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EVA Precision Industrial Holdings Limited

億和精密工業控股有限公司

(Incorporated with limited liability in the Cayman Islands)

(Stock Code: 838)

INSIDE INFORMATION UPDATE ON ORDERS FROM A CUSTOMER

This announcement is made by EVA Precision Industrial Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the inside information provisions under part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors of the Company that the Company and Digit Automotive de Mexico S.A. de C.V., a wholly-owned subsidiary of the Company, have received the supplier award notice (the “**Notice**”) issued by a prominent new energy vehicle manufacturer located in the United States (the “**Customer**”). Pursuant to the Notice, the Group has been commissioned by the Customer to develop and manufacture various moulds and components for various vehicle body structure parts in accordance with the requirements of the Customer, including the manufacture and welding assembly of structure parts for automobile seats and vehicle body. The production of such structure parts is expected to commence in 2023.

Upon commencement of the mass production for such new orders, based on the agreed unit prices for the relevant structure parts and the available production capacity that the Group has allocated to the Customer, the value of the orders is expected to be approximately HK\$140 million per year, and the value of the orders based on a five-year lifecycle (being the generally expected lifecycle of production with respect to a vehicle model in the automotive industry) is expected to be approximately HK\$700 million. The value of the orders received by the Group from the Customer as at the date of this announcement, together with the expected orders pursuant to the Notice on a five-year lifecycle basis, will exceed approximately HK\$2.5 billion. The Group expects that the rapid development of the global new energy vehicle market will drive a rapid compound growth in the forecasted shipments of the Customer in the United States market, which may result in further increase of orders from the Customer to the Group.

The Group believes that the Notice signifies a stronger and more comprehensive relationship, and supplements and enriches the comprehensive cooperation model between the Group and the Customer, and also demonstrates the business expansion capability of the Group's industrial park located in Mexico.

The Group became a Tier-1 supplier of the Customer in recent years, and commenced mass production of components for the Customer in 2021. The Notice has significant effects on the strategic development of the Group's automotive component business segment and its overall business as follows: (i) expansion of product lines: apart from the core framework structure of automobile seats, our cooperation with the Customer has also extended to other vehicle body components, diversifying the Group's project portfolio. This includes vertical development of the Group's product lines due to the growth of the Customer's production volume, as well as horizontal development of the Group's product lines due to the new projects in relation to other vehicle body components for the Customer; (ii) maintenance of the core competitiveness of the Group and reinforcement of its competitive advantage: the Group maintains its core competitiveness in the research and development of moulds by strengthening its direct and exclusive supplier cooperation relationship with the Customer with respect to certain products in North America and thereby substantially improves customer loyalty; and (iii) expansion of the supply chain: as the new orders pursuant to the Notice include welding components, the receipt of such orders will improve the Group's capability in its welding assembly business segment, which in turn is expected to increase the added value of potential orders in this business segment in the future and facilitate the Group to extend its business throughout the entire industry value chain. The Board is confident that the Group will achieve more milestones in the new energy sector through comprehensive strategic cooperation with the Customer and other new energy vehicle manufacturers.

The value of the orders as referred to in this announcement will only be recognised as revenue when the products are delivered to the Customer. Until such delivery, the value of such orders shall not be construed as revenue. There is no assurance that the value of such orders would be recognised as revenues and/or profits, and even if revenue is recognised, it is possible that a loss may be recorded. Further, if the Customer places orders for less than the allocated production capacity, the actual value of orders may be less than the value as expected to be recognised by the Group. The Board's expectation on the Customer's forecasted shipments and potential increase of orders from the Customer may or may not materialise.

The information contained in this announcement (including the expected revenue that will be attributable to the Customer) is only based on the preliminary assessment by the Group's management and other information currently available, which have not been reviewed, confirmed or audited by the auditors of the Group, and is subject to possible adjustments arising from further review.

Shareholders of the Company and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
EVA Precision Industrial Holdings Limited
Zhang Hwo Jie
Chairman

Hong Kong, 13 September 2022

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