



EVA Precision Industrial Holdings Limited

億和精密工業控股有限公司

Stock code: 838 HK

Final Results Presentation

March 2019



EVA Shenzhen (Shiyan) Electronic Industrial Park



**Business
Highlights**

Business Highlights

- ◆ We are one of the few high-end manufacturers in China capable of producing moulds and components with **high precision and dimensional accuracies** which are key to high quality **office automation (“OA”) equipment, automobiles, smart devices and consumer electronics products**.
- ◆ Our **unique one-stop services** covering a wide range of production processes provides strong incentives for customers to increase their procurements from us, as this can effectively reduce the additional costs and excess production lead time that arise from outsourcing different production processes to different suppliers.
- ◆ Our excellent engineering expertise and services are well recognised by world renowned companies including **Fuji Xerox, Canon, Kyocera, Ricoh, Hewlett-Packard, Dongfeng, Faurecia, Brose and Yamada**.
- ◆ In the OA equipment sector, the Group’s industrial parks in China sell moulds and components to the customers’ assembly plants in China. The final products assembled by the customers are either sold in China or exported to other countries, which may include the United States. However, all of the Group’s customers in the OA equipment sectors are multi-national companies which possesses assembly plants around the world. Accordingly, they can replace their export from China to the United States with export to other countries, and use the assembly plants in other countries for export to the United States, **leaving the total production volume in China substantially unchanged**.

Business Highlights (Cont'd)

- ◆ The Group also made a right decision a few years ago to expand into China's automobile sector, *a huge market which primarily sells domestically*. In addition, *overseas expansion* is in process. At present, the Group's industrial park in Vietnam has already commenced operations, and another new industrial park in Mexico will also commence operations soon.
- ◆ As a result of the above, the Group's *turnover in 2018 continued to record a growth despite a lackluster external environment brought by the United States-China trade dispute*.
- ◆ The Group was informed by its major OA equipment customers from Japanese that they have long-term plans to gradually scale down their own production lines with a view to focusing more resources on product design and market development. As the first step of such long-term plans, these customers will select supplier with proven track record and *concentrate more of their purchases* on the selected supplier. The customers will also get the selected supplier highly involved in their *product design processes* with a view to nurturing a supplier which can *take up more of their internal production in the long-term*.
- ◆ Given this new business direction of the customers, the Group expects to see *voluminous new orders from the OA equipment sector in the years ahead*. In addition, the Group has already set up a new product development team to work closely with the customers' product design departments in Japan.

Business Highlights (Cont'd)

- ◆ The Group was invited by **Hewlett-Packard**, a new OA equipment customer, to establish a new industrial park in **Weihai, Shandong Province** as the Group was informed by Hewlett-Packard that their production demand in Weihai will increase significantly in the future.
- ◆ The new Weihai industrial park is scheduled for production by end of 2019. However, as **the growth in the production demand of Hewlett-Packard in Weihai is imminent**, the Group acquired a component manufacturer in Weihai in December 2017 to accelerate our development. We also rented a temporary factory in Weihai to serve Hewlett-Packard before the new self-constructed Weihai industrial park is completed. Both the newly acquired component manufacturer and the rented factory **started to contribute revenue** in 2018.
- ◆ We continued to scale up the production of **Vietnam industrial park** in 2018 as **demand was growing rapidly**. A new **phase two** of the Vietnam industrial park will also commence production soon to cope with the robust growth in orders from customers.
- ◆ We were also invited by a major customer in automobile business to establish a new industrial park in **San Luis Potosí, Mexico**, which is one of the major automobile production hubs in the world. Construction of the new Mexico industrial park is nearly completed and is scheduled for production in the second quarter of 2019.

Business Highlights (Cont'd)

- ◆ We continued to take conscious steps to strengthen the relationships with automobile customers in China, which include ***Dongfeng, Changan Suzuki and SAIC-GM-Wuling Faurecia, Brose, Yamada, Webasto and F-tech***. Positive feedback and increasing sale orders were received, which drove the growth of our revenue from the automobile sector in 2018.
- ◆ Turnover growth remained unaffected by the United States-China trade dispute, and increased by 16.1% to HK\$3,666,657,000 in 2018 which was caused by increasing orders from new and existing customers and the revenue contribution from the new production operations in Weihai.
- ◆ However, profitability was temporarily affected by (i) the initial loss of the new Weihai and Mexico businesses; (ii) a rise of the yearly average exchange rate of Renminbi in 2018 which was driven by the sharp appreciation of Renminbi exchange rate in the first half of 2018 and resulted in an increase in the yearly operating costs in China; and (iii) the increase in finance costs due to higher borrowings to finance the Group's expansion. Net profit in 2018 decreased by 38.2% to HK\$82,663,000. However, profitability is likely to rebound later as an increasing turnover will bring about economies of scale to improve the returns of both new and existing industrial parks of the Group.
- ◆ In 2018 and January 2019, a total of 68,842,000 shares of the Company were repurchased, which leads to ***an enhancement of earnings and net asset value per share for all existing shareholders of the Company***.

EVA Vietnam (Haiphong) Electronic Industrial Park



**Corporate
Overview**

Company at a Glance

Major Business

- ◆ A **vertically-integrated** precision metal and plastic mould and component manufacturing service provider.
- ◆ Started off in 1993 in OA equipment market, which is oligopolised by Japanese brand owners and requires very **high dimensional accuracy** standards to prevent paper jam and distorted images.
- ◆ Expansion into **automobiles** and **high end consumer electronics** markets a few years ago.
- ◆ Actively sourcing new customers to widen our customer base.

Market Position

- ◆ **Precision engineering expertise** and **laser welding technology** distinguished ourselves from other low end manufacturers.
- ◆ Well recognised by renowned Japanese brand owners, including **Canon, Ricoh, Fuji Xerox, Kyocera and Konica Minolta** etc, which are well known for their demanding quality and production management requirements.
- ◆ Successful track record in substituting Japanese suppliers in OA equipment market.
- ◆ Certifications from brand owners in other sectors e.g. **Dongfeng, FAW-Volkswagen, Faurecia, Brose and Yamada.**

Growth Drivers

- ◆ Market share gain in OA equipment market through vertically integrated one stop solution and an accelerating trend for the customers to concentrate more of their purchases on high quality suppliers like the Group.
- ◆ Utilised **precision engineering expertise** to capture the increasing demand for sophisticated moulds and components tailored for high quality vehicles, smart devices and high-end consumer electronics products.
- ◆ Geographical expansion into Vietnam and Mexico where our customers in OA equipment and automobile markets had also established assembly plants.
- ◆ Establishment of the new Weihai industrial park under the invitation of **Hewlett-Packard.**

Business Scale

- ◆ **Ten industrial parks in operations (China and Vietnam):** 3 in Shenzhen, 1 in Suzhou, 1 in Zhongshan, 1 in Chongqing, 1 in Wuhan, 2 in Weihai and 1 in Haiphong.
- ◆ New industrial park for automobiles in San Luis Potosí, Mexico is scheduled for production in the second quarter of 2019.
- ◆ Building up new production facilities in Weihai which are scheduled for production by end of 2019.

Vertically Integrated One-stop Services

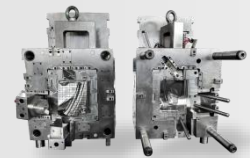
1. Mould design and production

- ◆ Joint co-development of moulds with customers during customers' product development stages.
- ◆ Production and testing of moulds by EVA.
- ◆ Upon completion of moulds, fees are charged to the customers for the design and production of moulds i.e. titles of moulds are transferred to customers. However, the completed moulds are consigned in EVA's industrial parks for the future mass production of components.

Metal stamping moulds



Plastic injection moulds



2. Component production using completed moulds

- ◆ Mass production of components by using the completed moulds consigned at EVA's industrial parks.

Metal stamping components



Lathing products
(Principally used as paper rollers)

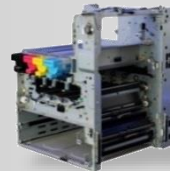


Plastic injection components

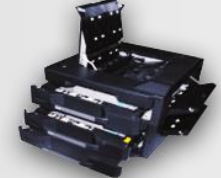


3. Individual components assembled into semi-finished products

- ◆ Assembly of various components into semi-finished modules through high precision laser welding and other assembly processes.



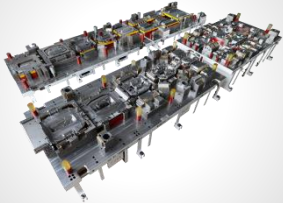
Semi-finished modules



Finished products



Industry Leading Technologies



Mould is the “Mother Tool” of manufacturing

- ◆ Products are replicated from moulds.
- ◆ Quality of a mould has a decisive impact on the quality of a product.
- ◆ A 1/1,000th mm defect in a mould will result in a 1/100th mm defect in the product.
- ◆ Demand very high level of engineering skills, sophistication and technology.



Shorten production lead time

- ◆ High quality moulds eliminate the needs for subsequently fine-tuning or repairing products that would otherwise be required if low quality moulds are used.
- ◆ Essential for hi-tech and consumer electronics markets as product life cycle becomes shorter and shorter.



In a different league from low end OEMs

- ◆ EVA is one of the few hi-tech companies in China capable of producing moulds with precision and dimensional accuracies comparable to overseas peers such as Japanese or German manufacturers.



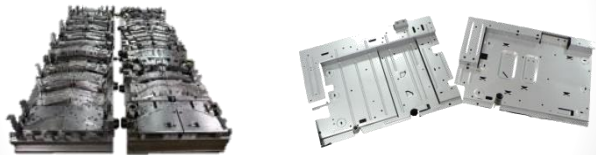
Production automation to improve efficiency

- ◆ EVA introduces innovative automation solutions to its production lines to streamline headcount and reduce costs.
- ◆ Remarkably improve efficiency and reduce product deficiency rate by eliminating manual errors.

Industry Leading Technologies (Cont'd)

Products

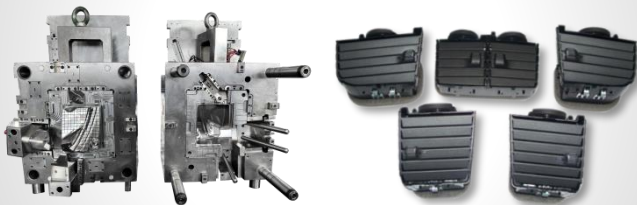
Metal stamping moulds and components



Product Sophistication

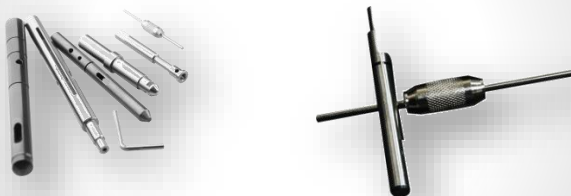
- ◆ High-precision metal stamping moulds of 0.005mm precision.
- ◆ Deficiency rate of below 10 PPM (<10 defected outputs for every 1 million units of components produced).
- ◆ 30-45 days production lead-time for moulds (market average 90-120 days).

Plastic injection moulds and components



- ◆ Moulds for thin-walled plastic products with thickness of only 0.2mm.
- ◆ Moulds for high-precision plastic gears.
- ◆ Meets Japan Industrial Standards (JIS) Grade 2 or below.
- ◆ In-mould decoration (IMD) and environmental friendly hot runner technologies.

Lathing components



- ◆ High-precision shafts mainly used as paper rollers.
- ◆ Diameter distortion less than 0.02mm.
- ◆ Efficient simultaneous processing of different lathing procedures.
- ◆ Capable of producing shafts from multiple materials including aluminum, plastic and steel.

Industry Leading Technologies (Cont'd)

Products

Laser welding



Product Sophistication

- ◆ Traditionally used in aviation and luxury sport car industries.
- ◆ Low temperate welding to minimise excessive melting and distortion during welding process, and thus eliminate the need for secondary processing.
- ◆ Concentrated laser beam with welding area of $< 0.2\text{mm}$ i.e. small heat-affected zones suitable for handling highly precise components.

Robotic assembly



- ◆ Self-developed robotic systems to automate assembly process.
- ◆ Accelerate production lead time by 40% compared to manual assembly.
- ◆ Significantly reduce the cost of labour.
- ◆ Essential for producing high tensile structural parts for automobiles and precision equipment.

Computerised inspection device



- ◆ Self-developed devices with built-in red ray systems for testing dimensional accuracies.
- ◆ Capable of detecting defects of less than 0.01mm .
- ◆ Remarkably reduce product deficiency rate and eliminate manual inspection error.
- ◆ Accelerate product inspection time by 70% compared to manual inspection.

Office Automation (OA) Equipment

Leading position in the industry

- ◆ Customers include world-class OA equipment brand owners which are well known for their demanding quality requirements.
- ◆ Well established customer base covering all major brand owners which together dominate the market.

Increasing involvement in product design

- ◆ Necessary for the customers to obtain production feasibility advices from the Group when they design new products.
- ◆ The Group has already set up a new product development team to work closely with the customers' product design departments in Japan.
- ◆ Additional team members will be added when business volume increases in the future.

Market share gain

- ◆ The supplier base of OA equipment market is presently fragmented.
- ◆ Other suppliers in this market are highly specialised in product type i.e. they are unable to produce a wide range of components in OA equipment like EVA.
- ◆ Market share gain through ***vertically integrated one-stop solution***.
- ◆ Major customers also have plans to gradually scale down their internal production lines and increase the purchases from reliable suppliers like EVA.

brother

KYOCERA

EPSON

FUJI XEROX

RICOH



KONICA MINOLTA

TOSHIBA

Canon



Office Automation (OA) Equipment (Cont'd)

EVA Shenzhen (Shiyan)
Electronic Industrial Park



EVA Vietnam (Haiphong)
Electronic Industrial Park



EVA Suzhou Electronic Industrial Park



Geographical coverage

- ◆ In China, we have two industrial parks i.e. EVA Shenzhen (Shiyan) Electronic Industrial Park and EVA Suzhou Electronic Industrial Park to serve the major assembly plants of our OA equipment customers in Southern and Eastern China.
- ◆ We also have an industrial park in Haiphong, Vietnam which had commenced commercial production in early 2017 to serve the assembly plants of OA equipment customers in Vietnam.
- ◆ A new phase two of the Vietnam industrial park is now substantially completed and will commence production in the second quarter of 2019 to cope with the rapidly increasing orders in Vietnam.

Office Automation (OA) Equipment (Cont'd)

Weihai Torch High Technology Industrial Development Zone



Intops (Weihai) Electronics Co., Ltd.



Rented factory building in Weihai



EVA Weihai (Double Islands Bay) Electronic Industrial Park

- ◆ In 2017, the Group was invited by Hewlett-Packard to establish a new industrial park in Weihai, Shandong Province, China. Construction started in early 2018 and production is scheduled to commence by end of 2019.
- ◆ In addition, as the production demand from Hewlett-Packard in Weihai was imminent, the Group acquired a component manufacturer named Intops (Weihai) Electronics Co., Ltd. ("Intops") at the end of December 2017 to accelerate our development in Weihai. We also rented a temporary factory in Weihai to serve Hewlett-Packard before the new self-constructed Weihai industrial park is completed. Both Intops and the rented factory in Weihai started to contribute revenue to the Group in 2018.

Automobiles

Overview

According to IBIS World, China's automobile component industry is forecast to grow at an average annualised rate of 6.3%, totaling US\$982.5 billion in 2023. At the same time, customers' demand is rapidly changing from low cost to higher quality vehicles and the Chinese government is nurturing higher end local suppliers with a view to reducing the reliance on foreign suppliers for sophisticated automobile moulds and components. These factors create an increasing demand for the precision manufacturing services offered by EVA in the automobile industry.

Digit Chongqing Automobile Industrial Park

- ◆ Acquired in 2011 through the purchase of an automobile mould company.
- ◆ To source orders from automobile makers in Chongqing and adjacent cities such as Ford, Mazda, Suzuki, Changan, SAIC-GM-Wuling, FAW-Volkswagen and Great Wall.
- ◆ 2,000T fully automated servo line and robotic welding lines capable of producing components for high tensile parts of automobiles, which require high safety and anti-collision standards.



Factory Building



Automated Robotic Welding



2,000T Servo Line

Automobiles (Cont'd)

Digit Wuhan Automobile Industrial Park

Webasto
Feel the Drive



CITROËN

HONDA

猎豹汽车
LEOPAARD



PEUGEOT
东风标致

- ◆ Commenced commercial production in early 2014.
- ◆ Currently produces moulds and components and provides automated welding for high tensile parts primarily used for passenger cars such as the Dongfeng Citroen and Peugeot series.
- ◆ Other existing and targeted customers include the automakers located in Wuhan and adjacent cities, such as Dongfeng, Honda, Renault, General Motors and Leopard.



Factory Building



Automated Stamping Production Line



2,700T Servo Line

Automobiles (Cont'd)

EVA (Guangming) Precision Manufacturing Industrial Park and Digit Zhongshan Automobile Industrial Park

- ◆ EVA (Guangming) Precision Manufacturing Industrial Park was purposely built in 2008 to extend the application of our precision moulds from just OA equipment to a wider range of applications such as automobiles. It is capable of producing moulds for various parts of automobiles including car seat frames, exhausted systems and high tensile parts.
- ◆ Digit Zhongshan Automobile Industrial Park was merged into EVA's automobile business line in 2015, targeting at automobile components.
- ◆ These two industrial parks are set to serve the automobile market in Guangdong Province, in which reputable automakers and tier-one suppliers such as Guangzhou Automobile Group, Audi, Faurecia and Brose are located.



**EVA (Guangming) Precision Manufacturing
Industrial Park**



Digit Zhongshan Automobile Industrial Park



Automobiles (Cont'd)

Digit Mexico (SLP) Automobile Industrial Park



Volkswagen



FCA

FIAT CHRYSLER AUTOMOBILES



HONDA



TOYOTA



brose
Technik für Automobile



faurecia



- ◆ In 2017, we were invited by existing automobile customers to establish a new industrial park in San Luis Potosí, Mexico.
- ◆ The development of the new Mexico industrial park will be divided into phases. Phase one is nearly completed and is scheduled for production in the second quarter of 2019. It is located at Pargue Industrial Logistik, San Luis Potosí, Mexico.
- ◆ To source orders from automakers and multinational tier-one suppliers located at San Luis Potosí and its adjacent states, such as Faurecia, Brose, BMW, Volkswagen, Audi, Nissan and Fiat-Chrysler.
- ◆ Additional capacity can be added should a surge in turnover be seen.



Location of San Luis Potosí, Mexico



Factory building

Hi-tech and Consumer Electronics Products

Overview

According to Gartner, worldwide information technology spending will reach US\$3,816 billion in 2019. At the same time, China is expected to increasingly concentrate on the production of higher value products. Together with the emergence of high technology industries in China, they create a rapidly growing demand for the high quality precision manufacturing services offered by EVA.

EVA Shenzhen (Tianliao) Smart Device Industrial Park



Factory Building



Multi-layer coating system



SMT lamination

- ◆ Established in 2012 and was assigned as EVA's principal production base for hi-tech and consumer electronics products.
- ◆ Comprehensive technologies which include multi-layer color coating, insert moulding, SMT lamination and laser engraving etc.
- ◆ For more than 25 years, EVA has been reputed for its high quality manufacturing services which are attractive to a lot of high technology companies as dimensional accuracy and product quality are essential for high technology products.

Our Competitive Strength

- ◆ One of the few manufacturers in China capable of producing moulds with **high precision and dimensional accuracies**

- ◆ **State-of-the-art** technology and equipment

- ◆ Strategic partnership with numerous universities for research and development



Technology



Customer Accolades

- ◆ Solid track record in serving **world-class customers** such as **Canon, Fuji Xerox, Konica Minolta, Ricoh, Dongfeng, Faurecia and Brose**, which are well known for their demanding quality requirements

- ◆ **Long-term partnership** with renowned customers clearly demonstrated by their invitation of us to establish new industrial parks in Weihai, Vietnam and Mexico

- ◆ Invited by major customers to set up a new product development team to **work closely with the customers' product design departments in Japan**

Management



- ◆ **Strong management and engineering team** with more than 25 years of experience in industry
- ◆ Conservative financial management and efficient cash conversion cycle¹ over the years
- ◆ Dedicated to streamlining costs and headcount through production automation and other cost control measures

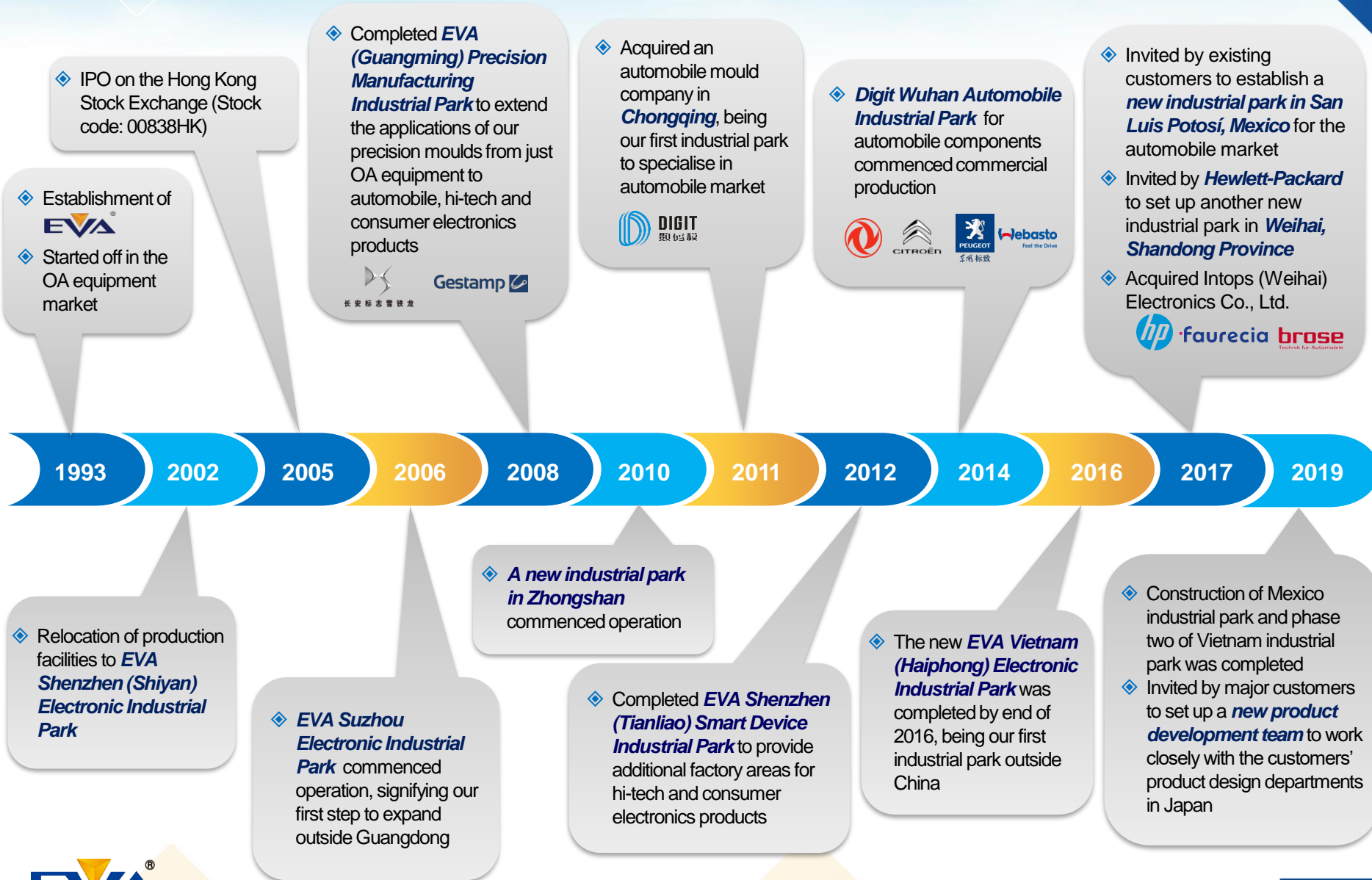
Corporate Governance



- ◆ Committed to **creating values for shareholders and corporate social responsibilities**
- ◆ **Constant dividend payouts** of roughly 30% of net profits since IPO
- ◆ Repurchased 69 million shares from the market in 2018 and January 2019 to **enhance earnings and net asset value per share** for all existing shareholders
- ◆ Received numerous accolades for corporate social responsibilities and environmental protection

Note 1: Cash conversion cycle is defined as the total sum of inventory and debtors' turnover days less creditors' turnover days

Key Milestones



Industrial Parks



At present, the Group has ten industrial parks in operations in China (Shenzhen, Suzhou, Zhongshan, Chongqing, Wuhan and Weihai) and Vietnam (Haiphong). At the same time, the Group is in the process of adding new production facilities in Weihai to expand its business there. A new industrial park located at San Luis Potosí, Mexico will also commence production soon.

Digit Mexico (SLP) Automobile Industrial Park

GFA:
17,000 sq.m.
(Phase 1)
Land area:
83,000 sq.m.



EVA Weihai (Intops) Electronic Industrial Park

GFA:
21,000 sq.m.
Land area:
33,000 sq.m.



EVA Weihai (Double Islands Bay) Electronic Industrial Park*

GFA:
79,000 sq.m.
(Phase 1)
Land area:
349,000 sq.m.



Digit Wuhan Automobile Industrial Park

GFA:
87,000 sq.m.
Land area:
360,000 sq.m.



EVA Vietnam (Haiphong) Electronic Industrial Park

GFA:
12,000 sq.m.
(Phase 1)
46,000 sq.m.
(Phase 2)
Land area:
37,000 sq.m.



Digit Zhongshan Automobile Industrial Park

GFA:
35,000 sq.m.
Land area:
34,000 sq.m.



EVA (Guangming) Precision Manufacturing Industrial Park

GFA:
55,000 sq.m.
Land area:
54,000 sq.m.



Digit Chongqing Automobile Industrial Park

GFA:
31,000 sq.m.
Land area:
100,000 sq.m.



EVA Suzhou Electronic Industrial Park

GFA:
82,000 sq.m.
Land area:
120,000 sq.m.



EVA Shenzhen (Shiyan) Electronic Industrial Park

GFA:
95,000 sq.m.
Land area:
65,000 sq.m.



EVA Shenzhen (Tianliao) Smart Device Industrial Park

GFA:
48,000 sq.m.
Land area:
28,000 sq.m.



Major Awards and Accolades

| Year | Honors | Company / Organisation |
|-----------|--|------------------------|
| 2000-2019 | ISO9001 Certification | BSI Group |
| 2003-2019 | ISO14001 Certification | BSI Group |
| 2004 | Excellent Supplier Award | Toshiba |
| 2004 | Certificate of Green Activity | Canon |
| 2004-2019 | Very Valuable Vendor Award | Canon |
| 2005 | Chemical Substances Management System Certificate | Ricoh |
| 2005 | Acclamation Certificate | Konica Minolta |
| 2007 | Supplier Special Improvement Award | Fuji Xerox |
| 2007-2010 | Environmental Collaboration Program Certificate | Konica Minolta |
| 2007-2011 | Part-Defect on Arrival Zero Award | Konica Minolta |
| 2009-2015 | Golden Quality Award | Konica Minolta |
| 2009 | Distinguished Supplier Award | General Electric |
| 2009-2017 | EQCD Remarkable Contribution Award | Canon |
| 2009-2017 | Supplier QCC Forum Award | Kyocera |
| 2009-2019 | <i>National High and New Technology Enterprise Certification</i> | Chinese Government |
| 2010 | Special Contribution Award | Midea |
| 2010 | Product Assembly Service Certification | Kyocera |
| 2011 | Certificate in Chemical Substance Management Standard | Brother |



Major Awards and Accolades (Cont'd)

| Year | Honors | Company / Organisation |
|-----------|---|------------------------------------|
| 2011–2018 | Premiere Partner Award | Fuji Xerox |
| 2011–2018 | Corporate Environmental Leadership Award | Federation of Hong Kong Industries |
| 2011–2018 | OHSAS18001 Certification | BSI Group |
| 2012–2013 | Special Contribution Award | Canon |
| 2013–2017 | Excellent Supplier Award | Dongfeng |
| 2013 | Best Quality Award | Toshiba |
| 2013 | Mould Supplier Certification | FAW-Volkswagen |
| 2014–2015 | Excellent Supplier Award | Konica Minolta |
| 2014–2016 | Excellent Supplier Award | Canon |
| 2014 | Excellent Corporate Partner | Dongfeng |
| 2014 | Unit Improvement Contest Award | Canon |
| 2015 | Improvement Forum – Excellent Supplier Presentation Award | Fuji Xerox |
| 2015 | Gratitude Certificate | Shenzhen Aerospace |
| 2016 | Golden Quality Award | Samsung |
| 2016 | Excellent Improvement Award | Konica Minolta |
| 2016 | Excellent Supplier Award | Epson |
| 2016 | A Class Supplier Award | Brother |
| 2016 | Comprehensive Assembly Capabilities Invitation Tournament Award | Canon |
| 2016 | Best Supplier Award | Toshiba |



Major Awards and Accolades (Cont'd)

| Year | Honors | Company / Organisation |
|-----------|---|------------------------|
| 2017 | Gratitude Certificate – External Component Procurement Activities | Konica Minolta |
| 2017 | Sourcing Quality Assurance – Overall Excellence Award | Ricoh |
| 2017 | Best Cooperative Supplier Award | Founder |
| 2017 | Strategic Partner Award | Supvan |
| 2017 | Fundamental Skills Invitation Tournament Award | Canon |
| 2017 | Supplier Partnership Award | <i>Faurecia</i> |
| 2017 | Best Delivery Award | Toshiba |
| 2017-2018 | Excellent Supplier Award | <i>Faurecia</i> |
| 2018 | Quality Acclamation Award | Konica Minolta |
| 2018 | Quality Improvement Award | <i>Yamada</i> |
| 2018 | Craftsmanship Award | Segway-Ninebot |
| 2018 | Certificate of Participation | <i>Brose</i> |
| 2018 | Procurement Premiere Partner – Bronze Award | Fuji Xerox |
| 2018 | Best Partner Award | Toshiba |
| 2018 | Outstanding Collaborative Supplier Award | Fuji Xerox |
| 2018 | Procurement Partner Award | Canon |
| 2018 | Supplier of the Year – Bronze Award | Chamberlain |
| 2019 | Cooperated Supplier Award | Kyocera |



Shareholding Structure



- ▼ Total number of shares in issue as at 27 March 2019 = 1,727,851,800 shares
- ▼ Outstanding share options of 137,550,000 options as at 27 March 2019

Experienced Management Team

| Management | Position | Credentials |
|--------------------|---------------|--|
| Mr. ZHANG Hwo Jie | Chairman | <ul style="list-style-type: none"> ◆ Co-founder of the Group ◆ More than 25 years of experience in marketing, strategic planning and corporate management in the precision moulding industry ◆ Responsible for the Group's overall strategic planning and marketing development ◆ Obtained "Young Industrialist Award of Hong Kong" in December 2008 ◆ President honoris causa of Hong Kong Young Industrialists Council ◆ A member of the Chongqing Committee of the Chinese People's Political Consultative Conference |
| Mr. ZHANG Jian Hua | Vice Chairman | <ul style="list-style-type: none"> ◆ Co-founder of the Group ◆ Substantial experience in organisational planning, production facilities management and business risk monitoring in the precision moulding industry ◆ Responsible for the Group's organisational structure, production facilities management and business risk monitoring ◆ Previously worked for the tax bureau in Shenzhen and accumulated extensive experience in tax regulations and communications with government departments in China |
| Mr. ZHANG Yaohua | CEO | <ul style="list-style-type: none"> ◆ Co-founder of the Group ◆ More than 25 years of operational management experience in the precision moulding industry ◆ Responsible for the operation and management of the Group ◆ Executive president of Shenzhen Machinery Association, council member of Shenzhen General Chamber of Commerce, vice president of Guangdong Die & Mould Industry Association, Shenzhen Enterprise Confederation and Shenzhen Entrepreneur Association ◆ A member of the Shenzhen Committee of the Chinese People's Political Consultative Conference |

Outlook

- ◆ Looking ahead, it is likely that the international political and economic environment will continue to be volatile. However, the market never lacks opportunities, and we are always well-prepared for them.
- ◆ In the OA equipment sector, we expect to see an accelerating trend of production outsourcing from major customers, and their purchases will become increasingly concentrated on major suppliers like the Group.
- ◆ As the Group's share in these customers' production volume increases, it will be necessary for these customers to get the Group highly involved in new product design, thereby fortifying the business partnership between the Group and its key customers.
- ◆ At the same time, our customer base in the automobile sector has become more solid, and therefore we expect to see increasing orders from automobile customers in both Chinese and overseas markets.

Outlook (Cont'd)

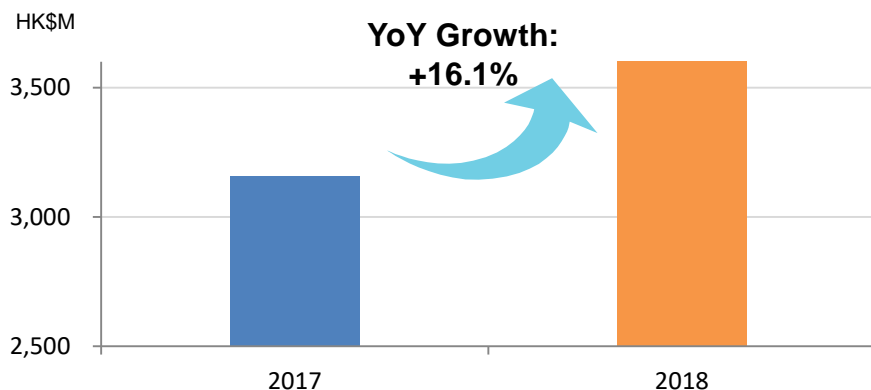
- ◆ To capture these business opportunities, the Group has been building up new production facilities in Vietnam, Mexico and Weihai since 2017, and they are scheduled to successively commence production throughout 2019. The enlarged production capacity enables the Group to deal with the burgeoning orders from the OA equipment and automobile customers, and also to explore further into the fast-growing high technology market.
- ◆ An increasing turnover will also bring about economies of scales to improve the profitability of both new and existing industrial parks of the Group.
- ◆ ***We remain confident about the Group's prospect,*** as evidenced by the share repurchases in 2018 and January 2019.



**Financial
Information**

2018 Business Results

Turnover



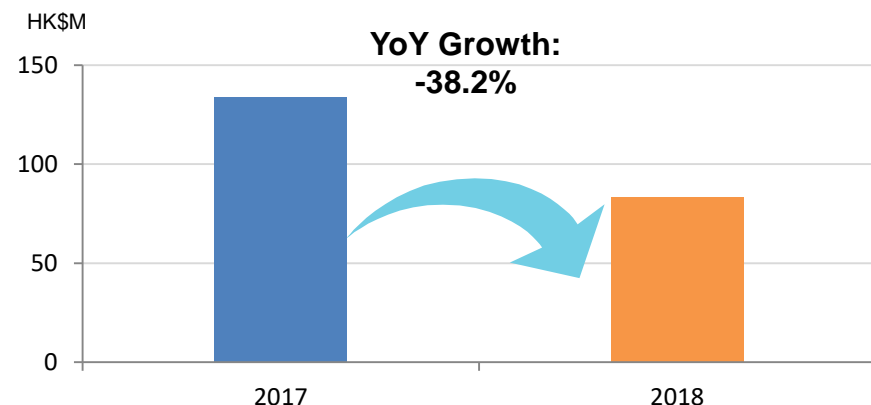
During the year, the Group's turnover increased by 16.1% to HK\$3,666,657,000, which was primarily attributable to the revenue contribution from the Group's new businesses in Weihai which started operations in 2018, and the increasing orders from new and existing customers in the other regions of China and Vietnam.

Gross profit margin for the year, however, decreased to 21.5%. This was mainly because (i) the percentage of sales of components, which are lower margin products, to total turnover increased during the year which diluted the overall gross profit margin, and (ii) the Group's new businesses in Weihai operated at a lower gross profit margin at its initial stage of operations.

During the year, the Group's new businesses in Weihai and Mexico incurred initial costs of HK\$22,930,000. Further, the sharp rise in Renminbi exchange rate in the first half of 2018 resulted in an appreciation of the average yearly exchange rate of Renminbi in 2018. As a substantial portion of the Group's operating expenses were incurred in China and were denominated in Renminbi, the Group experienced an increase in various operating expenses during the year.

Coupled with an increase in finance costs to HK\$55,587,000 (2017: HK\$32,282,000) as a result of higher borrowings and market interest rates, the Group's net profit decreased by 38.2% to HK\$82,663,000.

Net Profit



Financial Performance

| Consolidated Income Statement | | | |
|---|------------------|------------------|--------------|
| | | | |
| Expressed in HK\$'000 | 2018 | 2017 | YoY Chg |
| Revenue | 3,666,657 | 3,157,089 | 16% |
| Cost of sales | (2,877,691) | (2,373,987) | 21% |
| Gross profit | 788,966 | 783,102 | 1% |
| Other income | 28,857 | 13,167 | 119% |
| Other (losses) gains - net | (183) | 2,335 | -108% |
| Selling and marketing costs | (213,800) | (166,865) | 28% |
| General and administrative expenses | (460,046) | (444,016) | 4% |
| Operating profit | 143,794 | 187,723 | -23% |
| Finance income | 15,707 | 7,315 | 115% |
| Finance costs | (55,587) | (32,282) | 72% |
| Share of (losses) profits of associates | (404) | 5,484 | -107% |
| Profit before income tax | 103,510 | 168,240 | -38% |
| Income tax expense | (20,847) | (33,453) | -38% |
| Profit for the year | 82,663 | 134,787 | -39% |
| Non-controlling interests | - | (1,088) | N/A |
| Profit attributable to equity holders of the Company | 82,663 | 133,699 | -38% |
| Dividend | 25,563 | 40,551 | |
| Gross Margin | 21.5% | 24.8% | |
| Operating Margin | 3.9% | 5.9% | |
| Net Margin | 2.3% | 4.2% | |
| Dividend Payout Ratio | 30.9% | 30.3% | |

During the year, the Group's turnover increased by 16.1% to HK\$3,666,657,000, which was primarily attributable to the revenue contribution from the Group's new production operations in Weihai, and the increasing orders from new and existing customers in the other regions of China and Vietnam.

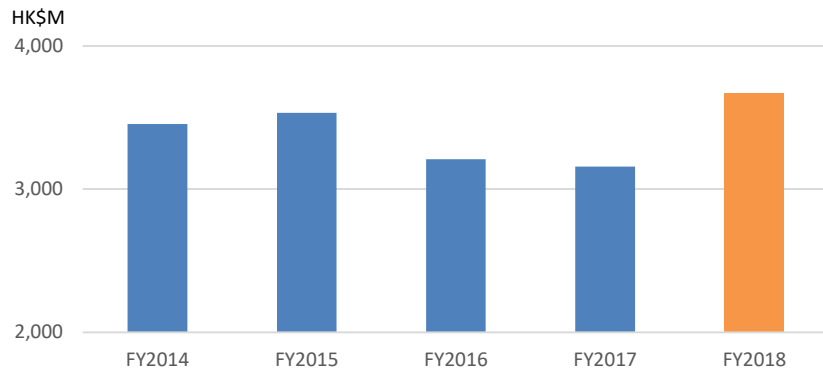
Gross profit margin decreased to 21.5%, which was mainly because (i) the percentage of sales of components, which are lower margin products, to total turnover increased during the year, and (ii) the Group's new businesses in Weihai operated at a lower gross profit margin at its initial stage of operations.

Operating profit decreased because (i) there was a reduction in gross profit margin as mentioned above; (ii) various operating costs in China increased due to the appreciation of yearly average Renminbi exchange rate during the year; and (iii) the Group's new Weihai and Mexico businesses incurred initial losses.

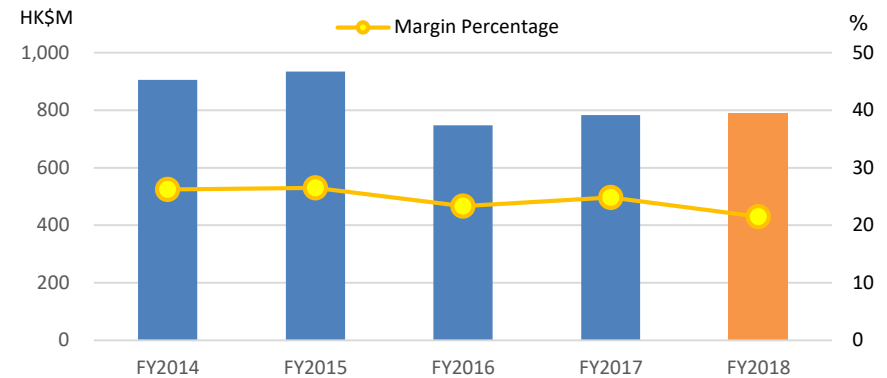
Finance costs increased because the Group obtained new borrowings to finance the construction of new industrial parks in Weihai and Mexico, and phase two of the Vietnam industrial park.

Financial Summary

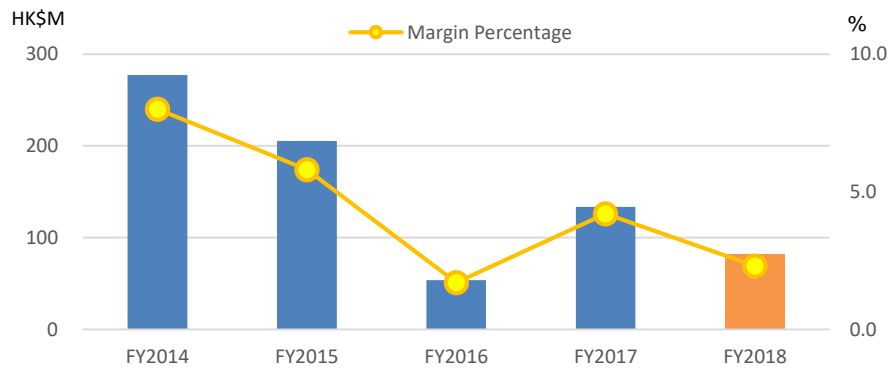
Revenue



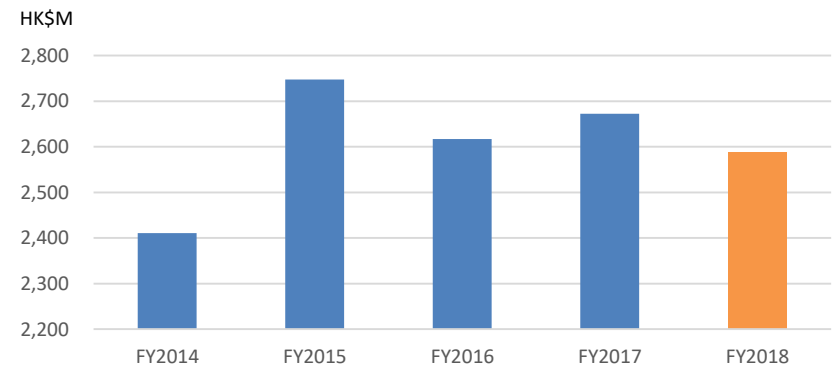
Gross Profit and Margin



Net Profit and Margin

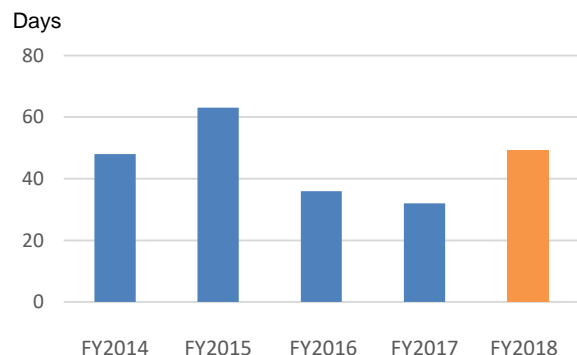


Net Assets

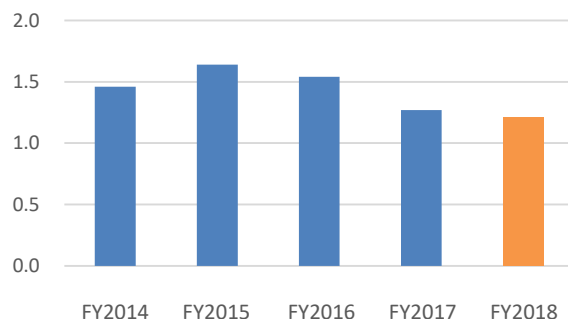


Other Key Financial Ratios

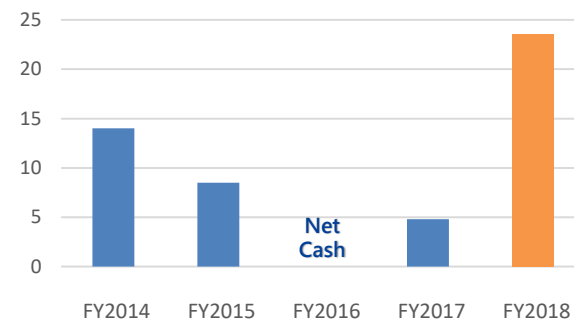
Cash Conversion Cycle¹



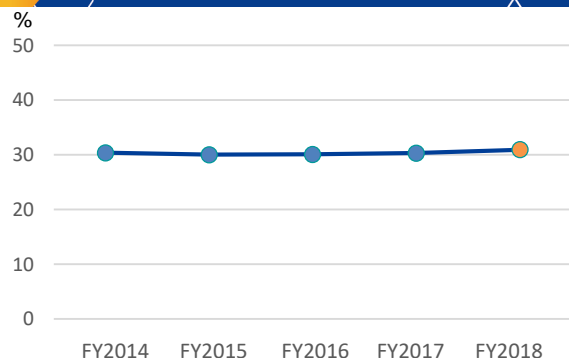
Current Ratio



Net Debt-to-Equity Ratio²



Dividend Payout Ratio



- ◆ Cash conversion cycle at 49 days.
- ◆ Net debt-to-equity was at 23.6% as at 31 December 2018.
- ◆ Stable dividend payout ratio at roughly 30% of net profit over the years.

Note 1: Cash conversion cycle is defined as the total sum of inventory and debtors' turnover days less creditors' turnover days.

Note 2: Net debt-to-equity ratio is calculated based on the total balance of bank borrowings and finance lease liabilities less cash and bank balances and divided by shareholders' equity.



The End

Disclaimer

Whilst all the projections and estimates given in this presentation have been made with assumptions considered by the Group's management to be most realistic at the relevant time, neither the Group nor its management can guarantee their accuracies or completeness. This presentation is not an investment advice, nor an offer or solicitation for the purchase or sale of any financial instrument. Past performance is not indicative of future results. Investors should make their own investment decisions without totally relying on the information contained herein. Only investors with sufficient knowledge and experience in financial matters to evaluate merits and risks should consider an investment in the Group. Other persons should not take any action on the basis of this presentation.

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