EVA Precision Industrial Holdings Limited
億和精密工業控股有限公司

Stock code: 838 HK

Annual Results Presentation
May 2020

聚力以億
齊之以和

Gather and
Harmonise Billions of Strengths

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, Tesla, Dongfeng, Faurecia, Brose, ZF, Gestamp, Webasto and Yamada.***

- Since the outbreak of the coronavirus, we have taken all measures to minimise its impact. We took all preventive measures in our production lines, dormitories and other premises to contain the spread of virus, which included the supply of protective face masks to employees, testing their body temperature before work and thorough sterilisation of production lines. ***At present, all of the Group's industrial parks in China have resumed production***.

- The Group's OA equipment customers are multinational companies which have established assembly plants in different countries around the world. Since 2018, these OA equipment customers have embarked on ***reorganising their internal production logistics*** whereby the production of those products that were previously carried out in China and targeted at the United States market were transferred to other countries. At the same time, the production of those products that were previously carried out in other countries and targeted at markets outside the United States were transferred to China.

BUSINESS HIGHLIGHTS (CONT'D)

- Through such reorganisation, the total production volume of these OA equipment customers in China, and consequently our sales to their China assembly plants, ***remained substantially unaffected by the United States-China trade dispute***.

- Since a few years ago, the Group has started ***building up production facilities in Vietnam and Mexico***. Further, the Group's ***automobile business in China*** is unlikely to be significantly affected by the United States-China trade dispute as ***most of the cars manufactured in China are sold within China and are rarely sold to the United States***.

- Due to the above factors, the Group continued to record ***turnover growth*** in 2019 despite the United States-China trade dispute.

- The Group ***completed the construction of phase two of its Vietnam industrial park*** in 2019. During the year, the Group's ***revenue from its Vietnam industrial park increased rapidly***, a trend which we expect to continue into 2020 and the years after.

- The Group's major OA equipment customers from Japan have long-term plans to gradually scale down their own production lines in China with a view to focusing more resources on marketing and business development. As part of such long-term plans, these customers will ***select supplier with proven track record such as the Group and concentrate more of their purchases on the selected supplier***. Accordingly, the Group expects to see ***voluminous new orders from the OA equipment sector*** which are driven by ***accelerated outsourcing in China*** in the years ahead.

BUSINESS HIGHLIGHTS (CONT'D)

- The construction of the new Weihai industrial park, which was built at the invitation of ***Hewlett-Packard ("HP")***, was substantially completed by end of 2019. However, internal renovation and production commencement were delayed by the coronavirus outbreak in early 2020.

- Meanwhile, the Group continues to utilise the temporary factory which it has rented from the Weihai government since early 2018 to cope with the existing orders from HP. Apart from the temporary factory, the Group also possesses another production facility in Weihai which was acquired in December 2017 to cope with the existing orders.

- The Group presently has a plan to gradually move from this temporary factory to the new self-constructed Weihai industrial park starting from the second quarter of 2020.

- During the year, the new automobile industrial park in ***San Luis Potosí, Mexico*** commenced production. The new Mexico industrial park was constructed at the invitation of one of the Group's existing automobile customers for the purpose of serving their existing plants in Mexico. Apart from the said existing customer, a lot of famous automakers and multi-national tier-one suppliers have also established production plants in Mexico. Therefore, an enormous demand exists for the Group's new Mexico industrial park.

- We continued to take conscious steps to add new automobile customers in China, and have successfully become a qualified supplier of ***Tesla*** in 2019. Other reputable automakers and tie-one suppliers which have become our customers in China include ***Dongfeng, Changan, SAIC-GM-Wuling Faurecia, Brose, Gestamp, ZF, Yamada, Webasto, Yachiyo and F-tech***.

BUSINESS HIGHLIGHTS (CONT'D)

- The Group will also actively seek new manufacturing orders from the ***high technology sector*** in China.

- Turnover in 2019 increased by 2.2% to HK$3,747,055,000, which was primarily caused by an increase in orders from certain existing customers and the Group's effort to develop new customers during the year.

- However, profitability was temporarily affected because (i) the newly completed Mexico industrial park and phase two of the Vietnam industrial park operated at lower gross profit margin at the initial stage of operations, and (ii) one of the Group's subsidiaries in Mainland China might distribute dividends to its holding company within the Group which was located outside Mainland China, and therefore had made a one-off provision for Mainland China dividend withholding tax amounting to HK$10,000,000. Net profit in 2019 decreased by 37.4% to HK$51,781,000.

- The year 2020 is the 15th anniversary of the Group's IPO on The Stock Exchange of Hong Kong Limited. To celebrate this benchmark anniversary, the Group declared ***a one-off special dividend of HK$2.67 cents per share***, in addition to the normal final dividend of HK$0.25 cent per share for the year ended 31 December 2019.

- In 2019 and January 2020, the Company purchased its own 12,522,000 shares with a view to ***enhancing earnings and net asset value per share for all existing shareholders of the Company***.

Digit Mexico (SLP) Automobile 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 the customer base.

Market Position

- ***Precision engineering expertise*** and ***laser welding technology*** distinguish 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.
- Reputable customers in other sectors e.g. ***Dongfeng, Tesla, Faurecia, Brose, Gestamp and ZF.***

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.
- Expansion of production facilities in Weihai, China under the invitation of ***Hewlett-Packard***.

Business Scale

- ***Eleven industrial parks in operations:*** 3 in Shenzhen, 1 in Suzhou, 1 in Zhongshan, 1 in Chongqing, 1 in Wuhan, 2 in Weihai, 1 in Haiphong (Vietnam) and 1 in Mexico.

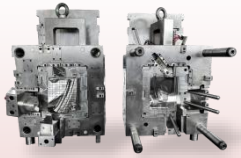
VERTICALLY INTEGRATED ONE-STOP SERVICES

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.

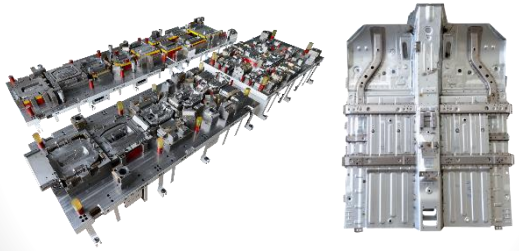
Production automation to improve efficiency

- 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.

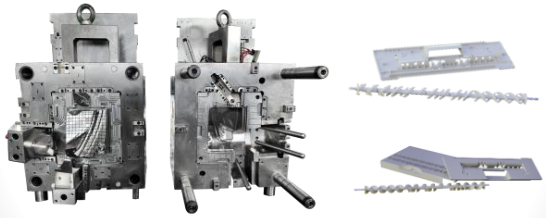
INDUSTRY LEADING TECHNOLOGIES (CONT'D)

Products

Metal stamping moulds and components



Plastic injection moulds and components



Lathing 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).

- Moulds for thin-walled plastic products with thickness of only 0.2mm.
- Moulds for high-precision plastic gears.
- Light-weight and high-precision plastic rollers for paper pickup and image forming.
- In-mould decoration (IMD) and environmental friendly hot runner technologies.

- 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	Product Sophistication
Laser welding 	• 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 < 0.2mm 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.
- Solidify business relationships with the customers through involvement at the early stage of product development.

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 in China and increase the purchases from reliable suppliers like EVA.

EPSON EXCEED YOUR VISION

RICOH imagine. change.

Canon

brother at your side

KYOCERA

TOSHIBA

hp

FUJI Xerox

KONICA MINOLTA

EVA®

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 production in late 2016 to serve the assembly plants of OA equipment customers in Vietnam.
- A new phase two of the Vietnam industrial park was completed in 2019.

OFFICE AUTOMATION (OA) EQUIPMENT (CONT'D)

EVA Weihai (Double Islands Bay) Electronic Industrial Park

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 HP to establish a new industrial park in Weihai, Shandong Province, China. Construction was substantially completed by end of 2019.
- At present, the Group continues to use the temporary factory which it has rented from the Weihai government since early 2018 to cope with the existing orders. The Group has a plan to gradually move from this temporary factory to the new self-constructed Weihai industrial park starting from the second quarter of 2020.
- Apart from the temporary factory, the Group acquired a component manufacturer named Intops (Weihai) Electronics Co., Ltd. in Weihai at the end of 2017 which it can also use to cope with the existing orders.

AUTOMOBILES

Overview

In accordance with China Industry Information Network, China's automobile component industry is forecast to reach an annual revenue size of RMB5,700 billion in 2024. 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, 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

- 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 and General Motors.

Webasto Feel the Drive · CITROËN 东风雪铁龙 · HONDA The Power of Dreams · Faurecia · Gestamp · Topre · APAC · PEUGEOT 东风标致 · GM

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

- 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.

Digit Zhongshan Automobile Industrial Park

AISIN, brose (Excellence in Mechatronics), ADIENT, faurecia, YACHIYO, Gestamp, CTS, TESLA

AUTOMOBILES (CONT'D)

Digit Mexico (SLP) Automobile Industrial Park

- In 2017, we were invited by an existing automobile customer to establish a new industrial park in San Luis Potosí, Mexico.
- The development of the new Mexico industrial park is divided into phases. Construction of phase one was completed in 2019 and had commenced production. It is located at Parque Industrial Logistik, San Luis Potosí, Mexico.
- To source orders from automakers and multi-national tier-one suppliers located at San Luis Potosí and its adjacent states, such as BMW, Volkswagen, Audi, General Motors, Fiat Chrysler, Brose, Faurecia and Gestamp.
- Additional capacity can be added should a surge in turnover be seen.

Stamping Production Line

Digit Mexico (SLP) Automobile Industrial Park

BMW
Volkswagen
Audi
FCA FIAT CHRYSLER AUTOMOBILES
ADIENT
TACHI-S
TESLA
GM
faurecia
brose Excellence in Mechatronics

HI-TECH AND CONSUMER ELECTRONICS PRODUCTS

Overview

According to Gartner, worldwide information technology spending will reach US$3,865 billion in 2020. 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

- 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.

Factory Building

Multi-layer coating system

SMT lamination

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

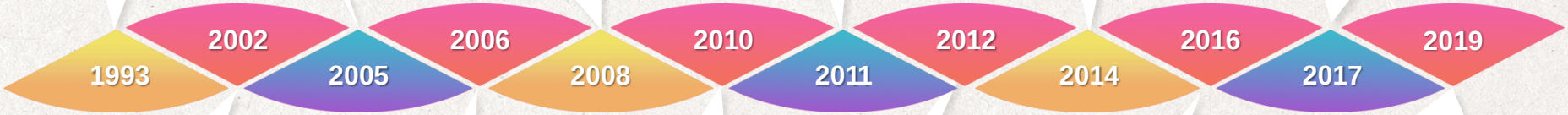
- Solid track record in serving ***world-class customers*** such as ***Canon, Fuji Xerox, Konica Minolta, Ricoh, HP, Dongfeng, Faurecia and Brose,*** which are well known for their demanding quality requirements
- ***Long-term partnership*** with renowned customers clearly demonstrated by their invitation 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***

- ***Strong management and engineering team*** with more than 25 years of experience in industry
- Conservative financial management and efficient cash conversion cycle[1] over the years
- Dedicated to streamlining costs and headcount through production automation and other cost control measures

- ***Constant dividend payouts*** of roughly 30% of net profits since IPO
- ***Special dividend*** to celebrate the 15th IPO anniversary in 2020
- Repurchased 12.5 million shares from the market in 2019 and January 2020 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



1993
- Establishment of EVA
- Started off in the OA equipment market

2002
- IPO on the Hong Kong Stock Exchange (Stock code: 00838HK)

2005
- Relocation of production facilities to ***EVA Shenzhen (Shiyan) Electronic Industrial Park***

2006
- Completed ***EVA (Guangming) Precision Manufacturing Industrial Park*** to extend the applications of our precision moulds from just OA equipment to automobile, hi-tech and consumer electronics products

Gestamp TESLA

2008
- ***EVA Suzhou Electronic Industrial Park*** commenced operation, signifying our first step to expand outside Guangdong

2010
- Acquired an automobile mould company in ***Chongqing***, being our first industrial park to specialise in automobile market

DIGIT

2011
- ***A new industrial park in Zhongshan*** commenced operation

2012
- ***EVA Shenzhen (Tianliao) Smart Device Industrial Park*** commenced operations, providing additional factory areas for hi-tech and consumer products

2014
- ***Digit Wuhan Automobile Industrial Park*** for automobile components commenced commercial production

CITROËN PEUGEOT Webasto

2016
- ***EVA Vietnam (Haiphong) Electronic Industrial Park*** was completed by end of 2016, being our first industrial park outside China

2017
- Invited by existing customers to establish a ***new industrial park in San Luis Potosí, Mexico*** for the automobile market
- Invited by ***HP*** to set up another new industrial park in ***Weihai, Shandong Province***
- Acquired Intops (Weihai) Electronics Co., Ltd.

hp faurecia brose

2019
- ***Digit Mexico (SLP) Automobile Industrial Park*** and phase two of ***EVA Vietnam (Haiphong) Electronic Industrial Park*** commenced production
- Construction of ***EVA Weihai (Double Islands Bay) Electronic Industrial Park*** was substantially completed

INDUSTRIAL PARKS

At present, the Group has eleven industrial parks in operations in China, Vietnam and Mexico. At the same time, the Group is in the process of adding new production facilities in Weihai to expand its business there.

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	***National High and New Technology Enterprise Certification***	Chinese Government
2010	Special Contribution Award	Midea
2010	Product Assembly Service Certification	Kyocera
2011	Certificate in Chemical Substance Management Standard	Brother
2011–2020	Premiere Partner Award	Fuji Xerox

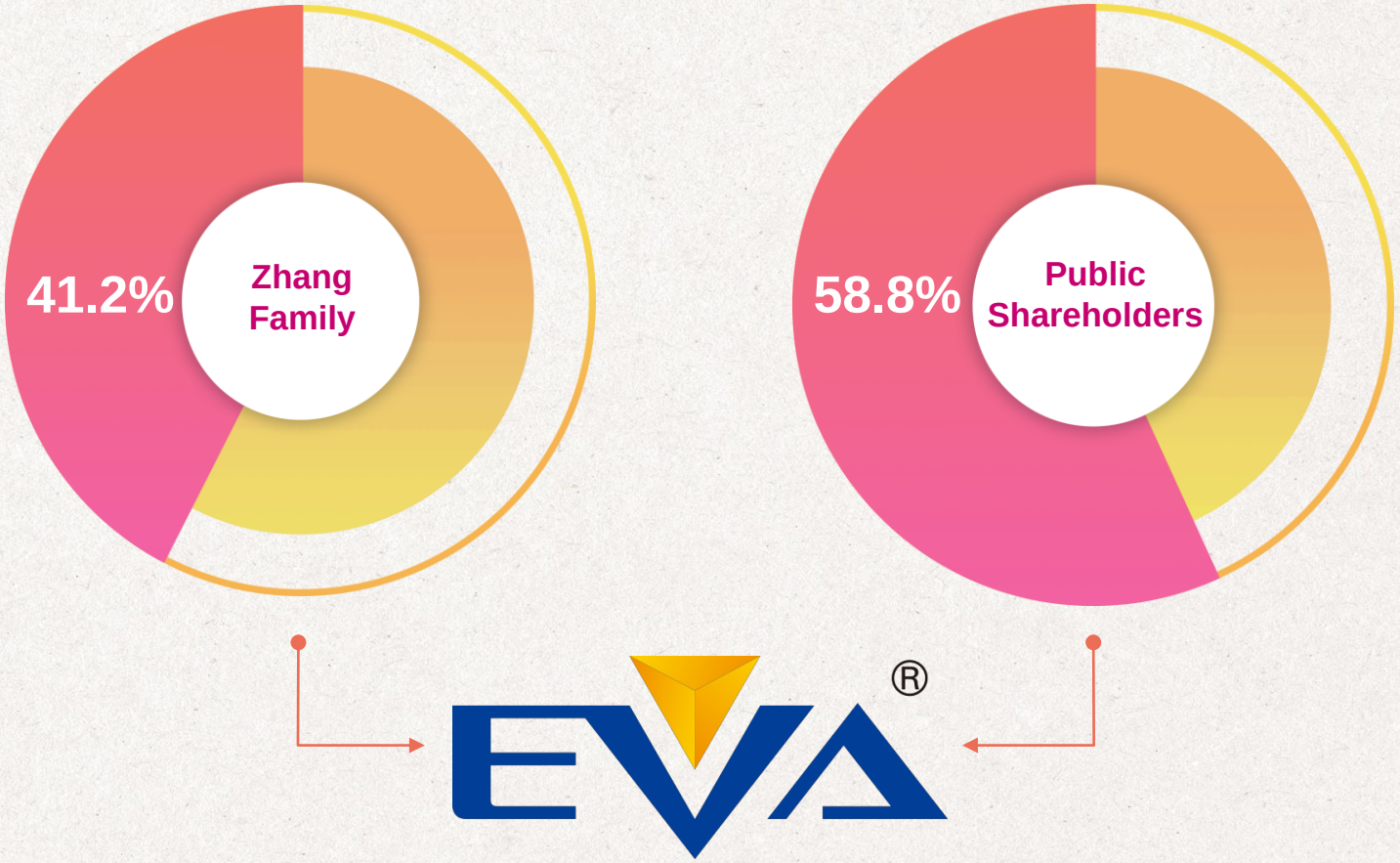
MAJOR AWARDS AND ACCOLADES (CONT'D)

Year	Honors	Company / Organisation
2011-2019	Corporate Environmental Leadership Award	Federation of Hong Kong Industries
2011-2019	OHSAS18001 Certification	BSI Group
2012–2013	Special Contribution Award	Canon
2013–2017	Excellent Supplier Award	***Dongfeng***
2013-2019	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
2016-2019	Comprehensive Assembly Capabilities Invitation Tournament Award	Canon
2016	Best Supplier Award	Toshiba
2017	Gratitude Certificate – External Component Procurement Activities	Konica Minolta

MAJOR AWARDS AND ACCOLADES (CONT'D)

Year	Honors	Company / Organisation
2017	Sourcing Quality Assurance – Overall Excellence Award	Ricoh
2017	Strategic Partner Award	Supvan
2017	Fundamental Skills Invitation Tournament Award	Canon
2017	Supplier Partnership Award	*Faurecia*
2017	Best Delivery Award	Toshiba
2017-2018	Excellent Supplier Award	*Faurecia*
2018	Quality Acclamation Award	Konica Minolta
2018	Quality Improvement Award	*Yamada*
2018	Craftsmanship Award	Segway-Ninebot
2018	Certificate of Participation	*Brose*
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
2019	Best Cooperation Award	MiTAC
2020	Best Supplier Award	Segway-Ninebot
2020	Joint Innovation Award	Segway-Ninebot

SHAREHOLDING STRUCTURE



- Total number of shares in issue as at 6 May 2020 = 1,716,581,800 shares
- Outstanding share options of 137,350,000 options as at 6 May 2020

EXPERIENCED MANAGEMENT TEAM

Management	Position	Credentials
Mr. ZHANG Hwo Jie	Chairman	• 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	• 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	• 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 • Chairman of Guangdong-Hong Kong-Macao Advanced Manufacturing Industry Alliance, vice chairman of the 8th executive committee of Shenzhen Federation of Industry & Commerce, executive president of Shenzhen Machinery Association, vice president of Guangdong Die & Mould Industry Association, Shenzhen Enterprise Confederation, Shenzhen Entrepreneur Association and Shenzhen General Chamber of Commerce • Deputy supervisor of the Committee for Economic Affairs of the 6th Shenzhen Committee of the Chinese People’s Political Consultative Conference

OUTLOOK

- Looking into 2020, it is no denying that the coronavirus outbreak will bring about a short-term setback to the business performance of the Group.

- However, over the past few years, the Group has taken sensible steps to set up various business growth drivers for itself, including investments in both China and overseas countries, and deepening the business relationships with the existing and new customers. These ***business growth drivers are unlikely to be significantly altered*** by any short-term impact brought by the coronavirus outbreak.

- Further, the governments around the world have taken actions in an effort to alleviate the economic impact of the coronavirus outbreak, including an emergency interest rate cut made by the United States Federal Reserve which ***can directly reduce the Group's finance costs.***

- We also expect ***business to bounce back quickly*** in the aftermath of the coronavirus outbreak, as our customers will need to make up for the production delay during the outbreak period.

- We also have a ***strong and healthy balance sheet,*** which enables us to withstand any short-term financial impact caused by the coronavirus outbreak and provide returns to shareholders through ***special dividend.***

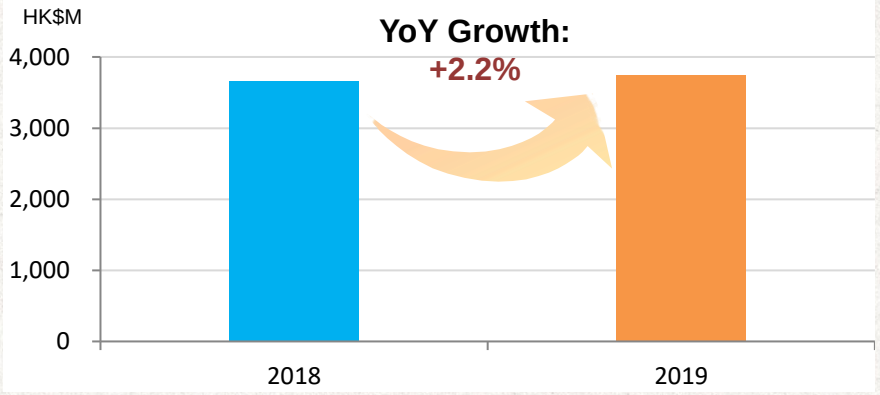
- Therefore, we remain ***optimistic*** about the Group's prospect in the mid-to-long term.

EVA Vietnam (Haiphong) Electronic Industrial Park

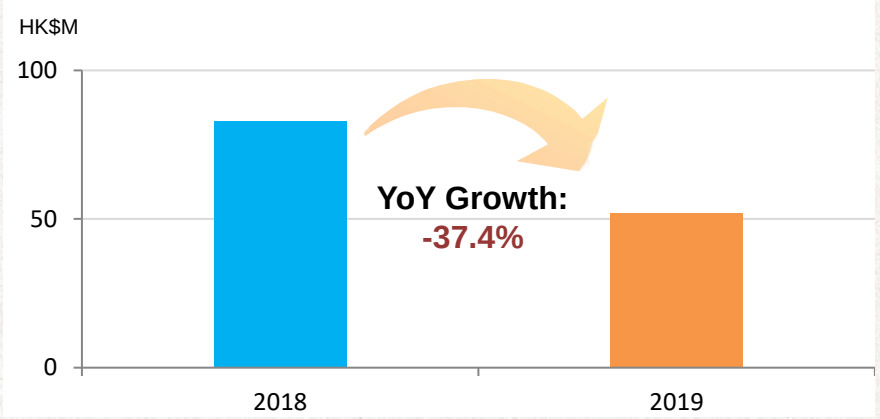
FINANCIAL INFORMATION

2019 BUSINESS RESULTS

Turnover



Net Profit



- Despite a lackluster economic environment brought by the United States-China trade dispute, the Group's turnover increased by 2.2% to HK$3,747,055,000, which was primarily caused by an increase in orders from certain existing customers and the Group's effort to develop new customers during the year.
- Gross profit margin for the year decreased to 20.4% (2018: 21.5%), as the new Mexico industrial park and phase two of the Vietnam industrial park operated at lower gross profit margin at the initial stage of operations.
- During the year, the Group's new business in Mexico incurred an initial loss of HK$19,335,000. Income tax expense for the year also increased, mainly because one of the Group's subsidiaries in Mainland China might distribute dividends to its holding company within the Group which was located outside Mainland China, and therefore had made a one-off provision for Mainland China dividend withholding tax amounting to HK$10,000,000.
- As a result, the Group's net profit decreased by 37.4% to HK$51,781,000.

FINANCIAL PERFORMANCE

Consolidated Income Statement

Expressed in HK$'000	2019	2018	YoY Chg
Revenue	**3,747,055**	**3,666,657**	**2%**
Cost of sales	(2,982,064)	(2,877,691)	**4%**
Gross profit	**764,991**	**788,966**	**-3%**
Other income	48,056	28,857	**67%**
Other losses - net	(14,619)	(183)	**7889%**
Selling and marketing costs	(215,596)	(213,800)	**1%**
General and administrative expenses	(462,790)	(460,046)	**1%**
Operating profit	**120,042**	**143,794**	**-17%**
Finance income	15,031	15,707	**-4%**
Finance costs	(55,389)	(55,587)	**0%**
Share of losses of associates	(2,082)	(404)	**415%**
Profit before income tax	**77,602**	**103,510**	**-25%**
Income tax expense	(25,821)	(20,847)	**24%**
Profit attributable to equity holders of the Company	**51,781**	**82,663**	**-37%**
Dividend	**61,354**	**25,563**	
Gross Margin	**20.4%**	**21.5%**	
Operating Margin	**3.2%**	**3.9%**	
Net Margin	**1.4%**	**2.3%**	
Dividend Payout Ratio	**118.5%**	**30.9%**	

The increase in the Group's turnover was primarily caused by an increase in orders from certain existing customers and the Group's effort to develop new customers during the year.

Gross profit margin decreased to 20.4%. It was mainly because the Group's new businesses, namely, the new Mexico industrial park and phase two of the Vietnam industrial park operated at lower gross profit margin at the initial stage of operations.

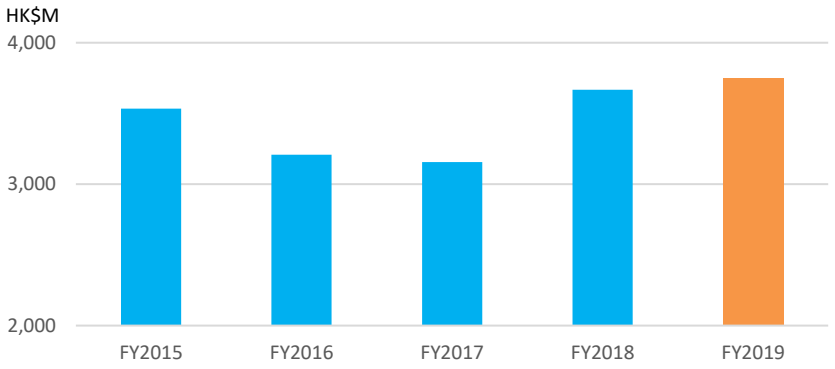
As mentioned above, the Group experienced a reduction in gross profit margin during the year. Further, the Group's new business in Mexico incurred an initial loss of HK$19,335,000. Therefore, operating profit decreased.

Effective tax rate for the year was 33.3%, which increased as compared to that in 2018. It was because one of the Group's subsidiaries in Mainland China might distribute dividends to its holding company within the Group which was located outside Mainland China, and therefore had made a one-off provision for Mainland China dividend withholding tax amounting to HK$10,000,000.

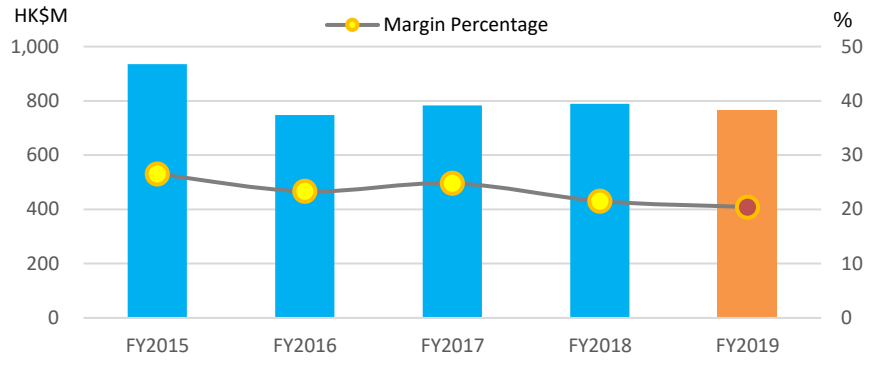
Dividend payout ratio increased to 118.5% in 2019 due to special dividend declared to celebrate the 15th anniversary of the Group's IPO.

FINANCIAL SUMMARY

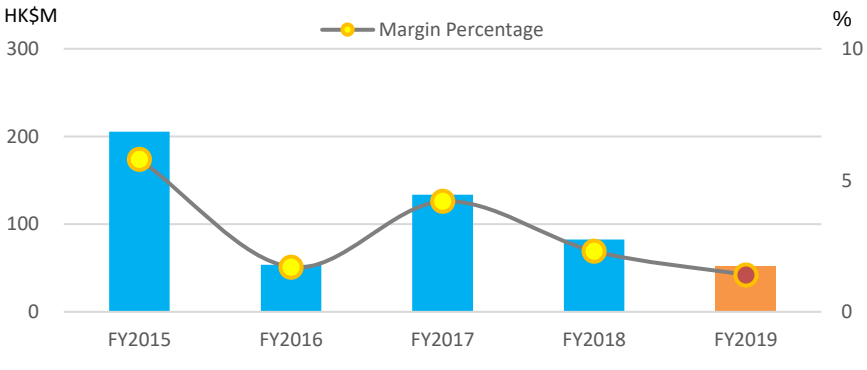
Revenue



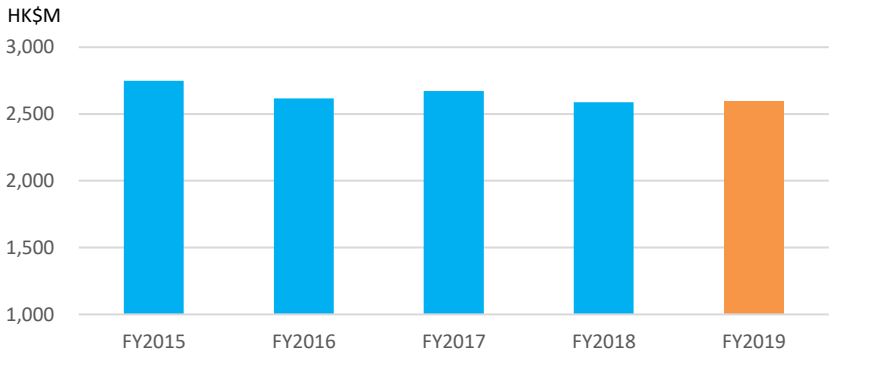
Gross Profit and Margin



Net Profit and Margin

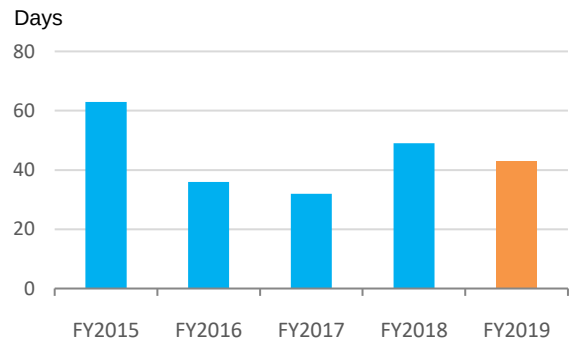


Net Assets

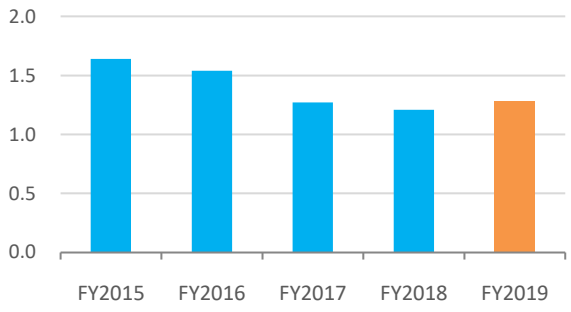


OTHER KEY FINANCIAL RATIOS

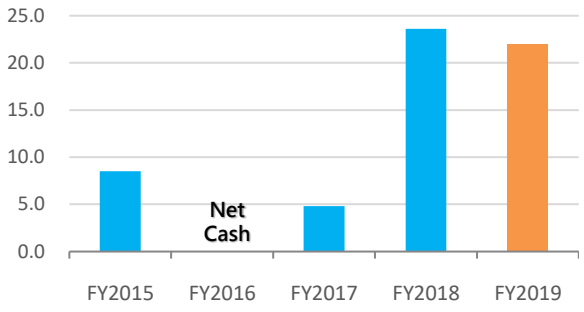
Cash Conversion Cycle[1]



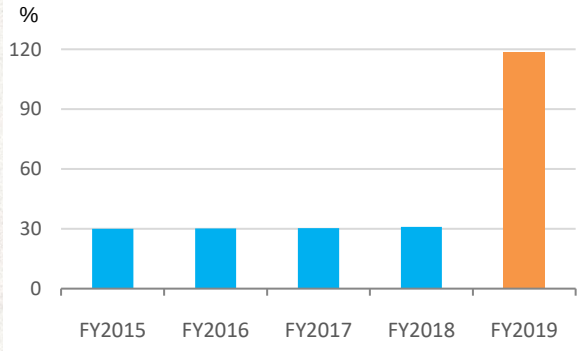
Current Ratio



Net Debt-to-Equity Ratio[2]



Dividend Payout Ratio



- Cash conversion cycle at 43 days.
- Net debt-to-equity was at 22.0% as at 31 December 2019.
- Normal dividend payout ratio at roughly 30% of net profit over the years.
- Dividend payout ratio increased to 118.5% in 2019 due to special dividend declared to celebrate the 15th anniversary of the Group's IPO.

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 lease liabilities less cash and bank balances divided by shareholders' equity. Lease liabilities exclude the rentals for factory and office premises in future periods which have not yet been incurred but are deemed as lease liabilities under the newly adopted Hong Kong Financial Reporting Standard 16 "Leases".

Digit Chongqing Automobile Industrial Park

THE END

DISCLAIMER

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