



EVA ANNOUNCES FY2021 ANNUAL RESULTS

Achieved business turnaround for the year

Automotive Components segment recorded Strong Growth

**Accelerating development in Information Technology Application Innovation ('ITAI')
and New Energy Vehicle ('NEV') businesses**

Results Highlights

- Business turned around in 2021, with profit attributable to shareholders amounting to HK\$155,190,000 (2020: loss attributable to shareholders of HK\$15,371,000) and basic earnings per share of HK\$9.0 cents.
- Revenue from office automation ("OA") equipment business increased significantly, while that of automotive components also recorded impressive growth, boosting the Group's overall turnover by 27.4% to HK\$5,108,777,000 (2020: HK\$4,008,459,000).
- The utilisation rates of the Group's domestic and overseas production facilities increased, in turn contributing to an improved gross profit margin, up 1.4 percentage points year-on-year to 19.8%.
- Final dividend of HK1.5 cents per share has been proposed, including the interim dividend of HK1.2 cents per share, total dividend of the year will be HK2.7 cents per share.

(Hong Kong, 31 March 2022) - **EVA Precision Industrial Holdings Limited** ("EVA" or the "Group"; stock code: 838) announces its annual results for the year ended 31 December 2021 ("the Year").

Developing OA equipment segment to enhance business diversification

Attributable to economic recovery and strong business momentum, OA equipment segment's turnover increased by 21% year-on-year to HK\$3,743,273,000 (2020: HK\$3,094,123,000) and the segment's profit was HK\$138,926,000 (2020: HK\$89,370,000). Utilisation rates of the Group's production facilities returning to normal also drove the segment's profit margin to approximately 3.7% (2020: 2.9%).

In April 2021, a wholly owned subsidiary of the Group entered into an equity transfer agreement with Futaba Industrial Co., Ltd. to acquire the entire equity interest in Futaba Metal for a cash consideration of approximately HK\$58,157,000. Futaba Metal was then renamed Shenzhen EVA Technology Intelligent Manufacturing Co., Ltd. (深圳市億和科技智造有限公司) ("EVA Intelligent Manufacturing") ("億和智造") in June 2021 and the company is principally engaged in the manufacture and sale of OA equipment. During the year, the Group began to gradually integrate EVA Intelligent Manufacturing's businesses, with the objective of integrating the company's resources and merging its production capacity with that of the

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Group's existing production facilities in 2022. This will help improve the Group's overall operational efficiency and better realise the synergies generated from the acquisition.

During the year, the turnover of the Group's business in Weihai increased by approximately 63%. This was mainly because, under the Design and Electronic Manufacturing Service ("DEMS") model, the Group's first series of printer products, including single-use printers and multi-function printers, jointly designed and developed with our customer commenced mass production in May 2021, resulting in sales growth of around 30% during the year. The product was also awarded "Pick of the Year 2022", which was a global award by Buyers Laboratory Inc (BLI) in the US in January this year, demonstrating international recognition of the product series' reliability, printing quality and efficiency and overall printing cost analysis. Currently, the DEMS business accounts for around 20% of the overall production capacity of the Weihai Industrial Park. During the year, the team continued to provide end-to-end services to customers of the DEMS business and more new products are expected to begin mass production in the coming year. The Group is also committed to expanding the domestic market and developing the ITAI industry on top of existing markets. The ITAI market in mainland China is huge, with a range of favourable policies proposed by the Chinese government, and immense opportunities have been brought to market. Currently, the Group has already secured customers such as Great Wall Electronics to co-develop and introduce more relevant products to the market. It is believed such development will help increase the Group's market share in mainland China substantially.

As the epidemic in Vietnam remained volatile, local governments in Vietnam continued to tighten social distancing measures. As such, the Vietnam operation was affected to various extents during the year. Despite this, the Group's Vietnam industrial park still managed to deliver a robust turnover growth of around 46% in 2021 because key customers relocated their production bases to Vietnam and the utilisation rate of the production facilities increased significantly. Currently, the Group has already received large amounts of orders on hand in Vietnam. It is believed that these orders on hand will crystallise into sales and realise profits in one to two years' time. In addition, given the low-cost operating environment, the Group is confident about Vietnam's performance in the coming year.

Strong growth in automotive components segment while strengthening partnerships with customers

Due to the Group's own competitive advantages, stable partnerships with customers and the rebound in global consumer sentiment, also driven by the strong business momentum in the North American market since the beginning of 2021 and the robust consumption sentiment in China, the Group's automotive components segment recorded strong growth, with segment's turnover increased by 49% year-on-year to HK\$1,365,504,000 (2020: HK\$914,336,000), the segment's profit of approximately HK\$126,844,000 during the year (2020: HK\$29,805,000), and an improvement in segment profit margin to 9.3% (2020: 3.3%).

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In Zhongshan, the Group recorded an increase in turnover of approximately 29% as a result of the Group's move to step up technological R&D and broaden its business scope with certain key customers including automobile suppliers in Europe and Japan such as Brose, Aisin and Yachiyo, thus resulting in satisfactory sales growth. During the year, the Group also started to establish strategic partnerships with domestic automobile suppliers, which contributed to the increase in turnover in Zhongshan.

In Chongqing, the Group continued to work more closely with Great Wall Motors, SAIC-GM-Wuling and Changan, and received the "2021 Most Potential Supplier" award from Great Wall Motors during the year, further demonstrating customers' trust in the core technologies of the Chongqing site. The welding site in Yongchuan, Chongqing, commencing production in 2021, is well aligned with the development of Great Wall Motors, and boosted the turnover in Chongqing during the year. Driven by the strong sales to two major customers, Great Wall Motors and SAIC-GM-Wuling, the Group recorded impressive growth in turnover of approximately 48% for the Chongqing operation. The Group's new Sichuan site was also recently established in order to better serve its customers in Chongqing.

Faster-than-expected development in Mexico industrial park

Since phase one of the industrial park in Mexico has largely resumed normal operations since 2021, the European and US automobile suppliers and automakers transferred their orders to our Mexico site and therefore the relevant sales were recognised in Mexico. With its strategic layout and competitive advantages, the Group continued to win the trust of its customers and was able to strengthen its strategic partnerships in Mexico. Among the automobile supplier customers, the sales of Faurecia and Adient increased by more than two to three folds year-on-year, leading to an increase in turnover of approximately 250% in Mexico. In addition, the Group began to receive orders from Tesla directly since July 2021, and has thus started to record sales directly from Tesla during the year. Thus, as a result of a surge in orders, the utilisation rate of the production facilities in phase one of the industrial park in Mexico increased significantly. Meanwhile, the investment in phases one and two of the Mexico industrial park are almost complete, and the Group has also started to prepare for the construction of and the investment in equipment for phase three of the industrial park in view of the faster-than-expected development in Mexico.

The relevant sales were recognised in Mexico resulting in the turnover from the Shenzhen business decreasing by approximately 29%. While supporting the development of the industrial park in Mexico, the industrial park in Shenzhen has also started to expand its business to the domestic and Japanese markets.

Strategic plan for NEV industry and achieving breakthroughs

NEVs are set to become a key business growth driver for the automotive components sector and demand is also expected to increase in the near term. The Group has made progress in the R&D of NEV battery and has achieved breakthroughs in market expansion during the year. The Group commenced negotiations with a Japanese electrical control supplier, which is expected to generate growth for the NEV business in

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Zhongshan. Wuhan operation has received a huge number of orders, including new projects from certain NEV manufacturers like Lucid Motors, a NEV manufacturer in the US. Some of the NEV related component orders, such as components for the battery cover, commenced delivery at the end of 2021. The Group expects these orders to turn into sales in five to seven years from 2022 and to bring a significant contribution to the Group between 2022 and 2025.

Mr. Zhang Hwo Jie, Chairman of EVA, said, “The COVID-19 pandemic is still impacting business activities worldwide, while the recent conflict between Russia and Ukraine also poses threats to the global economy, as well as the financial and commodities markets, and may intensify global inflationary pressures, exacerbate the supply chain disruption and the chip shortage issue, in turn affecting the development of technology companies as well as the automobile industry. To tackle these challenges, the Group will remain cautious and conscientious when making operating, investment and financing decisions. We will also flexibly adapt to geopolitical changes and continue to implement more stringent cost control measures and ensure effective management of our resources. In addition, the Group will continue to uphold its core values, enhance its competitive advantages in the OA equipment and automotive components sectors and adhere to its philosophy of continuous technological improvement so as to strengthen its market leadership, achieve business growth and maximise returns to shareholders.”

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About EVA Precision Industrial Holdings Limited

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

The Group's business model is unique and different to ordinary OEMs/ODMs. Brand owners normally require the Group to jointly co-develop the relevant moulds with them right from their product development stages. Thereafter, the completed moulds would be consigned in the Group's industrial parks for future mass production of components and semi-finished products. Because of the high level of skills and technologies required to design and fabricate moulds with a high degree of precision and dimensional accuracies, the Group has strong pricing power for its products. At present, the businesses of the Group cover office automation equipment, automotive and smart device as well as high end consumer electronic sectors.

At present, the Group's two main revenue streams are namely, the office automation (“OA”) equipment business and the automotive components business. Currently, the Group operates six industrial parks in Shenzhen, Suzhou, Weihai and Vietnam for the OA equipment business, and its other five industrial parks in Shenzhen, Zhongshan, Chongqing, Wuhan and Mexico are serving the automotive component sector. For more information, please visit <http://www.eva-group.com>.

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