Our facilities are designed by a resource conservation team comprised of staff with expertise in interior equipment architecture and design. The team conducts regular patrols throughout the manufacturing and dormitory areas to identify instances of energy waste. Any demerit points recorded by the resource conservation teams are reported to the appropriate management level and considered in the monthly performance appraisal of responsible employees. These employees are also required to develop and implement corrective action plans for improvement.

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

OPERATIONAL PRACTICES

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Supply chain management

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.

Product responsibility

The Group is dedicated to delivering best practices and achieving high levels of customer satisfaction levels. To ensure the quality, reliability, and safety for our products, the Group has implemented the Inspection and Testing Control Protocol. In this Reporting Period, we have received a total of 107 complaints regarding our products and services subject to recalls for safety reasons. These complaints 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.



 ISO 9001 certificate

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We adopt international best practices in product quality management and has been accredited with ISO9001 certification of Quality Management Systems by the BSI Group since 2000. We remain aligned with the latest version of the ISO9001 standards (i.e. the 2015 version) and demonstrate our compliance with globally-recognised and continuously improving standards. For example, we have the “Inspection and Testing Control System” (檢驗和試驗控制程序) in place as a means to govern the quality, reliability and safety of our products. During the year, the Group continued to implement Quality Control Circles (“QCC”) activities which require the participation of 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 2023, the Group is honoured to be awarded the “Premiere Partner” for the 13th times by Fujifilm.

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

The Group understands the significance of safeguarding and upholding intellectual property rights and strictly complies with relevant laws and regulations. Our commitment in this regard has been acknowledged by the China National Intellectual Property Administration, and we are privileged to be recognised as the “2023 China National Intellectual Property Great Enterprise”. Furthermore, we have implemented measures to ensure compliance, such as requiring our suppliers to install authentic software applications and instructing our employees not to download unauthorised software to prevent any infringement of intellectual property rights.

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



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Customer Privacy and Data Security

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

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

ETHICS MANAGEMENT

Anti-Corruption

We are committed to upholding the highest standards of integrity and ethical conduct in all our operations. As part of our anti-corruption efforts, we strictly adhere to applicable laws and regulations, and we value integrity, proactivity, cooperation and creativity. We have implemented various systems and measures to detect and deter corruption, bribery, or any other fraudulent activities. We conduct regular internal audits of high-risk business units and management teams to assess the effectiveness of the internal control system. The internal audits help us identify any red flags and ensure compliance with ethical standards. In 2023, our internal audit department has found 5 cases of violations of the Group's rules and policies. From these cases, 8 employees were dismissed, and 3 employees were warned.

To ensure that all employees understand and adhere to our anti-corruption policy, the Group's legal department organises compulsory training sessions employees at all levels. Employees in high-risk positions, such as procurement, sales, and finance, receive specialised training to enhance their understanding of national laws and group policies and practical ways to mitigate bribery and corruption risks. During 2023, all of our employees have received anti-corruption training.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

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

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

AWARDS AND RECOGNITIONS

Awards and Honors	Organisers
“Hong Kong – Guangdong Cleaner Production Partners (Manufacturing)” Commendation	The Environment and Ecology Bureau of the HKSAR Government
“2023 China National Intellectual Property Great Enterprise”	China National Intellectual Property Administration
“Best Employer Nomination Award”	Shenzhen Human Resources and Social Security Bureau, Shenzhen General Chamber of Commerce and Shenzhen Small and Medium Sized Enterprises Service Bureau
“2023 Guangdong Top 500 Enterprise”	Guangdong Provincial Enterprises Confederation and Guangdong Provincial Association of Entrepreneurs
“2023 Shenzhen Top 500 Enterprise”	Shenzhen Enterprise Confederation and Shenzhen Entrepreneur Association
“2023 Guangdong Top 500 Manufacturing Enterprises”	Guangdong Manufacturers Association
“Responsible Business Alliance – Silver Certification”	Responsible Business Alliance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PERFORMANCE DATA SUMMARY¹

Environmental Performance

Indicators ²	Unit	2023	2022
GHG emissions			
Total GHG emissions	tonne CO ₂ equivalent (tCO ₂ e)	65,529 ✓	79,969
GHG emissions intensity (by revenue)	tCO ₂ e/million HKD	11	13
Scope 1 GHG emissions ³	tCO ₂ e	365 ✓	2,499
Scope 2 GHG emissions ⁴	tCO ₂ e	65,164 ✓	77,470
Energy consumption			
Total energy consumption	kWh	121,308,670 ✓	111,463,999
Energy consumption intensity (by revenue)	kWh/million HKD	19,621	17,783
Indirect energy consumption			
Purchased electricity	kWh	119,786,561 ✓	101,240,830
Direct energy consumption ⁵			
Petrol	kWh	688,483 ✓	306,576
Diesel	kWh	833,626 ✓	9,916,593
Water consumption			
Total water consumption	m ³	811,345 ✓	749,418
Water consumption intensity (by revenue)	m ³ /million HKD	131	120
Waste management and packaging materials			
Total hazardous waste produced ⁶	tonne	477	458
Hazardous waste intensity	tonne/million HKD	0.08	0.07
Total non-hazardous waste produced ⁷	tonne	49,145	45,138
Non-hazardous waste intensity	tonne/million HKD	7.94	7.20
Total packaging material ⁸	tonne	1,987	1,893

1 The data with a tick mark has been independently verified by PricewaterhouseCoopers. The assurance statement is on page 89 to page 92 of this report.

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

3 Scope 1 direct GHG emissions are calculated based on the emission factors stated in the “Guidance for quantification and reporting of the organisation’s greenhouse gas emissions” published by the Market and Quality Supervision Commission of Shenzhen Municipality. The significant decrease in scope 1 GHG emissions is due to decrease in direct energy consumption.

4 Scope 2 in direct GHG emissions are calculated based on the emission factors stated in the “Notice on Guidance in 2023-2025 Reporting and Management of Greenhouse Gas Emissions of Power Generation Enterprises” (《關於做好2023-2025年部分重點行業企業溫室氣體排放報告與核查工作的通知》) issued by the Ministry of Ecology and Environment (“MEE”) of the People’s Republic of China (“PRC”) and the International Energy Agency (“IEA”) for locations outside China.

5 Direct energy consumption from fossil fuels in the use of mobile combustion sources. It is calculated with reference to “Appendix 2: Reporting Guidance on Environmental KPIs” published by the HKEx. The significant decrease in diesel consumption is due to the replacement of fuel-powered forklifts with electric models.

6 Hazardous waste generated includes plastic waste, electronic waste and chemicals.

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Performance

Indicators	Unit	2023	2022
Employee Profile			
Total workforce ⁹	No. of people	10,238√	9,434
Total workforce by employment type			
Full-time	No. of people	10,059√	7,623
Part-time ¹⁰	No. of people	179√	1,741
Contractual ¹¹	No. of people	-√	70
Total workforce by contract type			
Regular	No. of people	7,843√	7,623
Contractual	No. of people	82√	70
Third-party	No. of people	2,313√	1,741
Total workforce by gender¹²			
Male	No. of people	5,108√	5,108
Female	No. of people	2,735√	2,515
Total workforce by employee category¹²			
General staff	No. of people	7,637√	7,429
Middle management	No. of people	167√	142
Senior management	No. of people	39√	52
Total workforce by age group¹²			
30 or below	No. of people	2,146√	2,225
31-50	No. of people	5,342√	5,215
Over 50	No. of people	355√	183
Total workforce by geographical region¹²			
China and Hong Kong	No. of people	5,761√	7,370
Mexico	No. of people	563√	353
Vietnam	No. of people	1,513√	1,711
Others	No. of people	6√	-
Employee Turnover¹³			
Employee turnover rate	Percentage	4%√	4%

9 In light of substantial increase in short-term production activities and sales orders in 2023, the Group has hired more third-party contract workers.

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

11 Due to the update in the HR data mechanism, the "employment type" of contractual employees will be grouped under "contract type" from 2023 onwards to align with the reporting standard.

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicators	Unit	2023	2022
Employee turnover rate by gender			
Male	Percentage	5%√	5%
Female	Percentage	4%√	4%
Employee turnover rate by age group			
30 or below	Percentage	8%√	7%
31-50	Percentage	4%√	3%
Over 50	Percentage	1%√	3%
Employee turnover rate by geographical region			
China and Hong Kong	Percentage	5%√	4%
Mexico	Percentage	0%√	5%
Vietnam	Percentage	6%√	7%
Development and Training¹⁴			
Total workforce trained	No. of people	4,288	4,567
	Percentage	55%	60%
Employees trained by employee category			
General staff	No. of people	4,260	4,551
	Percentage	56%	61%
Middle management	No. of people	24	14
	Percentage	14%	10%
Senior management	No. of people	4	2
	Percentage	11%	4%
Employees trained by gender¹⁵			
Male	No. of people	2,839	–
	Percentage	56%	–
Female	No. of people	1,449	–
	Percentage	53%	–
Average training hours¹⁶			
Average training hours per employee	Hours/employee	1.15√	1.50
Average training hours per employee by employee category¹⁷			
General staff	Hours/employee	1.17√	1.51
Middle management	Hours/employee	0.56√	1.44
Senior management	Hours/employee	0.61√	0.60

14 The percentage of employees trained is calculated by dividing the monthly average of employees trained for each corresponding category by the number of regular employees within that category as at the end of the Reporting period. Relevant figures in 2022 have been restated to align the calculation methodology across years.

15 Relevant figures have been disclosed from 2023 onwards.

16 The average training hours per employee are calculated by dividing the monthly average of training hours of employees for each corresponding category by the number of regular employees within that category as at the end of the Reporting period. Relevant figures in 2022 have been restated to align the calculation methodology across years.

17 Relevant figures in 2022 have been restated to align the calculation methodology across years.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicators	Unit	2023	2022	
Average training hours per employee by gender¹⁸				
Male	Hours/employee	1.19√	–	
Female	Hours/employee	1.09√	–	
Supply Chain Management				
Total number of suppliers	No. of suppliers	2,512	3,242	
Number of suppliers by geographic location				
Mainland China	No. of suppliers	2,312	2,952	
Vietnam	No. of suppliers	102	130	
Mexico	No. of suppliers	66	120	
Other regions	No. of suppliers	32	40	
Product Responsibility				
Total products sold or shipped subject to recalls for safety reasons	Percentage	0.0139%	0.0184%	
Number of products and service-related complaints received	No. of complaints	107	101	
Community investment				
Amount of money donated				
Total contribution ¹⁹	RMB	139,000	209,555	
Occupational Health and Safety				
Paid leave days due to work injuries	No. of days	2,081	2,346	
Indicators				
	Unit	2023	2022	2021
Work-related fatalities	No. of people	0	0	1

¹⁸ Relevant figures have been disclosed from 2023 onwards.

¹⁹ The Group's monetary contribution to the community focuses on education, public health and poverty alleviation. We allocate resources and financial support to these areas to make a positive impact and create lasting change in our community.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

HKEX ESG REPORTING GUIDE CONTENT INDEX

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

Aspects, General Disclosure, KPIs	Description	Cross-reference in this Report/Comment
--	--------------------	---

A. Environmental

Aspect A1: Emissions

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosure, KPIs	Description	Cross-reference in this Report/Comment
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	OPERATIONAL PRACTICES – Customer Privacy and Data Security
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	ETHICS MANAGEMENT – Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	ETHICS MANAGEMENT – Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	ETHICS MANAGEMENT – Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	ETHICS MANAGEMENT – Anti-Corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	PEOPLE AND COMMUNITY – Community Engagement
KPI B8.1	Focus areas of contribution.	PEOPLE AND COMMUNITY – Community Engagement
KPI B8.2	Resources contributed to the focus area.	PERFORMANCE DATA SUMMARY PEOPLE AND COMMUNITY – Community Engagement PERFORMANCE DATA SUMMARY

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT

To the board of directors of Eva Precision Industrial Holdings Limited.

We have undertaken a limited assurance engagement in respect of the selected sustainability information of Eva Precision Industrial Holdings Limited (the "Company") listed below and identified with a ✓ in the Company's Environmental, Social and Governance ("ESG") report section in the Annual report for the year ended 31 December 2023 ("the 2023 ESG report") (the "Identified Sustainability Information").

IDENTIFIED SUSTAINABILITY INFORMATION

The Identified Sustainability Information for the year ended 31 December 2023 is summarised below:

Environmental

- Scope 1 Greenhouse Gases (GHG) emissions (tCO₂e)
- Scope 2 GHG emissions (tCO₂e)
- Total GHG emissions (tCO₂e)
- Direct energy consumption – petrol (kwh)
- Direct energy consumption – diesel (kwh)
- Indirect energy consumption – purchased electricity (kwh)
- Total energy consumption (kwh)
- Water consumption (m³)

Employment

- Total workforce (Number of people)
- Total workforce by employment type (Number of people)
- Total workforce by contract type (Number of people)
- Total workforce by gender (Number of people)
- Total workforce by employee category (Number of people)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Total workforce by age group (Number of people)
- Total workforce by geographical region (Number of people)
- Employee turnover rate (%)
- Employee turnover rate by gender (%)
- Employee turnover rate by age group (%)
- Employee turnover rate by geographical region (%)

Development and Training

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

Our assurance was with respect to the year ended 31 December 2023 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2023 ESG report and, therefore, do not express any conclusion thereon.

CRITERIA

The criteria used by the Company to prepare the Identified Sustainability Information is set out in the 2023 ESG report under the section “About this Report” (the “Criteria”).

THE COMPANY’S RESPONSIBILITY FOR THE IDENTIFIED SUSTAINABILITY INFORMATION

The Company is responsible for the preparation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

INHERENT LIMITATIONS

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



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OUR INDEPENDENCE AND QUALITY MANAGEMENT

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

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

OUR RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Identified Sustainability Information;
- understood the process for collecting and reporting the Identified Sustainability Information;
- performed limited substantive testing on a selective basis of the Identified Sustainability Information to check that data had been appropriately measured, recorded, collated and reported; and
- considered the disclosure and presentation of the Identified Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Sustainability Information has been prepared, in all material respects, in accordance with the Criteria.

LIMITED ASSURANCE CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's Identified Sustainability Information for the year ended 31 December 2023 is not prepared, in all material respects, in accordance with the Criteria.

Our report has been prepared solely for the board of directors of the Company and is not to be used for any other purpose. We do not assume responsibility towards or accept liability to any other parties for the content of this report.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28 March 2024

The maintenance and integrity of the Company's website is the responsibility of the directors; the work carried out by the assurance provider does not involve consideration of these matters and, accordingly, the assurance provider accepts no responsibility for any differences between the selected sustainability information of Company on which the assurance report was issued or the assurance report that was issued and the information presented on the website.



DIRECTORS AND SENIOR MANAGEMENT PROFILE

The directors and senior management members who held office during the year ended 31 December 2023 and up to the date of this report are as follows:

EXECUTIVE DIRECTORS

Mr. ZHANG HWO Jie, aged 61, is the Chairman of the Group. He is the chairman of the nomination committee, and a member of the remuneration committee of the Company. He is also a director of certain subsidiaries of the Group. Mr. Zhang is responsible for the Group's overall strategic planning and marketing development. Prior to the establishment of the Group, Mr. Zhang had worked for a PRC joint venture company engaging in civil engineering projects. He started his first business in 1983 by acting as a contractor for civil engineering projects of the local government. In 1993, Mr. Zhang established EVA Limited and thereafter Mr. Zhang acquired extensive experience in customer relationship development and corporate management. He has more than 25 years of experience in marketing, strategic planning and corporate management in manufacturing industry. Mr. Zhang was granted with the "Young Industrialist Award of Hongkong" by the Federation of Hong Kong Industries in 2008, and was bestowed as a honorary fellow by The Professional Validation Council of Hong Kong Industries in 2014. He is the president honoris causa of Hong Kong Young Industrialists Council, the honorary chairman of The Hong Kong Metals Manufacturers Association and the honorary president of Hong Kong Mould and Product Technology Association. Mr. Zhang was one of the co-founders of the Group in 1993, and is also a director of Prosper Empire Limited, which was interested in 38.70% of the issued share capital of the Company as at 31 December 2023. Mr. Zhang also serves as the independent non-executive director of Sinomax Group Limited since 4 March 2014. He is a brother of Mr. Zhang Jian Hua and Mr. Zhang Yaohua, who are both the executive directors of the Company. Mr. Zhang Hwo Jie is also the father of Ms. Zhang Yan Yi, an executive director of the Company. Mr. Zhang Hwo Jie was appointed as a director on 27 July 2004.

Mr. ZHANG Jian Hua (Former name: Wong Yat, Michael), aged 49, is the Vice Chairman of the Group, and is also a director of certain subsidiaries of the Group. He is responsible for the Group's organisational structure, production facilities management and business risk monitoring. Mr. Zhang previously worked for the tax bureau in Shenzhen, where he accumulated extensive experience in tax regulations and communications with government departments in China. He also possesses substantial experience in organisational planning, production facilities management and business risk monitoring in the industry of precision mould and component manufacturing. Mr. Zhang was one of the co-founders of the Group in 1993. He is a brother of Mr. Zhang Hwo Jie and Mr. Zhang Yaohua, who are both the executive directors of the Company. Mr. Zhang Jian Hua is the uncle of Ms. Zhang Yan Yi, an executive director of the Company. Mr. Zhang was appointed as a director on 14 September 2005.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. ZHANG Yaohua, aged 51, is the Chief Executive of the Group, and is also a director of certain subsidiaries of the Group. Mr. Zhang is responsible for the Group's operation and management. He was one of the co-founders of the Group in 1993, and has more than 30 years of operational management experience in the industry of precision mould and component manufacturing. He has been a member of the Hong Kong and Macau Committee of the 7th Shenzhen Committee of the Chinese People's Political Consultative Conference (深圳市第七屆政協港澳委員) since May 2021. Mr. Zhang has also been the vice chairman of the 8th executive committee of Shenzhen Federation of Industry & Commerce (深圳市工商業聯合會) since December 2019 and the executive president of Shenzhen Machinery Association (深圳市機械行業協會) since November 2018. Mr. Zhang has been the vice chairman of Guangdong Die & Mould Industry Association (廣東省模具工業協會) since 2010. He has also been the chairman of Guangdong-Hong Kong-Macao Advanced Manufacturing Industry Alliance (粵港澳先進製造產業聯盟) since November 2018 and also the first chairman of Shenzhen Advanced Manufacturing Technology Association (深圳市先進製造技術協會) since April 2021. In May 2023, Mr. Zhang was appointed as the deputy head of Working Committee of Operation and Management (經營管理工作委員會) by China Die & Mould Industry Association (中國模具工業協會). Mr. Zhang received a number of accreditations from 2004 to 2022, including but not limited to one of the outstanding people in machinery industry (深圳機械行業傑出人物) by Shenzhen Machinery Association (深圳市機械行業協會), a "Creative and Outstanding Person of China Enterprises" (中國企業創新優秀人物) by Chinese Association of Market Development (中國市場學會) and China Enterprise News Society (中國企業報社), an "Outstanding Entrepreneur in China Machinery Industry" (中國機械工業優秀企業家) by China Machinery Industry Federation (中國機械工業聯合會), a "Remarkable Person of Commerce in Shenzhen" (深商風雲人物) by Shenzhen General Chamber of Commerce (深圳市商業聯合會) and Shenzhen Economic Daily (深圳商報), "Ten New Figures in Guangdong's Business Community" (廣東商界十大新銳人物) by Guangdong General Chamber of Commerce (廣東省商業聯合會), "30 years in Shenzhen Machinery Industry – Outstanding Contribution Award" (深圳機械三十年 – 卓越貢獻獎) from Shenzhen Machinery Association (深圳市機械行業協會), one of the "Top 100 Business Leaders in Shenzhen" (深圳百名行業領軍人物) by Shenzhen Social Organisation Federation (深圳市社會組織總會), Shenzhen Enterprise Confederation (深圳市企業聯合會), Shenzhen Entrepreneur Association (深圳市企業家協會), Shenzhen Press Group (深圳報業集團), Shenzhen Media Group (深圳廣播電影電視集團) and "Times Entrepreneur" magazine (「時代商家」雜誌社), "Shenzhen Industry Award – the Industrialist Award" (深圳工業大獎 – 工業家獎) by the Federation of Shenzhen Industries (深圳工業總會) and Shenzhen Economic Daily (深圳商報), one of the "4th Quality Leaders in Shenzhen" by Shenzhen Association for Quality (深圳市質量協會) and one of the "Top 100 Innovation Strivers in Shenzhen" (深圳百名創新奮鬥者) by the Shenzhen Industry Leader Corporate Development Promotion Association (深圳市行業領袖企業發展促進會) and Shenzhen Economic Daily (深圳商報). Mr. Zhang is a brother of Mr. Zhang Hwo Jie and Mr. Zhang Jian Hua, who are both the executive directors of the Company. Mr. Zhang Yaohua is the uncle of Ms. Zhang Yan Yi, an executive director of the Company. Mr. Zhang is also a director of Prosper Empire Limited, which was interested in 38.70% of the issued share capital of the Company as at 31 December 2023. Mr. Zhang was appointed as a director on 11 January 2005.



DIRECTORS AND SENIOR MANAGEMENT PROFILE

Ms. ZHANG Yan Yi, aged 27, is an executive director of the Company, and is also a director of certain subsidiaries of the Group. Ms. Zhang joined the Group in 2020 and she is mainly responsible for the Group's internal process and risk management. Ms. Zhang graduated from Royal Holloway University of London and Durham University. She obtained a bachelor's degree in Science (Economics) (First Class Honors) at the Royal Holloway University of London in 2018 and a Master of Science (Management) degree at Durham University in 2020. Ms. Zhang Yan Yi is also a director of Prosper Empire Limited, which was interested in 38.70% of the issued share capital of the Company as at 31 December 2023. Ms. Zhang was appointed as a director on 21 July 2023.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAM Hiu Lo, aged 62, is an independent non-executive director of the Company. He is also the chairman of the remuneration committee of the Company and a member of the audit committee and nomination committee of the Company. Mr. Lam has over 30 years of experience in sales and marketing in China. Over the years, he has successfully built up a strong business and personal network in China. Mr. Lam is currently an executive director of Planetree International Development Limited (formerly known as Yugang International Limited), a public company listed on The Stock Exchange of Hong Kong Limited. He was appointed as a director on 11 January 2013.

Dr. CHAI Ngai Chiu Sunny, aged 57, is an independent non-executive director of the Company. He is also a member of the audit committee, nomination committee and remuneration committee of the Company. Dr. Chai has over 30 years of experience in the field of manufacturing. Dr. Chai is currently the group managing director of Fook Tin Group Holdings Limited which is specialised in research and development, manufacturing, marketing and distribution of quality electronic, healthcare and medical devices. Dr. Chai has assumed the position of the chairman of Hong Kong Science and Technology Parks Corporation since 2018. In 2023, he has been appointed as the honorary president by the Federation of Hong Kong Industries and has become a member of the National Committee of the Chinese People's Political Consultative Conference. He was awarded the Bronze Bauhinia Star (BBS) in 2018 and Silver Bauhinia Star (SBS) in 2023 by the Chief Executive of Hong Kong for his outstanding contribution to the promotion of innovation and technology development in Hong Kong. He was also appointed as a Justice of Peace in 2021. Dr. Chai graduated with a Bachelor of Science Degree in Business from Rochester Institute of Technology (USA) in 1988 and completed an Executive MBA program (EMBA) at the Chinese University of Hong Kong in 2007. In 2010, he was awarded the Doctor of Engineering (EngD) from the City University of Hong Kong. He was conferred a University Fellow by the Hong Kong Polytechnic University in 2018 and was conferred an Honorary Fellow by the City University of Hong Kong in 2022. He was also conferred an Honorary Fellow by the Chinese University of Hong Kong and an Honorary University Fellow by Hong Kong Baptist University in 2023. Dr. Chai received the Young Industrialist Award of Hong Kong in 2004. He also received Distinguished Alumni Award from City University of Hong Kong in 2022. He was appointed as a director on 15 June 2020.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Ms. LING Kit Sum (Alias: Ling Imma Kit Sum), aged 69, is an independent non-executive director of the Company. She is also the chairman of the audit committee of the Company. Ms. Ling has over 30 years of experience in the field of auditing and accounting. She was an assurance partner of PricewaterhouseCoopers before she retired from the partnership in June 2013. Ms. Ling is a council member and the treasurer of The Education University of Hong Kong. She is also a council member of The Hong Kong Federation of Youth Groups and an executive committee member of the Hong Kong Youth Hostels Association. Ms. Ling was appointed as an independent manager of the incorporated management committee of Ng Yuk Secondary School, an aided school, in February 2023. Ms. Ling was appointed as a member of the Advisory Board of the Hong Kong Institute of Information Technology (“HKIIT”) of Vocational Training Council in October 2023. Prior to the establishment of HKIIT, Ms. Ling had been a member of its Preparatory Advisory Committee since July 2023. Ms. Ling previously served as a member of the Hospital Governing Committee of Hospital Authority from April 2015 to March 2022 and the Appeal Board Panel (Town Planning) from October 2016 to September 2022. She also served as a board member of the Estate Agents Authority from November 2015 to October 2021 and the Employees Compensation Assistance Fund Board from July 2006 to June 2012. Ms. Ling was an independent non-executive director of Digital Hollywood Interactive Limited from November 2017 to June 2021 and Wise Ally International Holdings Limited from December 2019 to June 2023, both of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Ms. Ling is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Chartered Professional Accountants of Canada and the Chartered Institute of Management Accountants. She is an accredited general mediator. Ms. Ling is also an independent non-executive director of Arta TechFin Corporation Limited, Raymond Industrial Limited, Melbourne Enterprises Limited and ENM Holdings Limited, all of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Ms. Ling was appointed as a director on 1 July 2020.

SENIOR MANAGEMENT

Ms. LEE Hiu Laam Joyce, aged 36, is the chief financial officer of the Group and the company secretary of the Company. Ms. Lee is responsible for the accounting, taxation and financial affairs of the Group. Ms. Lee has over 10 years of experience in accounting, auditing and financial management. Prior to joining the Company, she was the financial controller of a fintech company specializing in digital wallet and e-payments, and before that the head of the corporate finance team of a multinational garment manufacturer and retailer headquartered in Hong Kong, and a manager in PricewaterhouseCoopers. Ms. Lee is a member of the Hong Kong Institute of Certified Public Accountants. She holds a bachelor’s degree in Business Administration (Marketing and Management) from the Chinese University of Hong Kong. Ms. Lee was appointed as the company secretary on 1 January 2021.

CORPORATE GOVERNANCE REPORT

The Group is committed to maintaining high standards of corporate governance. The Board believes that good corporate governance practices are important to safeguard and maximise shareholder value. The Company has its own code of conduct regarding corporate governance which is not less stringent than the provisions of the Corporate Governance Code (the “CG Code”) as set out in Part 2 of Appendix C1 (formerly Appendix 14) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (the “Listing Rules”) and the Company also has a policy of seeking to comply with established best practices in the field of corporate governance.

CORPORATE CULTURE

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

⚙️ Fair treatment of Stakeholders

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

⚙️ Excellence

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

Core Values

⚙️ Integrity

- Act honestly and ethnically
- Maintain a compliant culture

CORPORATE GOVERNANCE REPORT

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

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

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

THE BOARD OF DIRECTORS

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



CORPORATE GOVERNANCE REPORT

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

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

CORPORATE GOVERNANCE REPORT

COMPOSITION OF THE BOARD

During the year, the Board had the following directors:

Executive directors

Mr. Zhang Hwo Jie (*Chairman*)

Mr. Zhang Jian Hua (*Vice Chairman*)

Mr. Zhang Yaohua (*Chief Executive*)

Ms. Zhang Yan Yi (Appointed on 21 July 2023) (Note)

Independent non-executive directors

Mr. Lam Hiu Lo

Dr. Chai Ngai Chiu Sunny

Ms. Ling Kit Sum

The biographical details of the directors are set out on page 93 to page 96 under the section headed “Directors and Senior Management Profile” of the annual report.

Relationship between the Board members

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

Independent non-executive directors

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

Mr. Lam Hiu Lo has acted as an independent non-executive director of the Company for more than nine years. The Company has received from Mr. Lam Hiu Lo an annual confirmation that he and his immediate family members are independent from the Group as required under rule 3.13 of the Listing Rules.

Note: Ms. Zhang Yan Yi obtained legal advice referred to in rule 3.09D of the Listing Rules on 21 July 2023.



CORPORATE GOVERNANCE REPORT

In the process of assessing the independence of Mr. Lam, the nomination committee of the Company has, in addition to the factors set out in rule 3.13 of the Listing Rules and the independence confirmation of Mr. Lam, considered (i) whether Mr. Lam can maintain his impartiality and independent judgment on matters concerning the Group despite his long service; (ii) his relationship with the executive directors and other senior management of the Group; (iii) whether Mr. Lam's experience and networks remain relevant to the Group; and (iv) Mr. Lam's attendance records and contributions at board meetings, board committee meetings, and general meetings of the Company. Throughout his directorship with the Company, Mr. Lam has been consistent in offering impartial advice to and exercising independent judgment on matters concerning, the Group, and has never engaged in any executive management of the Group. He has been serving on governance committees of the Board to scrutinise the Company's performance in meeting corporate governance goals. He has also been attending general meetings of the Company to gain a balanced understanding of the shareholders' views. Taking into account his ability and consistency in providing impartial and valuable advice to the Group, as well as the benefits to the Group which are attributable to his vast experience and strong networks in China, the Board considers Mr. Lam to be suitable in holding office as an independent non-executive director of the Company.

In accordance with the Company's Articles of Association, Mr. Lam Hiu Lo shall retire from office by rotation at the forthcoming annual general meeting. The Board believes that the continuous appointment of Mr. Lam Hiu as an independent non-executive director will help to maintain the stability of the Board as Mr. Lam Hiu Lo has, over time, gained valuable insight into the business strategy and policies of the Group. The Board therefore recommends the re-appointment of Mr. Lam Hiu Lo, who stands for re-election, at the forthcoming annual general meeting. A circular containing detailed information of all directors standing for re-election at the forthcoming annual general meeting of the Company will be sent to the shareholders.

The Group has also received from each of the other independent non-executive directors, namely, Dr. Chai Ngai Chiu Sunny and Ms. Ling Kit sum, a written annual confirmation that each of them and their immediate family members are independent from the Group as required under rule 3.13 of the Listing Rules. As such, the Group considers Dr. Chai Ngai Chiu Sunny and Ms. Ling Kit Sum to be independent.

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

Chairman and Chief Executive

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

CORPORATE GOVERNANCE REPORT

Directors' responsibilities for the financial statements

The directors acknowledged their responsibilities for the preparation of financial statements of the Group to ensure that these financial statements give a true and fair view of the state of affairs of the Group, its results of operations and cash flows. In preparing the financial statements for the year ended 31 December 2023, the Board had selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements in accordance with relevant accounting standards and regulations and on a going concern basis. The directors are also responsible for ensuring that proper accounting records of the Group which disclose the Group's financial position are kept at all times and taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in the preparation of the financial statements. The Board has also reviewed and discussed the effectiveness of the Group's risk management and internal control systems, including financial, operational and compliance controls for the year ended 31 December 2023.

Board and general meetings

During the year ended 31 December 2023, the Company held 12 full Board meetings and one general meeting.

Directors	Number of attendance	
	Board meeting	General meeting
Executive directors		
Mr. Zhang Hwo Jie	12/12	1/1
Mr. Zhang Jian Hua	12/12	0/1
Mr. Zhang Yaohua	12/12	1/1
Ms. Zhang Yan Yi (Appointed on 21 July 2023)	7/7	0/1
Independent non-executive directors		
Mr. Lam Hiu Lo	12/12	1/1
Dr. Chai Ngai Chiu Sunny	12/12	0/1
Ms. Ling Kit Sum	12/12	1/1

Due to overseas work engagement, the Chairman of the Board, Mr. Zhang Hwo Jie, was unable to attend the Company's annual general meeting held on 18 May 2023 in person. Mr. Zhang Hwo Jie had, however, joined the meeting by video conference. Mr. Zhang Jian Hua, one of the executive directors, was unable to attend the Company's annual general meeting held on 18 May 2023 due to his work engagement.



CORPORATE GOVERNANCE REPORT

Mr. Lam Hiu Lo and Dr. Chai Ngai Chiu Sunny, two of the independent non-executive directors of the Company, were unable to attend the Company's annual general meeting held on 18 May 2023 in person because of their other business commitments. Mr. Lam Hiu Lo had, however, joined the meeting by video conference.

During the year ended 31 December 2023, Ms. Zhang Yan Yi had attended all the board meetings held after her appointment as a director of the Company on 21 July 2023.

Ms. Zhang Yan Yi had not attended the annual general meeting of the Company held on 18 May 2023 as the annual general meeting was held before her appointment as a director of the Company on 21 July 2023.

The Chairman of the Board and the chairmen of audit, remuneration and nomination committees of the Company had attended the annual general meeting in 2023 to gain and develop a balanced understanding of the views of the shareholders in accordance with F.2.2 of the CG Code. In addition, a Board meeting was held on 12 December 2023 pursuant to C.2.7 of the CG Code between the Chairman of the Board and two of the independent non-executive directors, namely Mr. Lam Hiu Lo and Dr. Chai Ngai Chiu Sunny, without the other executive directors present. A subsequent telephone call was conducted between the Chairman of the Board and Ms. Ling Kit Sum, an independent non-executive director who was unable to attend the above-mentioned meeting. During the call, the Chairman of the Board updated Ms. Ling Kit Sum about the discussion that took place at the meeting and exchanged views. Since the attendance of the other executive directors was not required for that meeting, Mr. Zhang Jian Hua, Mr. Zhang Yaohua and Ms. Zhang Yan Yi had not attended that meeting.

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

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

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

CORPORATE GOVERNANCE REPORT

Directors' Continuing Professional Development Programme

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

The individual training record of each director during the year ended 31 December 2023 is set out below:

Directors	Type of continuous professional development programmes (Note)
Executive directors	
Mr. Zhang Hwo Jie	(A) and (B)
Mr. Zhang Jian Hua	(A) and (B)
Mr. Zhang Yaohua	(A) and (B)
Ms. Zhang Yan Yi (Appointed on 21 July 2023)	(A) and (B)
Independent non-executive directors	
Mr. Lam Hiu Lo	(A) and (B)
Dr. Chai Ngai Chiu Sunny	(A) and (B)
Ms. Ling Kit Sum	(A) and (B)

Note:

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

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

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

The audit committee comprises the three independent non-executive directors, namely, Ms. Ling Kit Sum, Mr. Lam Hiu Lo and Dr. Chai Ngai Chiu Sunny, with Ms. Ling Kit Sum as the chairman. During the year ended 31 December 2023, the audit committee held 2 meetings and had attended to the following matters:

- discuss with external auditor with respect to the accounting principles and practices adopted by the Group, and compliance with the Listing Rules and other financial reporting requirements; and
- discuss the risk management, internal control and financial reporting matters relating to the annual financial statements for the year ended 31 December 2022 and the interim financial statements for the six months ended 30 June 2023 before recommending the financial statements to the Board for approval.

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

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

CORPORATE GOVERNANCE REPORT

The audit committee had reviewed the accounting principles and practices adopted by the Group and discussed the risk management, internal control, corporate governance and financial reporting matters with management including a review of the audited consolidated financial statements for the year ended 31 December 2023. The audit committee considered the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting functions, and their training programmes and budget. The audit committee also reviewed the training and continuous development of the directors and senior management.

NOMINATION COMMITTEE

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

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

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

CORPORATE GOVERNANCE REPORT

The nomination committee comprises the Chairman, Mr. Zhang Hwo Jie and two independent non-executive directors, namely, Mr. Lam Hiu Lo and Dr. Chai Ngai Chiu Sunny. Mr. Zhang Hwo Jie is the chairman of the nomination committee. During the year ended 31 December 2023, the nomination committee held 3 meetings. Individual attendance of each nomination committee member at the meetings is as follows:

Name of nomination committee member	Attendance
Mr. Zhang Hwo Jie	3/3
Mr. Lam Hiu Lo	3/3
Dr. Chai Ngai Chiu Sunny	3/3

The nomination committee had reviewed the structure, size and composition of the Board and assessed the independency of the independent non-executive directors during the year ended 31 December 2023. The nomination committee had also considered the number and nature of offices in other public companies and organisations held by the directors and evaluated the performance and contribution of the directors including the sufficiency of their time and attention given to the Company's affairs. The nomination committee also reviewed the Company's board diversity policy and the board nomination policy.

During the year ended 31 December 2023, the nomination committee made recommendation to the Board on the appointment of a new executive director. The Company's procedures for the nomination of a director (set out below) have been adopted in making the recommendation.

PROCEDURES FOR THE NOMINATION OF A DIRECTOR

- (i) The company secretary shall call a meeting of the nomination committee, and invite nominations of candidates from Board members for consideration by the nomination committee prior to its meeting;
- (ii) For filling a casual vacancy, the nomination committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the nomination committee shall make nominations to the Board for its consideration and recommendation;
- (iii) Any director appointed by the Board to fill a casual vacancy shall hold office only until the next following general meeting of the Company and shall then be subject to re-election by shareholders;
- (iv) In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, a circular will be sent to shareholders. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information of the proposed candidates, as required pursuant to the applicable laws, rules and regulations, will be included in the circular to shareholders;

CORPORATE GOVERNANCE REPORT

- (v) A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the company secretary;
- (vi) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting; and
- (vii) The Company's shareholders have the right to propose a person for election as a director at a general meeting without the recommendation by the Board and the nomination committee. The procedures for shareholders to propose a person for election as a director are available on the Company's website at www.eva-group.com or www.irasia.com/listco/hk/evaholdings.

BOARD DIVERSITY POLICY

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

Summary

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

Measurable Objectives

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



CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2023, the nomination committee had reviewed the board diversity policy of the Company, and the composition and diversity of the Board. Since the Board is composed of members coming from diverse backgrounds including manufacturing, sales and marketing, property development and professional accountants and they are also diverse in age, gender and knowledge, the nomination committee considered the Board to possess a diversity of perspectives which is up to the standard of the Listing Rules and is appropriate to the Group's requirements.

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

The Board places tremendous emphasis on diversity (including gender diversity) across all levels of the Group. The total gender diversity of the Group stands at a relatively high level, with an overall split of 35% female/65% male, amongst companies in the same industry. To support diversity across all facets, beyond gender, including race and ethnicity, disability, social mobility and age, the Group is enhancing diversity and inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviours. Further details on the gender ratio of the Group and initiatives taken to improve gender diversity across senior management and the wider workforce, together with relevant data, are outlined in the "Environmental, Social and Governance Report" on pages 54 to 92.

REMUNERATION COMMITTEE

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

CORPORATE GOVERNANCE REPORT

The remuneration committee comprises the Chairman, Mr. Zhang Hwo Jie and two independent non-executive directors, namely, Mr. Lam Hiu Lo and Dr. Chai Ngai Chiu Sunny. Mr. Lam Hiu Lo is the chairman of the remuneration committee. During the year ended 31 December 2023, the remuneration committee held 3 meetings. Individual attendance of each remuneration committee member at the meetings is as follows:

Name of remuneration committee member	Attendance
Mr. Zhang Hwo Jie	3/3
Mr. Lam Hiu Lo	3/3
Dr. Chai Ngai Chiu Sunny	3/3

The remuneration committee reviewed and discussed the policy and structure for directors' and senior management remuneration by reference to salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group. The remuneration committee also considered the terms of appointment and remuneration proposal of individual directors upon renewal of directors' service contracts. The remuneration committee also made recommendation to the Board on the terms of the service contract of the new executive director appointed during the year. Details of the remuneration to directors and senior management for the year ended 31 December 2023 are set out in Note 25 and Note 34 to the consolidated financial statements.

The Company had 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.

Pursuant to the Consultation Conclusions on Proposed Amendments to Listing Rules relating to Share Schemes of Listed Issuers and Housekeeping Rule Amendment published by the Stock Exchange in July 2022, Chapter 17 of the Listing Rules was amended with effect from 1 January 2023. In light of the above, the Company's remuneration committee proposed that the Company to terminate the 2015 Share Option Scheme and to adopt the a new share option scheme (the "2023 Share Option Scheme"). The 2023 Share Option Scheme became effective on 18 May 2023, the date on which it was approved by the shareholders at the annual general meeting of the Company that was held on the same day.



CORPORATE GOVERNANCE REPORT

PERFORMANCE OF CORPORATE GOVERNANCE DUTIES

The audit committee is also responsible for the corporate governance duties and determining the policy for the corporate governance of the Group. Therefore, the Group has not established another board committee for the performance of corporate governance duties at present. The audit committee had reviewed the Group's policies and practices on corporate governance and compliance with legal and regulatory requirements including the compliance with the CG Code during the year ended 31 December 2023. The audit committee also reviewed the training and continuous development of directors and senior management.

RISK MANAGEMENT AND INTERNAL CONTROLS

Overview

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

Risk management structure

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

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

CORPORATE GOVERNANCE REPORT

- The core function of the **Risk Management Centre** of the Group is to coordinate and oversee the status of compliance with risk management and internal control systems guidelines and standards within all levels of the Group, and ensure such systems, guidelines and standards are properly implemented on a Group-wide basis. This involves critically assessing and managing key operational and management risk areas within the Group, including but not limited to working with other departments of the Group to ensure there is effective communication across all departments at a operational level via secured internal IT systems database and documentation procedures. The Risk Management Centre is also responsible for reporting to the management and the board on material risks affecting the Group, liaising and consulting with external auditors, legal counsel and other professional parties where appropriate, and assisting the Board in developing mitigating measures to counter such risks.
- The **Audit Committee** of the Company reviews the effectiveness of the Group's internal audit function which is under the Risk Management Centre, and supervises and works closely with external auditors to continually review the material risks identified, in particular any audit and compliance issues, and is responsible for providing guidance on how to mitigate such risks, and report to the Board as appropriate. The Audit Committee also facilitates independent audit and assessment by external auditors. For further details, please refer to pages 105 to 106 of the annual report.
- **The Board** is responsible for overseeing the management of all risk identification, assessment and mitigating efforts conducted by the Group and to ensure that the risk management framework aligns with the overall business and strategic objectives and policies of the Group as a whole.

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

- **prior to entering into any transaction**, collect comprehensive data and information relating to the operations and counterparties and identifying and assessing key risks, and documenting the same accordingly;
- **during such transaction**, assess legal, operational, financial and other risks, ensure compliance with laws and regulations (including the Listing Rules) and consult with external independent professional parties where appropriate to ensure that the management and the Board are well advised and understands the key risk areas before approving a particular transaction; and

CORPORATE GOVERNANCE REPORT

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

Material risks to the Group

The following is a summary of the material risks (including operational, economic and social and environmental risks) faced by the Group, and the countermeasures implemented by the Group during the financial year ended 31 December 2023 in order to manage and mitigate such risks:

Item	Risk Factor	Risk Rating (Critical/ Moderate/ Low)	Counter Measures
A. Operational Risks			
1.	<p>Customer concentration risk</p> <p>For the year ended 31 December 2023, sales to the five largest customers combined represented 62.2% of the Group's total turnover for the reporting period.</p> <p>Any change in these customers' businesses and financial conditions is likely to have an impact on the financial performance of the Group.</p>	Moderate	<p>a) Perform credit evaluation of the Group's customers to ensure that sales are made only to entities with viable businesses and sound financial background.</p> <p>b) Closely monitor and approve credit periods granted to the customers by management of the Group.</p> <p>c) Identify and develop new customers to widen the customer base and reduce the reliance on existing key customers.</p>
2.	<p>Customer destocking and relocation of orders</p> <p>In 2023, the Group's OA equipment customers have reduced their stock and order demands. Further, there has been a decrease in customer orders from Shenzhen and Suzhou in the OA equipment sector, and an increasing trend of customer orders coming from Southeast Asia.</p> <p>Failure to manage the operations of the Group to align with the changing customer trends may adversely affect the Group's operations and financial performance.</p>	Moderate	<p>a) Continued development of the Group's production base in Vietnam to match the trend of OA equipment orders moving to Southeast Asia.</p> <p>b) Obtained a new leasehold land in Quang Ninh Province in northern Vietnam during the year and will begin construction of a new industrial park in 2024 to take advantage of low labour costs and policy incentives in Vietnam</p> <p>c) Continued monitoring of stock balance and operations in existing Shenzhen and Suzhou operations for the OA equipment sector.</p>

CORPORATE GOVERNANCE REPORT

Item	Risk Factor	Risk Rating (Critical/ Moderate/ Low)	Counter Measures
3.	<p>Supply chain risk</p> <p>The Group depends on its suppliers for the stable and timely delivery of materials.</p> <p>Any shortage or delay in supply or deterioration in quality of materials may adversely affect the Group's operations.</p>	Low	<p>a) In selecting suppliers, apart from the quality of services and products, the Group also takes into account supplier integrity, social responsibility, and emission and pollution levels. Procurement teams are trained to consider all aspects of these policies. Tendering procedures are communicated thoroughly to vendors to ensure clarity and understanding of expectations.</p> <p>b) Suppliers are evaluated and ranked based on legal, financial and technical benchmarks. Annual background checks are conducted to assess track records of a supplier in key risk areas, for example, disputes with stakeholders, risk of corruption, integrity and social responsibility actions.</p> <p>c) Conduct regular reviews and updates to policies and parameters of the Group in sourcing materials from suppliers to ensure effective cost control and good quality of materials is maintained.</p>

B. Economic and Social Risks

1.	<p>After effects of COVID-19</p> <p>Although the economy is slowly recovering from COVID-19, inventories accumulated during the pandemic had resulted in oversupply and overstocking in many industries, especially for the downstream electronics manufacturing sector in which the Group operates. In 2023, global economic rebound was less than expected and customer demand was relatively low.</p> <p>Any change in these customers' demands and financial conditions is likely to have an impact on the financial performance of the Group.</p>	Low	<p>a) Improve effective cost control in relation to production capacity of the Group, such as lowering operating costs in relation to wages, rental and administrative expenses, in order to streamline the operations of the Group.</p> <p>b) Identify and develop new customers to widen the customer base and spread the impact of oversupply.</p>
----	--	-----	---

CORPORATE GOVERNANCE REPORT

Item	Risk Factor	Risk Rating (Critical/ Moderate/ Low)	Counter Measures
2.	<p>Slow economic development in Europe due to high interest rates may affect the Group's business</p> <p>During the year, turnover of the automotive component business in Shenzhen has slightly fallen, mainly due to economic development in Europe slowing down at the burden of high interest rates in 2023, ultimately affecting the Group's mould export business.</p> <p>Failure to manage and diversify this risk may have an impact on the financial performance of the Group.</p>	Low	<p>a) Diversify risk to other parts of the operations of the Group, for example supporting other industrial parks of the Group with respect to other automotive-related businesses of the Group on technological R&D, mould design and production.</p> <p>b) Expand other market opportunities such as new energy vehicle (NEV) industry in order to diversify the Group's business and boost strategic customer base and increase orders in other segments of the Group.</p>
3.	<p>Geopolitical instabilities and uncertainty may affect customer orders, raw material supply and prices</p> <p>Sino-US relations continue to be tense and situation between Russia and Ukraine unstable, impacting customer order intentions, pushing up global inflation and affecting raw material supply and prices, which significantly impact global industrial chains, in particular that of the manufacturing industry.</p> <p>Failure to put in place measures to counter these economic and social risks may adversely affect the Group's business and operations.</p>	Low	<p>a) Persist with prudent financial strategy and cost control efforts.</p> <p>b) Make use of its global production layout, its formidable R&D team, premium quality production resources and highly synergistic supply chain network in order to diversify the risk across the Group's operations and lower the impact of the risk on any particular segment.</p>

CORPORATE GOVERNANCE REPORT

Item	Risk Factor	Risk Rating (Critical/ Moderate/ Low)	Counter Measures
C. Environmental Risks			
1.	Climate risk Extreme weather conditions (such as typhoons and rainstorms) may cause possible financial loss to the Group.	Low	<ul style="list-style-type: none"> a) Implement climate-resilient design and development plans to mitigate potential adverse impacts from extreme weather conditions. b) Establish business continuity plans to minimise disruptions and losses during suspension of operation. c) Regularly review the impact of climate change on the Group's operation and formulating measures in response to various risks to achieve sustainable development.
2.	Material use, energy, emissions and waste management The Group is required to comply with numerous environmental protection laws and regulations promulgated by the national, provincial and municipal governments in the PRC. These regulations govern, inter alia, the prescribed standards in relation to the discharge of solid wastes, effluent and gases. Penalties may be imposed on companies which fail to comply with relevant requirements.	Low	Launch various initiatives to optimise material use, reduce emissions, and conserve resources through efficient waste management. For further details, please refer to pages 70 to 74 of the annual report.

The Group's activities also expose it to a variety of financial risks, such as market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. For further details on how the Group managements such risks, please refer to pages 157 to 166 of the annual Report.



CORPORATE GOVERNANCE REPORT

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

The Group's risk management and internal control systems guidelines and standards as described above are designed to manage and mitigate risks. While such systems guidelines and standards may not be able to entirely eliminate the risk of failure to achieve the Group's strategic and business objectives, it can provide a reasonable (but not absolute) assurance against material misstatement or loss. The Group conducts operational and financial audits at least annually and on a regular basis throughout the financial year in order to ensure that all transactions remain compliant with these systems guidelines and standards, and to ensure all risks of the Group are managed sufficiently. The Audit Committee, on behalf of the Board, has worked closely with the management of the Group and the Board, and have discussed and confirmed with the external auditors in relation to the financial reporting matters and risk management and internal control systems for the year ended 31 December 2023, and the Audit Committee considered such systems guidelines and standards to be effective and adequate, and no significant areas of concern were identified.

Handling and dissemination of inside information

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

AUDITOR'S REMUNERATION

During the year ended 31 December 2023, the total remuneration for audit services provided by PricewaterhouseCoopers, the external auditor, amounted to HK\$4,490,000. The audit fee was approved by the audit committee. The statement made by the external auditor in respect of their reporting responsibilities is set out on page 141 to page 145 of the annual report.

During the year ended 31 December 2023, the total remuneration for permissible non-audit services provided by the external auditor (including any entity under common control, ownership or management with the external auditor) amounted to HK\$758,000. The non-audit services comprised tax compliance and consulting services of approximately HK\$148,000 and advisory and assurance service on environmental, social and governance report of approximately HK\$610,000. The audit committee had been briefed in respect of the non-audit services and related fees and was satisfied that such services did not (in terms of the nature of services and the amount of fees charged) affect the independence of external auditor. The re-appointment of PricewaterhouseCoopers as the auditor of the Company has been recommended by the audit committee and endorsed by the Board and is subject to approval by shareholders at the forthcoming annual general meeting.

CORPORATE GOVERNANCE REPORT

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

COMPANY SECRETARY

The company secretary is Ms. Lee Hiu Laam. The Board had reviewed the training and continuous professional development of the company secretary during the year ended 31 December 2023 and considered that the requirements under rule 3.29 of the Listing Rules in respect of the professional training of the company secretary were complied.

DIVIDEND POLICY

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

The Board recommends the payment of a final dividend of HK1.99 cents per ordinary share, totaling approximately HK\$34,644,000, for the year ended 31 December 2023 which is subject to shareholders' approval at the Company's forthcoming annual general meeting to be held on 20 May 2024. Together with the interim dividend of HK\$36,559,000 paid on 25 September 2023 in respect of the six months ended 30 June 2023, the interim and final dividends for the year ended 31 December 2023 will be approximately HK\$71,203,000, which is in line with the Group's normal target payout ratio of about 30% of the net profit.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

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

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

Procedures for directing shareholders' enquiries to the Board

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

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

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

CORPORATE GOVERNANCE REPORT

- (iii) corporate information is made available on the Company's websites; and
- (iv) annual general meetings and other general meetings provide a forum for the shareholders to make comments and exchange views with the directors and senior management.

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

CHANGES IN CONSTITUTIONAL DOCUMENTS

There is no significant change in the Company's memorandum and articles of association during the year ended 31 December 2023.

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 Listing Rules. Having made specific enquiry of all directors, the Company reported that all directors have complied with the required standards set out in the Model Code during the year ended 31 December 2023 and up to the date of this report.

COMPLIANCE WITH THE CG CODE

The Company and the directors confirm, to the best of their knowledge, that the Company has complied with the CG Code as set out in Part 2 of Appendix C1 (formally Appendix 14) to the Listing Rules during the year ended 31 December 2023.

By order of the Board
Zhang Hwo Jie
Chairman

Hong Kong, 28 March 2024

REPORT OF THE DIRECTORS

The directors are pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

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

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

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

An analysis of the Group's turnover and operating result by business segment for the year ended 31 December 2023 is set out in Note 5 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases and sales for the year ended 31 December 2023 attributable to the Group's major suppliers and customers are as follows:

Purchases

The largest supplier	13.0%
Five largest suppliers combined	24.5%

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

Sales

The largest customer	34.7%
Five largest customers combined	62.2%

The Group's length of relationship with its five largest customers ranged from 2 years to more than 10 years. The Group's length of relationship with its remaining customers ranged from 1 year to more than 10 years.

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

REPORT OF THE DIRECTORS

BUSINESS REVIEW

A review of the Group's business for the year ended 31 December 2023 is set out in the sections headed "Chairman's Statement" on page 38 to page 46, "Financial Review" on page 47 to page 53 and "Environmental, Social and Governance Report" on page 54 to page 92 of the annual report.

For the year ended 31 December 2023, sales to the five largest customers represented 62.2% of the Group's total turnover. Accordingly, any change in these customers' businesses and financial conditions is likely to have an impact on the financial performance of the Group. To manage this risk, the Group performs credit evaluation of its customers to ensure that sales are made only to entities with viable businesses and sound financial background. Credit periods granted to the customers are closely monitored and approved by the appropriate level of management. At the same time, the Group identifies and develops new customers with high potentials in an effort to widen the customer base and reduce the reliance on existing key customers.

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

RESULTS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of comprehensive income on page 148 to page 149.

DIVIDENDS

The Board recommends the payment of a final dividend of HK1.99 cent per ordinary share, totaling approximately HK\$34,644,000 for the year ended 31 December 2023. Subject to the approval of the directors' recommendation by the shareholders at the forthcoming annual general meeting to be held on 20 May 2024, the final dividend will be paid in cash on 12 June 2024. Including the interim dividend of HK\$36,559,000 for the six months ended 30 June 2023 paid on 25 September 2023, the total dividends declared for the year ended 31 December 2023 will be approximately HK\$71,203,000.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Details of the Group's key relationships with employees, customers and suppliers are set out in the section headed "Financial Review" on page 47 to page 53 and "Environmental, Social and Governance Report" on page 54 to page 92.



REPORT OF THE DIRECTORS

ENVIRONMENTAL POLICIES AND PERFORMANCE

Details of the Group's environmental policies and performance are set out in the section headed "Environmental, Social and Governance Report" on page 54 to page 92.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2023, as far as the Company is aware, there is no material breach of or non-compliance with applicable laws and regulations by the Group which has a significant impact on its business and operations.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year ended 31 December 2023 are set out in Note 6 to the consolidated financial statements.

BORROWINGS AND INTEREST

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

SHARE CAPITAL

Details of movements in share capital during the year ended 31 December 2023 are set out in Note 21 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2023, the Company's reserves available for distribution to the shareholders of the Company amounted to HK\$998,007,000. Details of the movements in the reserves of the Company are set out in Note 33 to the consolidated financial statements. Pursuant to the Companies Act (Revised) of the Cayman Islands and the Company's amended and restated articles of association, in addition to the profits and retained earnings of the Company, the funds in the share premium account and the capital redemption reserve of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debt as they fall due in the ordinary course of business.

DONATIONS

The donations made by the Group during the year ended 31 December 2023 amounted to approximately HK\$158,000.

REPORT OF THE DIRECTORS

PENSION SCHEMES

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

FIVE YEARS FINANCIAL SUMMARY

A five years financial summary of the Group is set out on page 246.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or, any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2023.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors during the year ended 31 December 2023 and up to the date of this report were:

EXECUTIVE DIRECTORS

Mr. Zhang Hwo Jie (*Chairman*)

Mr. Zhang Jian Hua (*Vice Chairman*)

Mr. Zhang Yaohua (*Chief Executive*)

Ms. Zhang Yan Yi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Hiu Lo

Dr. Chai Ngai Chiu, Sunny

Ms. Ling Kit Sum

Pursuant to the Company's articles of association, Mr. Zhang Jian Hua, Mr. Lam Hiu Lo and Ms. Zhang Yan Yi will retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. During the year ended 31 December 2023 and up to the date of this report, no director has resigned or refused re-election.

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



REPORT OF THE DIRECTORS

PERMITTED INDEMNITY

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

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

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2023 and up to the date of this report, none of the directors of the Company is considered to have direct or indirect interest in businesses which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules.

EQUITY-LINKED AGREEMENTS

The Company has a share option scheme, the details of which are set out in the section headed "Share Options" in the Report of the Directors. Save as the aforesaid, no equity-linked agreement was entered into or existed during the year ended 31 December 2023 and up to the date of this report.

SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS

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

- (i) a term loan facility up to HK\$250,000,000 with a repayment term of three years from the date of first drawdown (the outstanding loan balance was HK\$250,000,000 as at 31 December 2023); and

REPORT OF THE DIRECTORS

- (ii) a revolving loan for an amount up to HK\$40,000,000 (the outstanding loan balance was HK\$40,000,000 as at 31 December 2023).

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 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\$62,500,000 as at 31 December 2023); and
- (ii) a revolving loan of HK\$150,000,000 (there was no outstanding balance as at 31 December 2023).

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

A subsidiary of the Company is a party to a loan agreement with MUFG Bank, Ltd. in respect of a revolving loan of HK\$30,000,000 (“MUFG Facilities Agreement”) and there was no outstanding balance as at 31 December 2023.

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.

REPORT OF THE DIRECTORS

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

- (i) a term loan facility up to HK\$150,000,000 for a term of thirty-six months from the first drawdown date of the loan (the outstanding loan balance was HK\$127,500,000 as at 31 December 2023); and
- (ii) a revolving loan facility of up to HK\$150,000,000 (the outstanding loan balance was HK\$150,000,000 as at 31 December 2023).

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

- (i) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall collectively maintain holding of not less than 35% of the legal and beneficial interest in the issued share capital of the Company; and
- (ii) Mr. Zhang Hwo Jie shall remain as the chairman of the board of directors of the Company.

A subsidiary of the Company had also entered into a banking facility agreement with Chong Hong Bank Limited in respect of a revolving loan facility of HK\$50,000,000 (“Chong Hing Facility Agreement”) and there was no outstanding balance as at 31 December 2023.

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

- (i) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall at any time maintain not less than 35% of the issued share capital of the Company; and
- (ii) Mr. Zhang Hwo Jie shall remain as the chairman of the board of directors of the Company.

Further, a subsidiary of the Company had entered into a banking facility agreement with China Construction Bank Corporation Limited, Hong Kong Branch in respect of a revolving loan facility of HK\$200,000,000 (“CCB Facility Agreement”), and there was no outstanding loan balance as at 31 December 2023.

REPORT OF THE DIRECTORS

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

- (i) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall collectively maintain holding of not less than 35% of the legal and beneficial interest in the issued share capital of the Company; and
- (ii) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall remain as the largest shareholder with controlling power in the Company.

Further, a subsidiary of the Company had entered into a banking facility agreement with The Bank of East Asia, Limited in respect of a term loan facility (“BEA Facility Agreement”) of HK\$200,000,000 with a repayment period of 3 years after drawdown and the outstanding loan balance was HK\$155,000,000 as at 31 December 2023.

Under the BEA Facility Agreement, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall (i) maintain not less than 35% of the issued share capital of the Company, and (ii) Mr. Zhang Hwo Jie shall remain as the Chairman of the board of directors of the Company.

A subsidiary of the Company had also entered into a banking facility agreement with China Minsheng Banking Corp., Ltd. Hong Kong Branch, in respect of 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\$127,500,000 as at 31 December 2023.

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

A subsidiary of the Company had entered into a banking facility agreement with Hang Seng Bank Limited (as mandate lead arranger and bookrunner and agent) and certain financial institutions (as lenders) in respect of a term loan facility of HK\$1,190,000,000 (“HSB Syndicated Facility Agreement”), and the outstanding loan balance was HK\$1,071,000,000 as at 31 December 2023.

REPORT OF THE DIRECTORS

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\$9,333,000 as at 31 December 2023);
- (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\$22,333,000 as at 31 December 2023);
- (iii) a revolving loan facility of up to HK\$50,000,000 (the outstanding loan balance was HK\$45,000,000 as at 31 December 2023) and business card facility of up to HK\$200,000 (there was no outstanding balance as at 31 December 2023).

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 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.

REPORT OF THE DIRECTORS

SHARE OPTIONS

(a) 2015 Share Option Scheme

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

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

	As at 1 January 2023, 31 December 2023 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
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

REPORT OF THE DIRECTORS

	As at 1 January 2023, 31 December 2023 and the date of this report	Share price immediately before offer date	Exercise price	Vesting date	Exercisable period
		HK\$	HK\$		
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
– 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
	<u>119,200,000</u>				

REPORT OF THE DIRECTORS

Notes:

1. Ms. Zhang Yan Yi is a daughter of the Chairman of the Group. She is responsible for the internal process and risk management of the Group. Ms. Zhang Yan Yi was appointed as an executive director on 21 July 2023.
2. Mr. Zhang Hanming is the father of three of the executive directors of the Company, namely, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua, and the grandfather of Ms. Zhang Yan Yi, an executive director. Mr. Zhang Hanming previously worked in the Chinese government for many years before his retirement, and is now a consultant of the Group in the areas of government regulations and communication.
3. Ms. Zhang Quian Yi is a daughter of the Chairman of the Group, the niece of two of the executives directors of the Company, Mr. Zhang Jian Hua and Mr. Zhang Yaohua, and the sister of Ms. Zhang Yan Yi, an executive director of the Company. Ms. Zhang Quian Yi is responsible for the supply chain management of the Group.

The fair value of the 50,000,000 options and 69,200,000 options granted on 3 November 2017 and 3 November 2021 were HK\$18,915,000 and HK\$46,701,000 as at 31 December 2023 respectively.

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

	<u>Vesting period</u>	<u>Exercise price</u>	<u>Expected volatility</u>	<u>Expected life</u>	<u>Risk-free rate</u>	<u>Dividend paid-out rate</u>
		HK\$				
Granted on 3 November 2017	3 November 2017 to 2 January 2020	1.10	46.52%	4.59 years	1.42%	1.89%
Granted on 3 November 2021	3 November 2021 to 2 May 2023	1.80	67.24%	2.25 years	0.40%	1.35%
Granted on 3 November 2021	3 November 2021 to 2 May 2023	1.80	56.78%	3.75 years	1.00%	1.35%

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

REPORT OF THE DIRECTORS

(b) 2023 Share Option Scheme

Pursuant to the Consultation Conclusions on Proposed Amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (the “Listing Rules”) relating to Share Schemes of Listed Issuers and Housekeeping Rule Amendment published by the Stock Exchange in July 2022, Chapter 17 of the Listing Rules was amended with effect from 1 January 2023. In light of the above, the Company’s remuneration committee and the board of directors (the “Board”) proposed to terminate the 2015 Share Option Scheme and to adopt a new share option scheme (the “2023 Share Option Scheme”). The 2023 Share Option Scheme became effective on 18 May 2023, the date it was approved by the shareholders at the annual general meeting of the Company that was held on 18 May 2023.

No share option was granted under the 2023 Share Option Scheme since its adoption.

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

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

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

2. *Participants of the 2023 Share Option:*

- a. directors and chief executive of the Company;
- b. employees (where full-time or part-time) of any member of the Group (including persons who are granted options under the 2023 Share Option Scheme as an inducement to enter into employment contracts with any member of the Group);
- c. service provider(s), being any persons who provide services to a member of the Group relating to the Group’s business of precision manufacturing services and production of moulds and components and automated assembly services for its office automation equipment business and automotive components business on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, including;
 - (i) any persons who have stepped down from a directorship or employment position within the Group, but continues to provide advisory or consultancy services to the Group; and

REPORT OF THE DIRECTORS

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

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

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

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

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

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

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

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



REPORT OF THE DIRECTORS

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

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

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

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

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

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

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

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

REPORT OF THE DIRECTORS

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

As at 31 December 2023, 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

<u>Name of director</u>	<u>Corporate interests</u>	<u>Personal interests</u>	<u>Interest of spouse</u>	<u>Personal interests in underlying shares held under equity derivatives</u>	<u>Total interests</u>	<u>Approximate percentage of interest in the Company as at 31 December 2023</u>
				(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)	45,164,000	156,000	18,700,000	737,770,000	42.37%
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:

- These interests represent the directors' beneficial interests in the underlying shares in respect of share options granted by the Company to the directors as beneficial owners, details of which are set out in the section headed "Share Options" above.
- Mr. Zhang Hwo Jie and Mr. Zhang Yaohua held 52.93% and 47.07% of the entire issued capital of Prosper Empire Limited respectively, and Prosper Empire Limited was interested in 38.70% of the entire issued capital of the Company as at 31 December 2023. Under the SFO, Mr. Zhang Hwo Jie and Mr. Zhang Yaohua are both deemed to be interested in the shares held by Prosper Empire Limited.

REPORT OF THE DIRECTORS

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

Name of director	Capacity	Approximate percentage of interest in Prosper Empire Limited as at 31 December 2023
Mr. Zhang Hwo Jie	Personal interests	52.93%
Mr. Zhang Yaohua	Personal interests	47.07%

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2023, 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)	718,914,000	18,700,000	737,614,000	42.37%

Notes:

- Under the SFO, Ms. Shen Chan Jie Lin is deemed to be interested in the shares held by Mr. Zhang Hwo Jie, who is interested in 52.93% of the issued share capital of Prosper Empire Limited. The interests disclosed by Ms. Shen Chan Jie Lin included the 673,750,000 shares of the Company held by Prosper Empire Limited.
- Under the SFO, Ms. Jiang Lu is deemed to be interested in the shares held by Mr. Zhang Yaohua, who is interested in 47.07% of the issued share capital of Prosper Empire Limited. The interests disclosed by Ms. Jiang Lu included the 673,750,000 shares of the Company held by Prosper Empire Limited.

REPORT OF THE DIRECTORS

PURCHASES, SALE AND REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2023 and up to the date of this report.

PRE-EMPTIVE RIGHTS

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

CLOSURE OF REGISTER OF MEMBERS

To determine which shareholders will be eligible to attend and vote at the forthcoming annual general meeting to be held on Monday, 20 May 2024, the register of members of the Company will be closed from Tuesday, 14 May 2024 to Monday, 20 May 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, namely, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 13 May 2024.

Subject to the shareholders' approval of the recommended final dividend at the annual general meeting of the Company, the final dividend will be payable on Wednesday, 12 June 2024 to shareholders whose names appear on the register of members on Tuesday, 28 May 2024. To determine eligibility for the final dividend, the register of members of the Company will be closed from Friday, 24 May 2024 to Tuesday, 28 May 2024, both days inclusive, during which period no share transfer will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, namely, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 23 May 2024.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on page 97 to page 120.

REPORT OF THE DIRECTORS

CHANGE OF DIRECTORS' INFORMATION

During year ended 31 December 2023 and up to the date of this report, there were changes in the directors' information as follows:

1. Mr. Zhang Yaohua, an executive director and the chief executive of the Group, has been appointed as the deputy head of Working Committee of Operation and Management (經營管理工作委員會) by China Die & Mould Industry Association (中國模具工業協會) since May 2023.
2. Dr. Chai Ngai Chiu Sunny has been appointed as the honorary president by the Federation of Hong Kong Industries and has become a member of the National Committee of the Chinese People's Political Consultative Conference.
3. Ms. Ling Kit Sum, an independent non-executive director of the Company, has been appointed as an independent non-executive director of Melbourne Enterprises Limited with effect from 31 May 2023. She has also been appointed as an independent non-executive director of ENM Holdings Limited with effect from 19 January 2024. Ms. Ling retired as an independent non-executive director of Wise Ally International Holdings Limited on 1 June 2023. ENM Holdings Limited, Melbourne Enterprises Limited and Wise Ally International Holdings Limited are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Ms. Ling has also been appointed as a member of the Advisory Board of the Hong Kong Institute of Information Technology ("HKIIT") of Vocational Training Council in October 2023. Prior to the establishment of HKIIT, Ms. Ling had been a member of its Preparatory Advisory Committee since July 2023.

AUDIT COMMITTEE

The Company has set up an audit committee, in accordance with the requirements of the Corporate Governance Code as set out in Part 2 of Appendix 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 audited consolidated financial statements for the year ended 31 December 2023.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, the directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules during the year ended 31 December 2023 and up to the date of this report.

REPORT OF THE DIRECTORS



AUDITOR

The consolidated financial statements for the year ended 31 December 2023 have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

By order of the Board

Zhang Hwo Jie

Chairman

Hong Kong, 28 March 2024



INDEPENDENT AUDITOR'S REPORT

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

OPINION

What we have audited

The consolidated financial statements of EVA Precision Industrial Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 146 to 245, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

Independence

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

KEY AUDIT MATTERS

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Risk of revenue recognition	
Refer to note 5 for the Group's accounting policies on revenue recognition and the analysis of the Group's revenue for the year ended 31 December 2023.	We understood, evaluated and validated management's key internal controls in its revenue recognition process. We performed analysis on revenue by comparing the actual result of the current year with that of the prior year.
The Group recognised revenue of HK\$6,183 million for the year ended 31 December 2023.	We tested samples of sales transactions against invoices and other supporting documents where relevant.
We focused on revenue recognition due to its magnitude. Proper control is essential to ensure that sales are recognised in the correct period and for the correct amount. Therefore, it required significant time and resource to audit.	We tested sales transactions that took place before and after the balance sheet date, on a sample basis, to assess whether the sales transactions were recognised in the correct reporting periods. We tested samples of journal entries posted to revenue accounts on risk-based criteria and inspected the relevant supporting documents, consistent with the Group's revenue recognition accounting policy. Based on the procedures performed above, we considered that the Group's sales transactions being tested were recognised in a manner consistent with the Group's revenue recognition accounting policy.

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28 March 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 HK\$'000	2022 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,682,224	2,453,708
Right-of-use assets	7	293,661	377,546
Intangible assets	8	4,055	5,847
Investments in associates	10	29,501	30,591
Prepayments, deposits and other receivables	13	95,375	57,031
Financial assets at fair value through other comprehensive income	14	11,954	28,647
Deferred income tax assets	20	4,733	6,549
		3,121,503	2,959,919
Current assets			
Inventories	11	640,802	638,603
Trade receivables	12	1,820,258	1,681,160
Prepayments, deposits and other receivables	13	142,576	146,135
Restricted bank deposits	15	104,448	69,599
Short-term bank deposits	15	–	39,194
Cash and cash equivalents	15	1,610,592	1,722,162
		4,318,676	4,296,853
LIABILITIES			
Current liabilities			
Trade payables	16	1,492,264	1,489,832
Contract liabilities	17	95,722	99,288
Accruals and other payables	18	256,095	242,242
Bank borrowings	19	1,149,136	965,640
Lease liabilities	7	15,341	44,120
Current income tax liabilities		31,194	18,364
		3,039,752	2,859,486

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 HK\$'000	2022 HK\$'000
Net current assets		<u>1,278,924</u>	<u>1,437,367</u>
Total assets less current liabilities		<u>4,400,427</u>	<u>4,397,286</u>
LIABILITIES			
Non-current liabilities			
Bank borrowings	19	1,321,006	1,459,783
Lease liabilities	7	59,502	76,107
Deferred income tax liabilities	20	<u>22,205</u>	<u>22,992</u>
		<u>1,402,713</u>	<u>1,558,882</u>
Net assets		<u>2,997,714</u>	<u>2,838,404</u>
EQUITY			
Capital and reserves			
Share capital	21	174,092	174,092
Reserves	22	<u>2,823,622</u>	<u>2,664,312</u>
Total equity		<u>2,997,714</u>	<u>2,838,404</u>

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

The consolidated financial statements on pages 146 to 245 were approved by the Board of Directors on 28 March 2024 and were signed on its behalf.

Zhang Hwo Jie
Chairman

Zhang Yaohua
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 HK\$'000	2022 HK\$'000
Revenue	5	6,182,658	6,268,065
Cost of sales	24	(4,891,094)	(5,016,754)
Gross profit		1,291,564	1,251,311
Other income	23	49,187	22,430
Other gains/(losses) – net	23	37,067	(8,335)
Selling and marketing costs	24	(326,357)	(369,162)
General and administrative expenses	24	(660,670)	(615,446)
Net impairment losses on financial assets	12&13	–	(7,622)
Operating profit		390,791	273,176
Finance income	26	42,403	10,462
Finance costs	26	(128,905)	(52,837)
Share of loss of associates	10	(499)	(210)
Profit before income tax		303,790	230,591
Income tax expense	27	(66,695)	(24,574)
Profit for the year		237,095	206,017
Other comprehensive income for the year, net of tax			
Item that may be reclassified to profit or loss			
– Currency translation differences		(17,491)	(115,686)
Item that will not be reclassified to profit or loss			
– Revaluation losses on financial assets at fair value through other comprehensive income		(3,549)	(3,681)
Total comprehensive income for the year		216,055	86,650

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 HK\$'000	2022 HK\$'000
Profit for the year attributable to equity holders of the Company		237,095	206,017
Total comprehensive income for the year attributable to equity holders of the Company		216,055	86,650
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in HK cents per share)			
– basic	28	13.6	11.8
– diluted	28	13.6	11.8

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 HK\$'000	2022 HK\$'000
Cash flows from operating activities			
Cash generated from operations	30	538,116	456,024
Interest received		42,403	10,462
Interest paid		(152,589)	(67,831)
Income tax paid		(52,779)	(26,302)
		375,151	372,353
Cash flows from investing activities			
Purchases of property, plant and equipment		(400,636)	(339,033)
Prepayments for property, plant and equipment		-	(6,777)
Prepayment for a land lease		(43,715)	-
Proceeds from disposal of property, plant and equipment	30	7,171	19,264
Proceeds from disposal of a financial asset at fair value through other comprehensive income		9,242	-
Dividend income from a financial asset at fair value through other comprehensive income		-	1,056
Repayment of consideration payable for acquisition of subsidiary		-	(14,376)
(Increase)/decrease in restricted bank deposits		(34,849)	33,143
Decrease/(increase) in short-term bank deposits		39,194	(39,194)
		(423,593)	(345,917)
Net cash generated from operating activities			
Net cash used in investing activities			

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 HK\$'000	2022 HK\$'000
Cash flows from financing activities			
Proceeds from borrowings	30	497,000	1,577,500
Repayments of borrowings	30	(462,166)	(1,059,627)
Repayments of principal element of lease payments	30	(19,845)	(30,418)
Repayments of interest element of lease payments	30	(4,035)	(4,972)
Proceeds from issuance of shares upon exercise of share options	21	-	330
Repurchase of shares	21	-	(11,479)
Dividends paid	22	(67,199)	(56,815)
Net cash (used in)/generated from financing activities		(56,245)	414,519
Net (decrease)/increase in cash and cash equivalents		(104,687)	440,955
Cash and cash equivalents at beginning of the year		1,722,162	1,318,182
Exchange loss on cash and cash equivalents		(6,883)	(36,975)
Cash and cash equivalents at end of the year	15	<u>1,610,592</u>	<u>1,722,162</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

2 BASIS OF PREPARATION

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

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

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

2 BASIS OF PREPARATION (CONTINUED)

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

The following new standards and amendments to existing standards and conceptual framework are mandatory for the first time for the financial year beginning 1 January 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKFRS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts
HKFRS 17	Amendments to HKFRS 17
HKFRS 17 and HKFRS 9	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

(b) Amendments to existing standards and interpretation that have been issued and are relevant to the Group but not effective for the financial year beginning 1 January 2023 and have not been early adopted

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liabilities in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

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

	2023 HK\$'000
Chinese Renminbi 2.6% depreciation against Hong Kong dollars	(10,651)
Japanese Yen 6.3% depreciation against Hong Kong dollars	(118)
Euro 3.6% appreciation against Hong Kong dollars	233
US dollars 0.2% appreciation against Hong Kong dollars	1,457
Decrease in post-tax profit	(9,079)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

	2022 HK\$'000
Chinese Renminbi 7.9% depreciation against Hong Kong dollars	(46,428)
Japanese Yen 12.7% depreciation against Hong Kong dollars	(757)
Euro 6.4% appreciation against Hong Kong dollars	769
US dollars 0.1% depreciation against Hong Kong dollars	(37)
Decrease in post-tax profit	<u>(46,453)</u>

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

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

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

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

At 31 December 2023, a 100 basis points (i.e. 1%) fall/rise in market interest rates for all currencies in which the Group had net borrowings, after offsetting bank deposits, would increase/decrease post-tax profit (2022: increase/decrease post-tax profit) by approximately HK\$6,256,000 (2022: HK\$7,059,000), mainly as a result of lower/higher interest expense on floating rate borrowings.

(b) Credit risk

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

As at 31 December 2022 and 2023, all the bank balances are deposited in major reputable financial institutions, and in the opinion of management, without significant credit risk. Management does not expect any losses from non-performance by these banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

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

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

	2023	2022
	HK\$'000	HK\$'000
Deposits and other receivables	105,306	78,018
Trade receivables	1,820,258	1,681,160
Restricted bank deposits	104,448	69,599
Short-term bank deposits	–	39,194
Cash and cash equivalents	1,610,592	1,722,162

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

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

(i) Impairment of financial assets

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Trade receivables

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

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

On that basis, the loss allowance as at 31 December 2023 and 31 December 2022 was determined based on past due date as follows for trade receivables:

	As at 31 December 2023 Current	As at 31 December 2022 Current
Gross carrying amount	1,821,446	1,682,348
Loss allowance	(1,188)	(1,188)
Lifetime expected loss rate	0.07%	0.07%

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

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

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

	Less than 1 year or on demand HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
As at 31 December 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
	<u>2,882,492</u>	<u>1,131,246</u>	<u>309,866</u>	<u>21,383</u>	<u>4,344,987</u>
As at 31 December 2022					
Bank borrowings	965,640	533,430	926,353	-	2,425,423
Lease liabilities	44,120	15,662	34,188	26,257	120,227
Interest payables	140,531	87,849	41,915	2,651	272,946
Trade payables	1,489,832	-	-	-	1,489,832
Other payables	109,681	-	-	-	109,681
	<u>2,749,804</u>	<u>636,941</u>	<u>1,002,456</u>	<u>28,908</u>	<u>4,418,109</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

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

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
As at 31 December 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	136,223	62,499	17,976	1,512	218,220
Trade payables	1,492,264	–	–	–	1,492,264
Other payables	99,403	–	–	–	99,403
	<u>2,882,492</u>	<u>1,131,246</u>	<u>309,866</u>	<u>21,383</u>	<u>4,344,987</u>
As at 31 December 2022					
Bank borrowings	810,641	688,429	926,353	–	2,425,423
Lease liabilities	44,120	15,662	34,188	26,257	120,227
Interest payables	146,502	93,819	41,915	2,651	284,887
Trade payables	1,489,832	–	–	–	1,489,832
Other payables	109,681	–	–	–	109,681
	<u>2,600,776</u>	<u>797,910</u>	<u>1,002,456</u>	<u>28,908</u>	<u>4,430,050</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

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

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

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

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

The gearing ratios were as follows:

	2023	2022
	HK\$'000	HK\$'000
Bank borrowings (Note 19)	2,470,142	2,425,423
Lease liabilities (Note 7)	74,843	120,227
Less: Short-term bank deposits (Note 15)	-	(39,194)
Less: Cash and cash equivalents (Note 15)	(1,610,592)	(1,722,162)
Total net debt	934,393	784,294
Total equity	2,997,714	2,838,404
Gearing ratio	31.2%	27.6%

The net debt to equity ratio increased from 27.6% to 31.2% resulted primary from collection of cash from trade receivables is slower than settlement of trade payable and increase in finance cost.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

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

The different methods of valuation have been defined as follows:

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

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

Specific valuation techniques used to value financial instruments include:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

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

	Level 3	
	2023	2022
	HK\$'000	HK\$'000
Financial assets at FVOCI – unlisted equity securities	11,954	28,647

There were no transfers between levels during the year.

The following table presents the changes in level 3 instruments for the years ended 31 December 2022 and 2023.

	2023	2022
	HK\$'000	HK\$'000
As at 1 January	28,647	32,328
Disposal	(13,144)	–
Revaluation losses transferred to other comprehensive income	(3,549)	(3,681)
As at 31 December	11,954	28,647

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

(b) Impairment of long-lived assets

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Impairment of trade and other receivables

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

(d) Income taxes

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

(e) Net realisable value of inventories

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

5 REVENUE AND SEGMENT INFORMATION

(a) Revenue

	2023	2022
	HK\$'000	HK\$'000
Sales of moulds and components	6,049,096	6,104,907
Others (Note)	133,562	163,158
	<u>6,182,658</u>	<u>6,268,065</u>

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

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

Accounting policy – revenue recognition – sales of goods

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

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

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

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information

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

The Group is organised into two main business segments, namely (i) Office automation equipment and (ii) Automotive components. Also, investments in associates and financial assets at FVOCI are reported as un-allocated assets as at 31 December 2023 in information provided to the chief operating decision-maker as they are not directly related to the segment performance.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

The segment results and other segment items are as follows:

	2023			2022		
	Office automation equipment	Automotive components	Total	Office automation equipment	Automotive components	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	<u>4,295,475</u>	<u>1,887,183</u>	<u>6,182,658</u>	<u>4,502,285</u>	<u>1,765,780</u>	<u>6,268,065</u>
Segment results	<u>337,365</u>	<u>108,727</u>	<u>446,092</u>	<u>253,507</u>	<u>101,824</u>	<u>355,331</u>
Unallocated expenses			(55,301)			(82,155)
Finance income			42,403			10,462
Finance costs			(128,905)			(52,837)
Share of loss of associates			(499)			(210)
Profit before income tax			<u>303,790</u>			<u>230,591</u>
Income tax expense			(66,695)			(24,574)
Profit for the year			<u>237,095</u>			<u>206,017</u>
Depreciation	<u>121,009</u>	<u>153,488</u>	<u>274,497</u>	<u>138,001</u>	<u>132,530</u>	<u>270,531</u>
Amortisation	<u>1,792</u>	<u>-</u>	<u>1,792</u>	<u>1,792</u>	<u>-</u>	<u>1,792</u>

For the years ended 31 December 2022 and 2023, unallocated expenses represent corporate expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

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

	2023				2022			
	Office automation equipment	Automotive components	Un- allocated	Total	Office automation equipment	Automotive components	Un- allocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets	<u>4,163,505</u>	<u>3,222,271</u>	<u>54,403</u>	<u>7,440,179</u>	<u>4,044,457</u>	<u>3,135,168</u>	<u>77,147</u>	<u>7,256,772</u>
Liabilities	<u>1,116,327</u>	<u>800,687</u>	<u>2,525,451</u>	<u>4,442,465</u>	<u>1,184,422</u>	<u>765,765</u>	<u>2,468,181</u>	<u>4,418,368</u>
Capital expenditure	<u>288,463</u>	<u>173,076</u>	<u>-</u>	<u>461,539</u>	<u>227,138</u>	<u>184,903</u>	<u>-</u>	<u>412,041</u>

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

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

	As at 31 December			
	2023		2022	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Segment assets/liabilities	7,385,776	1,917,014	7,179,625	1,950,187
Unallocated:				
Investments in associates	29,501	–	30,591	–
Financial assets at FVOCI	11,954	–	28,647	–
Cash and cash equivalents	1,474	–	4,644	–
Deferred income tax assets	4,733	–	6,549	–
Prepayments, deposits and other receivables	6,741	–	6,716	–
Current income tax liabilities	–	31,194	–	18,364
Deferred income tax liabilities	–	22,205	–	22,992
Bank borrowings	–	2,470,142	–	2,425,423
Accruals and other payables	–	1,910	–	1,402
Total	<u>7,440,179</u>	<u>4,442,465</u>	<u>7,256,772</u>	<u>4,418,368</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

An analysis of the Group's one major customer (2022: two major customers), which accounts for 10% or more of the Group's external revenue, is as follows:

	2023 HK\$'000	2022 HK\$'000
Customer A	2,148,142	2,244,260
Customer B	—	683,374

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

	2023				2022			
	The People's Republic of China ("PRC") HK\$'000	Vietnam HK\$'000	Mexico HK\$'000	Total HK\$'000	The People's Republic of China ("PRC") HK\$'000	Vietnam HK\$'000	Mexico HK\$'000	Total HK\$'000
Revenue	<u>4,629,458</u>	<u>849,366</u>	<u>703,834</u>	<u>6,182,658</u>	<u>4,670,608</u>	<u>1,028,943</u>	<u>568,514</u>	<u>6,268,065</u>
Assets by geographical region								
Total non-current assets	<u>2,419,070</u>	<u>279,185</u>	<u>423,248</u>	<u>3,121,503</u>	<u>2,278,956</u>	<u>255,849</u>	<u>425,114</u>	<u>2,959,919</u>
Total assets	<u>5,826,413</u>	<u>797,389</u>	<u>816,377</u>	<u>7,440,179</u>	<u>5,825,587</u>	<u>683,634</u>	<u>747,551</u>	<u>7,256,772</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK\$'000	Buildings HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Construction- in-progress HK\$'000	Total HK\$'000
Year ended							
31 December 2023							
Opening net book amount	26,491	921,290	792,244	136,217	8,736	568,730	2,453,708
Exchange differences	64	(2,151)	(1,136)	(262)	(4)	(5,529)	(9,018)
Additions	-	4	5,170	6,181	1,966	448,218	461,539
Transfers	-	109,985	251,626	27,999	1,922	(354,735)	36,797
Disposals	-	-	(10,157)	(834)	(549)	(5,882)	(17,422)
Depreciation	-	(66,590)	(149,336)	(25,296)	(2,158)	-	(243,380)
Closing net book amount	<u>26,555</u>	<u>962,538</u>	<u>888,411</u>	<u>144,005</u>	<u>9,913</u>	<u>650,802</u>	<u>2,682,224</u>
As at 31 December 2023							
Cost	26,555	1,566,337	2,271,912	623,531	43,760	650,802	5,182,897
Accumulated depreciation	-	(603,799)	(1,383,501)	(479,526)	(33,847)	-	(2,500,673)
Net book amount	<u>26,555</u>	<u>962,538</u>	<u>888,411</u>	<u>144,005</u>	<u>9,913</u>	<u>650,802</u>	<u>2,682,224</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

	2023 HK\$'000	2022 HK\$'000
Cost of sales	167,478	165,102
Selling and marketing costs	4,529	4,400
General and administrative expenses	71,373	59,456
	<u>243,380</u>	<u>228,958</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	2023	2022
	HK\$'000	HK\$'000
Buildings in Hong Kong, located on land with lease of between 10 and 50 years	–	6
Buildings in Mainland China and Vietnam, located on land with land use rights of between 10 and 50 years	766,156	716,620
Building in Mexico, located on freehold land	196,382	204,664
	<u>962,538</u>	<u>921,290</u>

Analysis of construction-in-progress is as follows:

	2023	2022
	HK\$'000	HK\$'000
Construction costs of buildings	448,105	351,637
Cost of machinery	202,697	217,093
	<u>650,802</u>	<u>568,730</u>

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Accounting policy – Property, plant and equipment

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

Freehold land is stated at historical cost.

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

Right-of-use assets

	Leasehold land and land use rights HK\$'000	Land under finance lease HK\$'000	Plant and machinery under finance lease HK\$'000	Factory and office premises HK\$'000	Total HK\$'000
Year ended 31 December 2023					
Opening net book amount	227,518	5,412	43,056	101,560	377,546
Disposal	-	-	(159)	(13,113)	(13,272)
Depreciation	(6,169)	(263)	(6,098)	(18,587)	(31,117)
Transfer	-	-	(36,797)	-	(36,797)
Exchange differences	(1,338)	-	(2)	(1,359)	(2,699)
Closing net book amount	<u>220,011</u>	<u>5,149</u>	<u>-</u>	<u>68,501</u>	<u>293,661</u>
As at 31 December 2023					
Cost	288,452	9,613	-	159,484	457,549
Accumulated depreciation	(68,441)	(4,464)	-	(90,983)	(163,888)
Net book amount	<u>220,011</u>	<u>5,149</u>	<u>-</u>	<u>68,501</u>	<u>293,661</u>
Year ended 31 December 2022					
Opening net book amount	241,671	5,674	49,269	87,853	384,467
Additions	-	-	-	51,716	51,716
Depreciation	(6,293)	(262)	(6,194)	(28,824)	(41,573)
Exchange differences	(7,860)	-	(19)	(9,185)	(17,064)
Closing net book amount	<u>227,518</u>	<u>5,412</u>	<u>43,056</u>	<u>101,560</u>	<u>377,546</u>
As at 31 December 2022					
Cost	287,659	9,613	93,061	167,010	557,343
Accumulated depreciation	(60,141)	(4,201)	(50,005)	(65,450)	(179,797)
Net book amount	<u>227,518</u>	<u>5,412</u>	<u>43,056</u>	<u>101,560</u>	<u>377,546</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

(Continued)

Lease liabilities

	2023 HK\$'000	2022 HK\$'000
Current portion	15,341	44,120
Non-current portion	59,502	76,107
	<u>74,843</u>	<u>120,227</u>
Lease liabilities – Plant and machinery	–	2,629
Lease liabilities – Factory and office premises	74,843	117,598
	<u>74,843</u>	<u>120,227</u>

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

	2023 HK\$'000	2022 HK\$'000
Depreciation charge of right-of-use assets	31,117	41,573
Unwinding of interests on lease liabilities	4,035	4,972
Operating lease rental for short-term and low value leases	2,468	1,970

The total cash outflow of leases for the year ended 31 December 2023 was approximately HK\$26,348,000 (2022: HK\$37,360,000).

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

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

(Continued)

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

	2023	2022
	HK\$'000	HK\$'000
Cost of sales	6,098	6,194
General and administrative expenses	25,019	35,379
	31,117	41,573

(c) The Group's leasing activities

The Group leases various buildings, plant and machineries. Rental contracts are typically made for fixed periods of 2 to 11 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, but certain lease liabilities are effectively secured as the right to the leased assets revert to the lessors in the event of default. As at 31 December 2023, the net book amount of the secured right-of-use assets was Nil (31 December 2022: HK\$43,056,000).

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

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

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

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

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

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

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

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

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

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

To determine the incremental borrowing rate, the Group:

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

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

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

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

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INTANGIBLE ASSETS

	Goodwill HK\$'000	Software HK\$'000	Total HK\$'000
Year ended 31 December 2023			
Opening net book amount	2,510	3,337	5,847
Amortisation	–	(1,792)	(1,792)
Closing net book amount	<u>2,510</u>	<u>1,545</u>	<u>4,055</u>
At 31 December 2023			
Cost	2,510	8,959	11,469
Accumulated amortisation	–	(7,414)	(7,414)
Net book amount	<u>2,510</u>	<u>1,545</u>	<u>4,055</u>
Year ended 31 December 2022			
Opening net book amount	2,510	5,129	7,639
Amortisation	–	(1,792)	(1,792)
Closing net book amount	<u>2,510</u>	<u>3,337</u>	<u>5,847</u>
At 31 December 2022			
Cost	2,510	8,959	11,469
Accumulated amortisation	–	(5,622)	(5,622)
Net book amount	<u>2,510</u>	<u>3,337</u>	<u>5,847</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INTANGIBLE ASSETS (CONTINUED)

For the year ended 31 December 2023, amortisation expense of HK\$1,792,000 (2022: HK\$1,792,000) has been charged to 'general and administrative expenses' in the consolidated profit or loss.

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

	2023 HK\$'000	2022 HK\$'000
Corporate	2,510	2,510
At 31 December	2,510	2,510

Management performed goodwill impairment assessment and determined no impairment charge was necessary against goodwill at 31 December 2023 (2022: Nil).

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

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

	2023 HK\$'000	2022 HK\$'000
Revenue growth rate	19.5%	24.0%
Gross profit margin	1.9%	1.9%
Terminal growth rate	1.0%	1.0%
Pre-tax discount rate	6.81%	7.04%

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

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

- Lowering terminal growth rate to 0%; or
- Raising pre-tax discount rate by 5%; or
- Lowering revenue growth rate by 3% of the expected growth rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 SUBSIDIARIES

The following is a list of the principal subsidiaries held indirectly by the Company at 31 December 2023:

Name	Place of incorporation/ establishment, operations and type of legal entity	Issued/registered and fully paid up capital	Percentage of equity interest attributable to the Group		Principal activities
			Direct	Indirect	
EVA Group Limited	Hong Kong, limited liability company	HK\$15,000	-	100%	Investment holding
Digit Automotive Limited	Hong Kong, limited liability company	HK\$1	-	100%	Investment holding
EVA Metal Mould Products Limited	British Virgin Islands, limited liability company	US\$1.12	100%	-	Investment holding
Eva Precision Industrial (Eastern China) Limited (億和精密工業(華東)有限公司)	British Virgin Islands, limited liability company	US\$1	100%	-	Investment holding
EVA Limited	Hong Kong, limited liability company	HK\$200,000,000	-	100%	Trading of moulds and components
EVA Plastic Mould Products (HK) Limited	Hong Kong, limited liability company	HK\$280,000	-	100%	Trading of moulds and components
Okutatu (Macao Commercial Offshore) Limited	Macau, limited liability company	MOP500,000	-	100%	Trading of moulds and components
Shenzhen EVA Precision Technology Group Limited* (深圳市億和精密科技集團有限公司)	Mainland China, limited liability company	HK\$221,880,000	-	100%	Manufacturing of moulds and components
Yihe Plastic and Electronic Products (Shenzhen) Co., Limited* (億和塑膠電子製品(深圳)有限公司)	Mainland China, limited liability company	HK\$195,000,000	-	100%	Manufacturing of moulds and components
EVA Precision Industrial (Suzhou) Limited* (億和精密工業(蘇州)有限公司)	Mainland China, limited liability company	US\$69,000,000	-	100%	Manufacturing of moulds and components

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment, operations and type of legal entity	Issued/registered and fully paid up capital	Percentage of equity interest attributable to the Group		Principal activities
			Direct	Indirect	
Zhongshan Digit Automotive Technology Limited* (中山數碼模汽車技術有限公司)	Mainland China, limited liability company	HK\$220,000,000	-	100%	Manufacturing of moulds and components
Shenzhen EVA Mould Manufacturing Limited* (深圳億和模具製造有限公司)	Mainland China, limited liability company	HK\$340,000,000	-	100%	Manufacturing of moulds
Digit Stamping Technology (Wuhan) Limited* (數碼模沖壓技術(武漢)有限公司)	Mainland China, limited liability company	RMB431,995,188	-	100%	Manufacturing of moulds and components
Chongqing Digit Auto Body Ltd.* (重慶數碼模車身模具有限公司)	Mainland China, limited liability company	RMB380,000,000	-	100%	Manufacturing of moulds
EVA Hai Phong Precision Industrial Co., Ltd.	Vietnam, limited liability company	US\$40,000,000	-	100%	Manufacturing of moulds and components
Digit Automotive de Mexico S.A. de C.V.	Mexico, limited liability company	MXN19,000	-	100%	Manufacturing of moulds and components
EVA Precision Industrial (Weihai) Limited* (億和精密工業(威海)有限公司)	Mainland China, limited liability company	US\$120,000,000	-	100%	Manufacturing of moulds and components
Sichuan Junyuan Investment Management Limited* (四川駿源投資管理有限公司)	Mainland China, limited liability company	RMB130,000,000	-	100%	Property development
Yixinhe Investment (Suzhou) Limited* (億新和投資(蘇州)有限公司)	Mainland China, limited liability company	US\$30,000,000	-	100%	Investment holding
Shenzhen Ewisdom Investment Holdings Limited (深圳億智投資控股有限公司)	Mainland China, limited liability company	RMB18,000,000	-	100%	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment, operations and type of legal entity	Issued/registered and fully paid up capital	Percentage of equity interest attributable to the Group		Principal activities
			Direct	Indirect	
Intops (Weihai) Electronics Co., Limited* (因塔思(威海)電子有限公司)	Mainland China, limited liability company	RMB28,975,346	-	100%	Manufacturing of moulds and components
Shenzhen Huaxian Intelligent Technology Co., Ltd (深圳華先智造科技有限公司)	Mainland China, limited liability company	RMB10,000,000	-	100%	Manufacturing of moulds and components
Shenzhen Digit Automotive Technology Limited* (深圳數碼模汽車技術有限公司)	Mainland China, limited liability company	RMB816,162,259	-	100%	Manufacturing of moulds and components
Shenzhen EVA Technology Intelligent Manufacturing Co., Ltd.* (深圳市億和科技智造有限公司)	Mainland China, limited liability company	RMB134,269,421	-	100%	Manufacturing of moulds and components
Sichuan Digit Automotive Technology Limited* (四川數碼模汽車技術有限公司)	Mainland China, limited liability company	RMB10,000,000	-	100%	Manufacturing of moulds and components
Ewisdom Hai Phong Precision Industrial Company Limited	Vietnam, limited liability company	US\$7,000,000	-	100%	Manufacturing of moulds and components
EVA Quang Ninh Precision Industrial Company Limited	Vietnam, limited liability company	US\$10,000,000	-	100%	Manufacturing of moulds and components

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

* Registered as wholly foreign owned enterprises under PRC law

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 INVESTMENTS IN ASSOCIATES

	2023	2022
	HK\$'000	HK\$'000
As at 1 January	30,591	34,633
Exchange differences	(591)	(3,832)
Share of loss	(499)	(210)
As at 31 December	29,501	30,591

Details of the associates:

Name	Place of establishment, operations and kind of legal entity	Percentage of equity interest attributable to the Group		Principal activities	Measurement method
		2023	2022		
Shenzhen Jinggong Microcredit Limited (深圳市精工小額貸款有限公司)	Mainland China, limited liability company	40%	40%	Microcredit business	Equity
Shenzhen L&L Auto-tech Co., Ltd. (深圳興和瑜創新科技有限公司)	Mainland China, limited liability company	28%	48%	Design and manufacturing of reduction drive	Equity

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 INVESTMENTS IN ASSOCIATES (CONTINUED)

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

Summarised statement of financial position

	Microcredit	
	2023 HK\$'000	2022 HK\$'000
ASSETS		
Non-current assets	1,166	1,483
Current assets	73,636	75,312
LIABILITIES		
Current liabilities	1,050	317
Net current assets	72,586	74,995
Net assets	73,752	76,478

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised statement of comprehensive income

	Microcredit	
	2023	2022
	HK\$'000	HK\$'000
Reconciliation of carrying amounts:		
Net assets as at 1 January	76,478	86,582
Loss for the year	(1,247)	(524)
Other comprehensive loss	(1,479)	(9,580)
Net assets as at 31 December	73,752	76,478
Interest in an associate (40%)	29,501	30,591
Revenue	4,037	4,324
Loss before income tax	(1,247)	(404)
Income tax expense	-	(120)
Net loss for the year	(1,247)	(524)
Share of loss of an associate (40%)	(499)	(210)

Aggregate information of another associate

Shenzhen L&L Auto-tech Co., Ltd., the another associate, the Group has not recognised share profit amounting to HK\$51,000 for the year ended 31 December 2023 (31 December 2022: loss amounting to HK\$353,000). This associate was at net liability position as at both 31 December 2023 and 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 INVENTORIES

	2023	2022
	HK\$'000	HK\$'000
Raw materials	305,563	257,785
Work-in-progress	205,113	251,539
Finished goods	166,366	156,275
	677,042	665,599
Less: Provision for inventory obsolescence	(36,240)	(26,996)
Inventories – net	640,802	638,603

The cost of inventories recognised as expense and included in cost of sales amounted to HK\$3,868,994,000 (2022: HK\$3,962,283,000).

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

	2023	2022
	HK\$'000	HK\$'000
At 1 January	26,996	43,169
Provision for/(reversal of provision for) inventory obsolescence	9,244	(16,173)
At 31 December	36,240	26,996

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

Accounting policy – Inventories

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 TRADE RECEIVABLES

	2023	2022
	HK\$'000	HK\$'000
Trade receivables	1,821,446	1,682,348
Less: Loss allowance	(1,188)	(1,188)
Trade receivables – net	<u>1,820,258</u>	<u>1,681,160</u>

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

	2023	2022
	HK\$'000	HK\$'000
0 to 90 days	1,325,777	1,447,054
91 to 180 days	495,669	235,294
Less: Loss allowance	(1,188)	(1,188)
Trade receivables – net	<u>1,820,258</u>	<u>1,681,160</u>

The carrying amounts of trade receivables approximate their fair values.

The top five customers and the largest customer accounted for 49.15% (2022: 37.7%) and 12.5% (2022: 12.1%), respectively, of the trade receivables balance as at 31 December 2023. Other than these major customers, there is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

As at 31 December 2023, no trade receivables (2022: Nil) were past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 TRADE RECEIVABLES (CONTINUED)

Movements of loss allowance are as follows:

	2023 HK\$'000	2022 HK\$'000
As at 1 January	1,188	1,188
Net impairment losses on financial assets	–	–
As at 31 December	1,188	1,188

Trade receivables are denominated in the following currencies:

	2023 HK\$'000	2022 HK\$'000
HK\$	169,418	221,906
US\$	805,939	789,518
RMB	834,672	657,841
Others	11,417	13,083
	1,821,446	1,682,348

Accounting policy – Trade receivables

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023	2022
	HK\$'000	HK\$'000
Non-current:		
Deposits for purchases of property, plant and equipment	23,385	53,168
Loan to a supplier (Note a)	24,481	–
Prepayment for a land lease	43,715	–
Others	3,794	3,863
	95,375	57,031
Current:		
Consideration receivables from disposal of financial assets at FVOCI (Note c)	14,726	10,824
Consideration receivables from disposal of a subsidiary (Note c)	3,544	3,544
Prepayments for purchases of raw materials	55,867	60,382
Value-added tax recoverable	61,646	62,371
Prepayment of utilities expenses	1,456	1,584
Receivables from employees and staff advances (Note b)	4,428	6,567
Deposits placed with customs in Mainland China	424	2,117
Receivables from the former subsidiaries (Note b)	51,120	51,095
Receivables from an associate (Note b)	6,517	6,517
Others	8,620	6,906
	208,348	211,907
Loss allowance	(65,772)	(65,772)
	142,576	146,135

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, from the former subsidiaries and receivables from an associate are unsecured, non-interest bearing, repayable on demand and denominated in Renminbi ("RMB").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

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

As at the year ended 31 December 2023, no additional loss allowance for deposits and other receivables was made (2022: HK\$7,622,000).

Movements of loss allowance are as follows:

	2023	2022
	HK\$'000	HK\$'000
As at 1 January	65,772	58,150
Provision of impairment losses on financial assets, net	-	7,622
As at 31 December	65,772	65,772

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	2023	2022
	HK\$'000	HK\$'000
Unlisted:		
Equity securities – Mainland China, at fair value	11,954	28,647

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

The financial assets at FVOCI are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Movements of the financial assets at FVOCI are as follows:

	2023	2022
	HK\$'000	HK\$'000
As at 1 January	28,647	32,328
Disposal (Note)	(13,144)	–
Revaluation losses transferred to other comprehensive income	(3,549)	(3,681)
As at 31 December	11,954	28,647

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

Accounting policy – Financial assets

(a) Classification

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

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

(b) Recognition and derecognition

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

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

Accounting policy – Financial assets (Continued)

(c) *Measurement*

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

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

(i) *Equity instruments*

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

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

(d) *Impairment*

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2023 HK\$'000	2022 HK\$'000
Restricted bank deposits	104,448	69,599
Short-term bank deposits	–	39,194
Cash and cash equivalents	1,610,592	1,722,162
	1,715,040	1,830,955

As at 31 December 2023, the effective interest rate and respective average maturity days of the restricted bank deposits, short-term bank deposits and cash and cash equivalents were as follows:

	2023		2022	
	Effective interest rate (per annum)	Average maturity (days)	Effective interest rate (per annum)	Average maturity (days)
Restricted bank deposits	1.20%	180	1.08%	180
Short-term bank deposits	–	–	2.9%	180
Cash and cash equivalents	0.9%	7	0.5%	7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

	2023	2022
	HK\$'000	HK\$'000
HK\$	385,434	501,690
RMB	724,803	813,095
US\$	572,795	478,629
Japanese yen	1,638	5,961
Euro	13,137	25,703
Vietnamese dong	16,194	4,652
Mexican peso	733	887
Others	306	338
	<u>1,715,040</u>	<u>1,830,955</u>

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

As at 31 December 2023, the Group had restricted bank deposits, short-term bank deposits and cash and cash equivalents amounting to approximately HK\$1,165,416,000 (2022: HK\$1,329,414,000) which were denominated in different currencies and held in the PRC. These cash and bank balances are subject to rules and regulations of foreign exchange control promulgated by the PRC government.

16 TRADE PAYABLES

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

	2023	2022
	HK\$'000	HK\$'000
0 to 90 days	1,359,656	1,344,134
91 to 180 days	132,608	145,698
	<u>1,492,264</u>	<u>1,489,832</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 TRADE PAYABLES (CONTINUED)

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

	2023	2022
	HK\$'000	HK\$'000
HK\$	13,804	18,095
RMB	948,596	891,957
US\$	519,433	564,484
Others	10,431	15,296
	<u>1,492,264</u>	<u>1,489,832</u>

17 CONTRACT LIABILITIES

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

	2023	2022
	HK\$'000	HK\$'000
Receipt in advance from customers	<u>95,722</u>	<u>99,288</u>

Contract liabilities for receipt in advance have decreased by HK\$3,566,000 (2022: increased by HK\$31,510,000) due to less (2022: due to more) prepayments from customers.

For the year ended 31 December 2023, HK\$99,288,000 (2022: HK\$67,778,000) of revenue recognised was included in the contract liability balance at the beginning of the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 ACCRUALS AND OTHER PAYABLES

	2023	2022
	HK\$'000	HK\$'000
Payable for purchase of property, plant and equipment	40,329	46,813
Accrued utilities expenses	4,213	3,866
Accrued wages, salaries and welfare	144,447	121,775
Accrued operating expenses	8,032	6,920
Purchase consideration balance payable for the acquisition of subsidiaries	18,732	25,720
Other payables	40,342	37,148
	<u>256,095</u>	<u>242,242</u>

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

	2023	2022
	HK\$'000	HK\$'000
HK\$	2,435	1,195
RMB	87,581	97,605
Others	9,387	10,881
	<u>99,403</u>	<u>109,681</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 BANK BORROWINGS

	2023	2022
	HK\$'000	HK\$'000
Current:		
Short-term bank loans	444,601	217,647
Portion of long-term loans from banks due for repayment within one year (including those repayable on demand)	704,535	747,993
	1,149,136	965,640
Non-current:		
Portion of long-term loans from banks due for repayment after one year	1,321,006	1,459,783
Total bank borrowings	2,470,142	2,425,423

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 BANK BORROWINGS (CONTINUED)

The Group's bank borrowings are repayable as follows:

	2023 HK\$'000	2022 HK\$'000
Within 1 year or on demand	1,149,136	965,640
Between 1 and 2 years	1,057,106	533,430
Between 2 and 5 years	263,900	926,353
	<u>2,470,142</u>	<u>2,425,423</u>

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

	2023 HK\$'000	2022 HK\$'000
HK\$	2,420,541	2,363,394
RMB	49,601	60,800
USD	–	1,229
	<u>2,470,142</u>	<u>2,425,423</u>

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

	Short-term bank loans		Long-term bank loans	
	2023	2022	2023	2022
HK dollars	6.70%	4.02%	6.91%	8.31%
Renminbi	3.13%	3.80%	–	–

As at 31 December 2023, the Group has undrawn floating rate borrowing facilities of approximately HK\$455,200,000 (2022: HK\$804,600,000).

As at 31 December 2023 and 2022, no asset was pledged as collateral for the Group's bank borrowings.

20 DEFERRED TAXATION

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

	2023 HK\$'000	2022 HK\$'000
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than 12 months	4,733	6,549
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered after more than 12 months	(21,198)	(21,985)
Deferred income tax liabilities to be recovered within 12 months	(1,007)	(1,007)
Deferred income tax liabilities, net	<u>(17,472)</u>	<u>(16,443)</u>

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

	2023 HK\$'000	2022 HK\$'000
As at 1 January	(16,443)	(14,232)
Charged to profit or loss (Note 27)	(1,029)	(2,211)
As at 31 December	<u>(17,472)</u>	<u>(16,443)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 DEFERRED TAXATION (CONTINUED)

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

	Right- of-use assets	Fair value gains	Withholding tax	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2022	(13,177)	(18,814)	(5,129)	(37,120)
Credited to profit or loss	<u>80</u>	<u>951</u>	<u>–</u>	<u>1,031</u>
As at 31 December 2022	(13,097)	(17,863)	(5,129)	(36,089)
Credited to profit or loss	<u>4,561</u>	<u>787</u>	<u>–</u>	<u>5,348</u>
As at 31 December 2023	<u>(8,536)</u>	<u>(17,076)</u>	<u>(5,129)</u>	<u>(30,741)</u>

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

	Lease liabilities	Tax loss	Fair value loss	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2022	14,546	7,269	1,073	22,888
Credited/(charged) to profit or loss	<u>893</u>	<u>(4,078)</u>	<u>(57)</u>	<u>(3,242)</u>
As at 31 December 2022	15,439	3,191	1,016	19,646
Charged to profit or loss	<u>(6,045)</u>	<u>(304)</u>	<u>(28)</u>	<u>(6,377)</u>
As at 31 December 2023	<u>9,394</u>	<u>2,887</u>	<u>988</u>	<u>13,269</u>

The above deferred income tax liabilities in respect of withholding tax related to the unremitted retained earnings of certain subsidiaries. In addition, deferred income tax liabilities of HK\$103,625,000 (2022: HK\$95,423,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries as such amounts are considered likely to be reinvested permanently.

20 DEFERRED TAXATION (CONTINUED)

Deferred income tax assets are recognised for tax loss carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK\$61,641,000 (2022: HK\$52,862,000) in respect of losses amounting to HK\$297,627,000 (2022: HK\$273,399,000) that can be carried forward against future taxable income. Tax losses of HK\$307,000, HK\$88,211,000, HK\$61,863,000, HK\$33,488,000, HK\$3,001,000, HK\$12,550,000, HK\$24,883,000, HK\$32,139,000 and HK\$41,185,000 will expire in 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2032 and 2033 respectively (2022: HK\$307,000, HK\$88,211,000, HK\$67,786,000, HK\$47,523,000, HK\$12,550,000, HK\$24,883,000 and HK\$32,139,000 will expire in 2024, 2025, 2026, 2027, 2029, 2030 and 2032 respectively).

Accounting policy – Deferred income tax

Inside basis differences

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

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

Outside basis differences

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

Offsetting

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 SHARE CAPITAL

	Note	Number of ordinary shares (thousands)	Nominal value HK\$'000
Authorised:			
As at 1 January 2022, 31 December 2022 and 2023		<u>200,000,000</u>	<u>20,000,000</u>
Issued and fully paid:			
As at 1 January 2022		1,749,120	174,912
Issuance of shares	(i)	300	30
Repurchase of shares	(ii)	<u>(8,500)</u>	<u>(850)</u>
As at 31 December 2022 and 2023		<u>1,740,920</u>	<u>174,092</u>

Notes:

- (i) During the year ended 31 December 2022, 300,000 ordinary shares were issued at HK\$1.1 per share, and net proceeds of HK\$330,000 were received upon the exercise of certain options under the share options scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 SHARE CAPITAL (CONTINUED)

Notes: (Continued)

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

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

Share options

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 SHARE CAPITAL (CONTINUED)

Share options (Continued)

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

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

	2023		2022	
	Average exercise price per share HK\$	Number of options '000	Average exercise price per share HK\$	Number of options '000
As at 1 January	1.51	119,200	1.51	119,500
Exercised	-	-	1.10	(300)
As at 31 December	1.51	119,200	1.51	119,200

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 SHARE CAPITAL (CONTINUED)

Share options (Continued)

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

Expiry date	2023		2022	
	Exercise Price HK\$	Number of Options '000	Exercise Price HK\$	Number of Options '000
4 November 2024	1.10	50,000	1.10	50,000
5 November 2024	1.80	50,000	1.80	50,000
5 November 2027	1.80	19,200	1.80	19,200
		119,200		119,200

The amount of share-based payment charged to the consolidated statement of comprehensive income during the year ended 31 December 2023 was HK\$10,454,000 (2022: HK\$31,277,000).

Accounting policy – Share-based payments

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 RESERVES

	Share premium	Capital reserve (i)	Statutory reserves (ii)	Capital redemption reserve (iii)	Share options reserve	Financial assets at FVOCI reserve	Exchange reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2023	1,017,673	(735)	226,635	40,061	64,073	(35,461)	(119,046)	1,471,112	2,664,312
Profit for the year	-	-	-	-	-	-	-	237,095	237,095
Dividends paid	(67,199)	-	-	-	-	-	-	-	(67,199)
Other comprehensive loss									
– Currency translation differences	-	-	-	-	-	-	(17,491)	-	(17,491)
– Revaluation losses on financial assets at FVOCI	-	-	-	-	-	(3,549)	-	-	(3,549)
Employee share option scheme:									
Value of employee services	-	-	-	-	10,454	-	-	-	10,454
Transfer to retained earnings upon disposal of a financial asset at fair value through other comprehensive income	-	-	-	-	-	18,438	-	(18,438)	-
Transfer to statutory reserves	-	-	26,920	-	-	-	-	(26,920)	-
As at 31 December 2023	<u>950,474</u>	<u>(735)</u>	<u>253,555</u>	<u>40,061</u>	<u>74,527</u>	<u>(20,572)</u>	<u>(136,537)</u>	<u>1,662,849</u>	<u>2,823,622</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Notes:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 RESERVES (CONTINUED)

Notes: (Continued)

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

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

	2023	2022
	HK\$'000	HK\$'000
Other income		
Government grants	23,996	12,971
Storage income	10,606	9,459
Others	14,585	–
	49,187	22,430
Other gains/(losses) – net		
Loss on disposal of property, plant and equipment	(10,251)	(7,026)
Net exchange gain/(losses)	32,966	(6,198)
Dividend income from a financial asset at FVOCI	–	1,056
Gain on disposal of shareholdings of an associate	675	–
Gain on lease termination	10,624	–
Others	3,053	3,833
	37,067	(8,335)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 EXPENSES BY NATURE

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

	2023	2022
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	243,380	228,958
Depreciation of right-of-use assets	31,117	41,573
Amortisation of intangible assets	1,792	1,792
Employee benefit expenses (Note 25)	1,092,307	1,110,988
Auditor's remuneration		
– Audit services	4,490	4,175
– Non-audit services	758	273
Changes in inventories of finished goods and work-in-progress	36,361	75,173
Raw materials and consumables used	3,832,633	3,887,110
Provision for/(reversal of provision for) inventory obsolescence	9,244	(16,173)
Subcontracting expenses	12,573	10,724
Utilities expenses	77,482	78,941
Transportation expenses	57,543	64,724
Packaging expenses	147,108	143,618
Marketing expenses	9,779	11,335
Office expenses	67,962	61,240
Operating lease payments for short-term and low value leases	2,558	1,970
Others	251,034	294,941
	5,878,121	6,001,362

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 EMPLOYEE BENEFIT EXPENSES

	2023	2022
	HK\$'000	HK\$'000
Wages, salaries and bonus	949,852	958,261
Staff welfare	58,488	54,037
Retirement benefit – defined contribution plans (a)	73,513	67,413
Share-based payment (Note 21)	10,454	31,277
	<u>1,092,307</u>	<u>1,110,988</u>

(a) Retirement benefits – defined contribution plans

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

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

During the year ended 31 December 2023, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK\$73,513,000 (2022: HK\$67,413,000). As at 31 December 2023, the Group was not entitled to any forfeited contributions to reduce its future contributions (2022: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2022: three) directors whose emoluments are reflected in the analysis in Note 34.

The emoluments payable to the remaining two (2022: two) individuals are as follows:

	2023	2022
	HK\$'000	HK\$'000
Salaries	1,840	1,786
Discretionary bonus	400	348
Contribution to pension scheme	36	36
Share options granted	190	569
	2,466	2,739

The emoluments fell within the following bands:

	Number of individuals	
	2023	2022
Emolument bands		
Nil to HK\$1,000,000	-	1
HK\$1,000,001 to HK\$1,500,000	2	-
HK\$1,500,001 to HK\$2,000,000	-	1
	2	2

During the year, no emolument was paid by the Group to any of the directors of the Company and the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2022: Nil).

25 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Five highest paid individuals (Continued)

Accounting policy – Employee benefits

Employee leave entitlements

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

Pension obligations

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

Profit-sharing and bonus plans

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 FINANCE INCOME/COSTS

	2023	2022
	HK\$'000	HK\$'000
Finance income		
Interest income on bank deposits	42,403	10,462
Finance costs		
Interest expense on:		
Bank borrowings	162,474	67,831
Lease liabilities – plant and machinery	15	199
Lease liabilities – factory and office premises	4,020	4,773
Interest capitalised (Note)	(37,604)	(19,966)
	128,905	52,837

Note: The capitalisation rate used to determine the amount of borrowings costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during the year, in this case 6.83% (2022: 3.36%).

27 INCOME TAX EXPENSE

	2023	2022
	HK\$'000	HK\$'000
Current taxation		
– Mainland China corporate income tax	50,346	23,585
– Vietnam corporate income tax	7,402	10,934
– Mexico corporate income tax	16,195	–
Over-provision in prior years	(8,277)	(12,156)
Deferred income tax (Note 20)	1,029	2,211
	66,695	24,574

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 INCOME TAX EXPENSE (CONTINUED)

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

	2023	2022
	HK\$'000	HK\$'000
Profit before income tax	303,790	230,591
Tax calculated at domestic rates applicable to profits/ (losses) in the respective countries/places of business	56,505	38,083
Income not subject to tax	(14,241)	(10,059)
Expenses not deductible for tax purpose	44,497	21,089
Tax concession	(20,568)	(32,927)
Tax losses for which no deferred income tax assets were recognised (including recognition of previously unrecognised deferred income tax assets)	12,835	17,283
Utilisation of tax loss previously not recognised	(2,155)	(817)
(Recognition)/derecognition of deferred income tax assets	(1,901)	4,078
Over-provision in prior years	(8,277)	(12,156)
Tax charge	66,695	24,574

The weighted average applicable tax rate for the year ended 31 December 2023 was approximately 18.6% (2022: 16.5%). The increase is primarily due to changes in the profitability of the subsidiaries in the respective jurisdictions of tax in the current year.

27 INCOME TAX EXPENSE (CONTINUED)

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year (2022: 16.5%).

(b) Mainland China corporate income tax

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

- (i) Provision for Mainland China corporate income tax is calculated at the statutory rate of 25% (2022: 25%) on the assessable income of each of the Group's entities, except that certain subsidiaries of the Group operating in Mainland China are eligible for certain tax exemptions and concessions including tax holiday and reduced income tax rate during the year.
- (ii) EVA Precision Industrial (Suzhou) Limited, Shenzhen EVA Mould Manufacturing Limited, Chongqing Digit Auto Body Ltd., Shenzhen EVA Precision Technology Group Limited, Zhongshan Digit Automotive Technology Limited, Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd., Digit Stamping Technology (Wuhan) Limited, Shenzhen Digit Automotive Technology Limited and EVA Precision Industrial (Weihai) Limited are each recognised by the Chinese Government as a "National High and New Technology Enterprise" and are therefore subject to a preferential tax rate of 15% during the years ended 31 December 2022 and 2023.

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

27 INCOME TAX EXPENSE (CONTINUED)

(c) Other income taxes

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

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

The subsidiary established and operating in Vietnam is subjected to a preferential tax rate of 10% for the first 15 years from the year of commencing operations. It is also entitled to full exemption from corporate income tax for the first four years from the earlier of (i) the year when profit is generated for the first time or (ii) the fourth year of commencing operations; and a 50% reduction in corporate income tax for the next nine years. The Vietnam subsidiary of the Group was under 75% reduction in total from corporate income tax in Vietnam for the years ended 31 December 2022 and 2023.

Provision for Mexico Corporate income tax was calculated at the statutory rate of 30% for the years ended 31 December 2022 and 2023.

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

Accounting policy – Current income tax

Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income or equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 EARNINGS PER SHARE

Basic

	<u>2023</u>	<u>2022</u>
Profit attributable to equity holders of the Company (HK\$'000)	<u>237,095</u>	<u>206,017</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,740,920</u>	<u>1,745,051</u>
Basic earnings per share (HK cents per share)	<u>13.6</u>	<u>11.8</u>

Diluted

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

Diluted earnings per share for the year ended 31 December 2023 equals to the basic earnings per share as the exercise of the outstanding share options would be anti-dilutive.

	<u>2023</u>	<u>2022</u>
Profit attributable to equity holders of the Company (HK\$'000)	<u>237,095</u>	<u>206,017</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,740,920</u>	<u>1,745,051</u>
Adjustment for share options ('000)	<u>-</u>	<u>44</u>
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>1,740,920</u>	<u>1,745,095</u>
Diluted earnings per share (HK cents per share)	<u>13.6</u>	<u>11.8</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 EARNINGS PER SHARE (CONTINUED)

Accounting policy – earnings per share

Basic earnings per share

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

Diluted earnings per share

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

29 DIVIDENDS

	2023 HK\$'000	2022 HK\$'000
Interim dividend paid of HK2.10 cents (2022: HK1.76 cents) per share	36,559	30,675
Proposed final dividend of HK1.99 cents (2022: HK1.76 cents) per share	34,644	30,640
	<u>71,203</u>	<u>61,315</u>

A final dividend in respect of the year ended 31 December 2023 of HK\$1.99 cents per share, totaling of HK\$34,644,000 has been proposed for approval at the forthcoming annual general meeting. These financial statements have not reflected this dividend payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2023	2022
	HK\$'000	HK\$'000
Profit before income tax	303,790	230,591
Adjustments for:		
– Depreciation of property, plant and equipment	243,380	228,958
– Depreciation of right-of-use assets	31,117	41,573
– Amortisation of intangible assets	1,792	1,792
– Loss on disposal of property, plant and equipment	10,251	7,026
– Gain on lease termination	(10,624)	–
– Share of loss of associates	499	210
– Dividend income from a financial asset at fair value through other comprehensive income	–	(1,056)
– Provision for/(reversal for) inventory obsolescence	9,244	(16,173)
– Net impairment losses on financial assets	–	7,622
– Share-based payment	10,454	31,277
– Interest income	(42,403)	(10,462)
– Interest expense	128,905	52,837
Changes in working capital:		
– Inventories	(11,443)	66,048
– Trade receivables	(139,098)	(299,209)
– Prepayments, deposits and other receivables	(16,951)	(5,117)
– Trade payables	2,432	117,017
– Accruals and other payables	20,337	(28,420)
– Contract liabilities	(3,566)	31,510
Cash generated from operations	538,116	456,024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2023	2022
	HK\$'000	HK\$'000
Net book amount	17,422	26,290
Loss on disposal of property, plant and equipment	(10,251)	(7,026)
Proceeds	7,171	19,264

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2023	2022
	HK\$'000	HK\$'000
Cash and cash equivalents	1,610,592	1,722,162
Lease liabilities – repayable within one year	(15,341)	(44,120)
Lease liabilities – repayable after one year	(59,502)	(76,107)
Bank borrowings – repayable within one year	(1,149,136)	(965,640)
Bank borrowings – repayable after one year	(1,321,006)	(1,459,783)
Net debt	(934,393)	(823,488)
Cash and liquid investments	1,610,592	1,722,162
Gross debt – fixed interest rates	(74,843)	(117,817)
Gross debt – variable interest rates	(2,470,142)	(2,427,833)
Net debt	(934,393)	(823,488)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Net debt reconciliation (Continued)

	Liabilities from financing activities			Total HK\$'000
	Cash and cash equivalents	Lease liabilities	Bank borrowings	
	HK\$'000	HK\$'000	HK\$'000	
Net debt as at 1 January 2022	1,318,182	(109,246)	(1,907,550)	(698,614)
New leases	–	(51,716)	–	(51,716)
Cash flows	440,955	30,418	(517,873)	(46,500)
Foreign exchange adjustments	(36,975)	10,317	–	(26,658)
Net debt as at 31 December 2022	1,722,162	(120,227)	(2,425,423)	(823,488)
Cash flows	(104,687)	19,845	(34,834)	(119,676)
Interest accrual	–	–	(9,885)	(9,885)
Lease termination	–	23,896	–	23,896
Foreign exchange adjustments	(6,883)	1,643	–	(5,240)
Net debt as at 31 December 2023	<u>1,610,592</u>	<u>(74,843)</u>	<u>(2,470,142)</u>	<u>(934,393)</u>

31 CAPITAL COMMITMENTS

Capital expenditures at the end of the year contracted but not yet incurred are as follows:

	2023 HK\$'000	2022 HK\$'000
Contracted but not provided for		
– Construction of buildings	145,313	112,588
– Purchase of plant and machinery	31,911	119,454
	<u>177,224</u>	<u>232,042</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 RELATED PARTY TRANSACTIONS

Zhang Hwo Jie and Zhang Yaohua, the Company's executive directors, have beneficial interests in Prosper Empire Limited, which owned 38.70% (2022: 38.70%) of the Company's shares as at 31 December 2023.

(a) Key management compensation

	2023	2022
	HK\$'000	HK\$'000
Salaries, allowances and bonus	25,890	27,889
Share-based payment	998	2,796
Retirement benefits – defined contribution plans	90	72
	<u>26,978</u>	<u>30,757</u>

The following transactions were undertaken by the Group with related party. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(b) Balances with a related party

	2023	2022
	HK\$'000	HK\$'000
Receivables from an associate		
Shenzhen L&L Auto-tech Co., Ltd.	<u>456</u>	<u>1,712</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023	2022
	HK\$'000	HK\$'000
ASSETS		
Non-current assets		
Investments in subsidiaries	123,358	123,358
Amounts due from subsidiaries	1,328,261	1,394,695
	1,451,619	1,518,053
Current assets		
Cash and cash equivalents	1,474	4,644
	1,474	4,644
LIABILITIES		
Current liabilities		
Accruals and other payables	85,116	76,103
Bank borrowing	-	30,000
	85,116	106,103
Net current liabilities	(83,642)	(101,459)
Total assets less current liabilities	1,367,977	1,416,594
Net assets	1,367,977	1,416,594
EQUITY		
Capital and reserves		
Share capital	174,092	174,092
Reserves	1,193,885	1,242,502
Total equity	1,367,977	1,416,594

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Reserve movement of the Company:

	Share premium HK\$'000	Contributed surplus (Note) HK\$'000	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	(Accumulated deficits)/ retained Earnings HK\$'000	Total HK\$'000
Balance at 1 January 2023	1,017,673	121,351	40,061	64,073	(656)	1,242,502
Profit for the year	-	-	-	-	8,128	8,128
Dividends paid	(67,199)	-	-	-	-	(67,199)
Employee share option scheme:						
Value of employee services	-	-	-	10,454	-	10,454
Balance at 31 December 2023	<u>950,474</u>	<u>121,351</u>	<u>40,061</u>	<u>74,527</u>	<u>7,472</u>	<u>1,193,885</u>
Balance at 1 January 2022	1,084,704	121,351	39,211	32,909	10,156	1,288,331
Loss for the year	-	-	-	-	(9,962)	(9,962)
Dividends paid	(56,842)	-	-	-	-	(56,842)
Employee share option scheme:						
Value of employee services	-	-	-	31,277	-	31,277
Transfer to share premium upon exercise of share options	113	-	-	(113)	-	-
Proceeds from share issuance of shares upon exercise of employees share options	300	-	-	-	-	300
Premium on repurchase of shares	(10,602)	-	-	-	-	(10,602)
Capital redemption reserve arising from repurchase of shares	-	-	850	-	(850)	-
Balance at 31 December 2022	<u>1,017,673</u>	<u>121,351</u>	<u>40,061</u>	<u>64,073</u>	<u>(656)</u>	<u>1,242,502</u>

Note: The contributed surplus of the Company represents the difference between the costs of investments in subsidiaries acquired pursuant to a reorganisation over the nominal value of the share capital of the Company issued in exchange therefor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 December 2023 is set out below:

Name	Fees HK\$'000	Salaries HK\$'000	Discretionary bonus HK\$'000	Allowances and benefits in kind HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
Executive directors						
Mr. Zhang Hwo Jie	-	5,760	2,480	269	18	8,527
Mr. Zhang Jian Hua	-	5,760	1,480	269	18	7,527
Mr. Zhang Yaohua (Note i)	-	5,760	2,480	269	18	8,527
Ms. Zhang Yan Yi (Note ii)	-	460	500	63	18	1,041
Independent non- executive directors						
Mr. Lam Hiu Lo	160	-	-	63	-	223
Dr. Chai Ngai Chiu Sunny	160	-	-	63	-	223
Ms. Ling Kit Sum	160	-	-	63	-	223
	480	17,740	6,940	1,059	72	26,291

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (Continued)

The remuneration of every director and the chief executive for the year ended 31 December 2022 is set out below:

Name	Fees HK\$'000	Salaries HK\$'000	Discretionary bonus HK\$'000	Allowances and benefits in kind HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
Executive directors						
Mr. Zhang Hwo Jie	-	5,760	3,260	806	18	9,844
Mr. Zhang Jian Hua	-	5,760	2,960	806	18	9,544
Mr. Zhang Yaohua (Note i)	-	5,760	2,960	806	18	9,544
Independent non- executive directors						
Mr. Lam Hiu Lo	160	-	-	190	-	350
Dr. Chai Ngai Chiu Sunny	160	-	-	190	-	350
Ms. Ling Kit Sum	160	-	-	190	-	350
	<u>480</u>	<u>17,280</u>	<u>9,180</u>	<u>2,988</u>	<u>54</u>	<u>29,982</u>

Note:

- (i) Zhang Yaohua is also the Chief Executive of the Group.
- (ii) Zhang Yan Yi was appointed as the executive director of the Group on 21 July 2023.

34 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (Continued)

None of the directors waived or agreed to waive any emoluments paid/payable by the Group during the year (2022: Nil).

During the year, no emoluments, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2022: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2022: Nil). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2022: Nil).

No director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2022: Nil).

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

35.1 Principles of consolidation and equity accounting

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December 2023.

(a) *Subsidiaries*

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

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

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.1 Principles of consolidation and equity accounting (Continued)

(b) *Associates*

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

(c) *Equity method*

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

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

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

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

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.1 Principles of consolidation and equity accounting (Continued)

(c) *Equity method* (Continued)

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

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

35.2 Changes in ownership interests

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

35.3 Separate financial statements

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

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

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.4 Segment reporting

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

35.5 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

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

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

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.5 Foreign currency translation (Continued)

(c) *Group companies*

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

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

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

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

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.5 Foreign currency translation (Continued)

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

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

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

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.6 Intangible assets

(a) *Goodwill*

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

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

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

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.6 Intangible assets (Continued)

(b) Software

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

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

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

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

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.7 Impairment of investments in subsidiaries and non-financial assets

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

35.8 Fair value of financial assets at FVOCI

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

35.9 Offsetting financial instruments

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

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.10 Cash and cash equivalents

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

35.11 Share capital

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

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

35.12 Trade payables, accruals and other payables

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

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

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.13 Borrowings

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

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

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

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

35.14 Borrowing costs

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

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.15 Provisions

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

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

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

35.16 Dividend distribution

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

35.17 Government grants

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

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

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

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

35 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

35.18 Interest income

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

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

35.19 Dividend income

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

FIVE YEARS FINANCIAL SUMMARY

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
CONSOLIDATED RESULTS					
Turnover	<u>6,182,658</u>	<u>6,268,065</u>	<u>5,108,777</u>	<u>4,008,459</u>	<u>3,747,055</u>
Profit/(loss) attributable to equity holders of the Company	<u>237,095</u>	<u>206,017</u>	<u>155,190</u>	<u>(15,371)</u>	<u>51,781</u>
CONSOLIDATED BALANCE SHEET					
Non-current assets	3,121,503	2,959,919	2,931,918	2,830,973	2,820,060
Current assets	4,318,676	4,296,853	3,641,718	3,270,512	3,128,036
Current liabilities	(3,039,752)	(2,859,486)	(3,255,991)	(2,773,904)	(2,446,269)
Non-current liabilities	(1,402,713)	(1,558,882)	(559,204)	(717,889)	(906,578)
Net assets	<u>2,997,714</u>	<u>2,838,404</u>	<u>2,788,441</u>	<u>2,609,692</u>	<u>2,595,249</u>
Share capital	174,092	174,092	174,912	171,658	171,713
Reserves	<u>2,823,622</u>	<u>2,664,312</u>	<u>2,613,529</u>	<u>2,438,034</u>	<u>2,423,536</u>
Total equity	<u>2,997,714</u>	<u>2,838,404</u>	<u>2,788,441</u>	<u>2,609,692</u>	<u>2,595,249</u>

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

Ms. Ling Kit Sum (*Chairman*)
Mr. Lam Hiu Lo
Dr. Chai Ngai Chiu Sunny

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

HEAD OFFICE

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

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

CORPORATE INFORMATION

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



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

Unit 8, 6th Floor, Greenfield Tower, Concordia Plaza
No.1 Science Museum Road, Kowloon, Hong Kong
香港九龍科學館道1號宏康廣場南座6樓8室

Telephone 電話: 852-2620 6488
Facsimile 傳真: 852-2191 9978
Website 網站: www.eva-group.com

EVA Shenzhen (Shiyan) Electronic Industrial Park
No.11 Guo Tai Road, Tang Tou Community
Shi Yan Town, Bao An District, Shenzhen
Guangdong Province, the People's Republic of China
中國廣東省深圳市寶安區石岩街道塘頭社區國泰路11號
億和深圳(石岩)電子產業園

Telephone 電話: 86-755 2762 9999
Facsimile 傳真: 86-755 2762 9181
Postcode 郵編: 518108

EVA Suzhou Electronic Industrial Park
No. 268 Ma Yun Road
Suzhou National New and Hi-Tech Industrial Development Zone
Jiangsu Province, the People's Republic of China

中國江蘇省蘇州市高新區馬運路268號
億和蘇州電子產業園

Telephone 電話: 86-512 8917 9999
Facsimile 傳真: 86-512 8887 1281
Postcode 郵編: 215129

EVA (Guangming) Precision Manufacturing Industrial Park
Nan Huan Road, 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南環路
億和(光明)精密製造產業園

Telephone 電話: 86-755 8172 9999
Facsimile 傳真: 86-755 2906 8899
Postcode 郵編: 518106

Digit Zhongshan Automotive Industrial Park
No. 31 Torch Road
Torch Development Zone, Zhongshan
Guangdong Province, the People's Republic of China

中國廣東省中山市火炬開發區火炬路31號
數碼模中山汽車產業園

Telephone 電話: 86-760 8996 9999
Facsimile 傳真: 86-760 8992 3300
Postcode 郵編: 528437

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

Telephone 電話: 86-23 6155 4600
Facsimile 傳真: 86-23 6155 4617
Postcode 郵編: 400084

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

Telephone 電話: 86-28 2339 2222
Facsimile 傳真: 86-28 2339 2222
Postcode 郵編: 641500

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
Facsimile 傳真: 86-27 8661 9999-209
Postcode 郵編: 430120

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

Telephone 電話: 86-755 8172 5899
Facsimile 傳真: 86-755 8172 5699
Postcode 郵編: 518132

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

Telephone 電話: 84-31 8831 888
Facsimile 傳真: 84-31 8831 999
Postcode 郵編: 180000

EVA Weihai (Double Islands Bay) Electronic Industrial Park
No.367 Shuangdao Road,
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
億和威海(雙島灣)電子產業園

Telephone 電話: 86-631 5718 099
Facsimile 傳真: 86-631 5718 066
Postcode 郵編: 264200

EVA Weihai (Intops) Electronic Industrial Park
No. 268-1 Ke Ji Road
Weihai Torch High Technology Industrial Development Zone, Weihai
Shandong Province, the People's Republic of China

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 Potosí, 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
Postcode 郵編: 79526

