[For immediate release]

EVA ANNOUNCES FY2023 ANNUAL RESULTS

Profit surged by 15% attributable to lean production and effective cost control
Capitalizing on market recovery and growth in NEV segment to
Expand market share and promote long-term business growth

Results Highlights

- For the year ended 31 December 2023, the Group's turnover was maintained at HK$6,182,658,000 (2022: HK$6,268,065,000).
- Profit attributable to equity holders increased by 15.1% to HK$237,095,000 (2022: HK$206,017,000), mainly attributable to lean production and effective cost control, synergies brought by integrating production capacity of EVA Intelligent Manufacturing acquired in 2021, 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 exchange gain, operating profit before interest and taxes of the Group’s core business was up 19.1% reaching HK$332,616,000 (2022: HK$279,374,000).
- Final dividend of HK1.99 cents per share has been proposed, including the interim dividend of HK2.1 cents per share, total dividend of the year will be HK4.09 cents per share (2021 annual dividend: HK3.52 cents per share).

(Hong Kong, 28 March 2024) - **EVA Precision Industrial Holdings Limited** (“EVA” or the “Group’’; stock code: 838) announces its annual results for the year ended 31 December 2023 (“the Year”).

Office automation (“OA”) business recorded 33% jump in segment profit despite sluggish market

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. Segment profit however, was up 33.1% reaching HK$337,365,000 (2022: HK$253,507,000) with segment margin improved to 7.9% (2022: 5.6%), 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.

Weihai’s OA equipment business performed outstandingly during the year, with turnover surged markedly by 89.9%, 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 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 polices 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 some orders have moved to Southeast Asia in recent years, 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. In addition, 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.

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%. 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. It will keep finetuning its operational approach and strategies taking reference to market changes and business performance, so as to meet market needs.

Automotive component business grew steadily as expansion in NEV sector continues

For the year ended 31 December 2023, the Group's automotive component segment recorded growth, with turnover up 6.9% to HK$1,887,183,000 (2022: HK$1,765,780,000). The Group 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. However, due to the transitional period of traditional orders decreasing and NEV orders increasing, performance of the segment has been impacted to a certain extent. Segment profit for the year increased slightly by 6.8% to HK$108,727,000 (2022: HK$101,824,000), segment profit margin remained at 5.8% (2022: 5.8%).

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.

During the year, the main customers of the Mexican industrial park, such as Tesla and Faurecia, continued to maintain strong growth momentum. With production gradually commencing for new project orders, turnover of the industrial park increased by 23.8%. With high hopes for the automotive component business in Mexico, 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. While carrying out internal reforms, the Group also deepened its strategic partnership with customers such as Tesla, Faurecia, Brose, Adient and Yanfeng. 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.

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. During the year, 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.

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. In the traditional automotive sector, the Group also took on a project order from its largest major customer Brose for export to Europe.

Mr. Zhang Hwo Jie, Chairman of EVA, said, "In the difficult times brought by the pandemic in the past few years, we faced challenges with a cautiously optimistic attitude. Over the years, we worked on stabilising our infrastructure and core advantages, reformed and optimised various internal procedures, actively implemented lean production, and fully embraced automation and digitalisation. In addition, with the NEV market growing rapidly, seeing continuously increasing demand, our automotive component business, which boasts a strong strategic layout and relentless effort to innovate, has been growing steadily. Looking ahead, we will strive to enhance our competitive edges and, with optimism and prudence, look for opportunities to expand capacity and our businesses, seize opportunities in the recovering market to expand market share and promote long-term business growth. Building on our years of experience in the industry, we will strive to consolidate our market leadership and realise sustainable business growth, so as to achieve the best returns for shareholders."

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About EVA Precision Industrial Holdings Limited

EVA is a vertically integrated one-stop precision manufacturing service provider. Over the years, it has developed into a comprehensive one-stop enterprise integrating its two main business segments, namely the office automation ("OA") equipment business and the automotive component business, and has expanded its manufacturing bases in China, South Asia and North America.

The OA equipment business provides 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 provides 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. 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).

For more information, please visit http://www.eva-group.com.

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