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 2021

和衷共濟

Working together
through challenging times

BUSINESS HIGHLIGHTS

BUSINESS HIGHLIGHTS

- We are one of the few high-end manufacturers in China capable of ***designing and manufacturing*** moulds and components with ***high precision and dimensional accuracies*** which are key to high quality ***office automation ("OA") equipment*** and ***automotive components.***

- Our ***unique one-stop Development and Electronic Manufacturing Service ("DEMS")*** covering a wide range of production processes, starting from product conceptualisation and design, development of moulds, production of components and parts, assembly of semi-products, testing and quality control, provides strong incentives for customers to increase their procurements from us, as this can enable them to manufacture products with high customisation and effectively reduce the additional logistics costs and excess production lead time that arise from outsourcing different production processes to different suppliers.

- Currently, we are operating ***11 industrial parks*** scattered across ***China (Shenzhen, Suzhou, Zhongshan, Chongqing, Wuhan and Weihai), Vietnam (Haiphong) and Mexico (San Luis Potosí)***.

- Following a decline of economy in the first two quarters of 2020, thanks to the Chinese government's effective control measures, China's social and economic activities have staged fast recovery from COVID-19's adverse impact in the second half of the year 2020. ***By August 2020, all of the Group's industrial parks in China, Vietnam and Mexcio have resumed their normal production.***

BUSINESS HIGHLIGHTS (CONT'D)

- Since a few years ago, the Group has started ***building up production facilities in Vietnam and Mexico***. Further, the Group's ***automotive component 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***.

- Majority of the Group's production lines are in China. Despite the multiple waves of the COVID-19 outbreak in 2020, the Group managed to rise to the occasion as a result of the easing pandemic restrictions in China causing a fast recovery of order in-take in the second half of 2020 and the Group's ***substantial efforts in building strategic partnership with existing and new customers.***

- Due to the above factors, the Group continued to record ***growth in turnover*** in 2020 despite the United States-China trade dispute and the COVID-19 outbreak. Overall, the Group achieved a ***7% increase in turnover in 2020***, amounting to HK$4,008,459,000 (2019: HK$3,747,055,000).

- Despite operational difficulties, the Group recorded ***a resilient operating net cash flow of HK$462,812,000***, representing a ***16% year-on-year increment.***

- During 2020, ***our gross margin has dropped from 20% to 18%,*** as we encountered the major challenges such as the postponement of production schedules under various local governmental restrictions but a significant amount of resources was still inevitable to keep our existing and new projects on the right track, and the disruption to our supply chain strategies caused by transport restrictions imposed in various countries.

BUSINESS HIGHLIGHTS (CONT'D)

- 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 have planned to ***select suppliers 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.

- In 2020, we started to see ***increasing market share in the OA equipment sector*** and we managed to deliver ***a resilient result in the sector***, amounting to HK$3,094,123,000 (2019: HK$3,080,444,000). Our key customers include among others, ***Fuji Xerox, Kyocera, Hewlett- Packard, Canon, Ricoh, Konica Minolta, Epson and Toshiba.***

- During 2020, our automotive component sector hit a record high, with a ***significant increase in turnover of 37%, reaching HK$914,336,000*** (2019: HK$666,611,000), primarily due to increased orders from our existing customers, namely, ***Faurecia, Brose, Great Wall Motors and SAIC-GM-Wuling.*** Other key customers of the Group's automotive component sector include ***Adient, Gestamp, Dongfeng, Changan, Yachiyo and Webasto.***

- During 2020, the Group acquired a ***direct "Tier-one Supplier" status from Tesla*** in both our Shenzhen and Mexico industrial parks mainly for the production of their automobile seats. Hence, the Group expects ***mass production of the component products for direct contracted orders from Tesla to launch in July 2021***, while the Group maintains its ***positive cooperative relationship with the suppliers of Tesla***.

CORPORATE OVERVIEW

COMPANY AT A GLANCE

Major Business

- A ***vertically-integrated*** precision metal and plastic mould and component manufacturing service provider ***capable of product design and development which offers high customization products to our customers.***
- 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 ***automotive component*** market a few years ago.

Market Position

- Our ***ability to design and develop, 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 automotive component markets had also established assembly plants.
- Expansion of production facilities in Weihai, China under the invitation of ***Hewlett-Packard***.

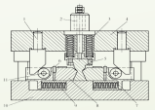
Business Scale

- ***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

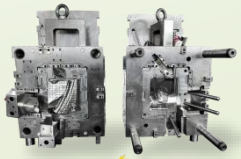
- Taking up the design and development of moulds during customers' product development stages.
- Production and testing of moulds by EVA.
- Upon completion of moulds, fees are charged to the customers for the design and production of moulds i.e. titles of moulds are transferred to customers. However,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



Mould concept and design

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

4. Semi-finished products finally assembled into finished products (Office automation equipment)

- Assembly of finished products through high precision laser welding and other assembly processes.

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

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

In a different league from low end OEMs

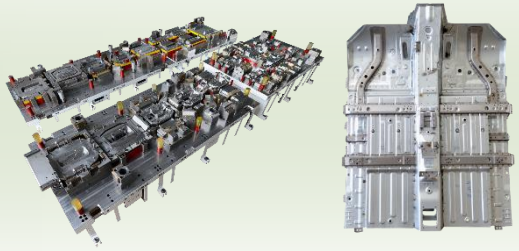
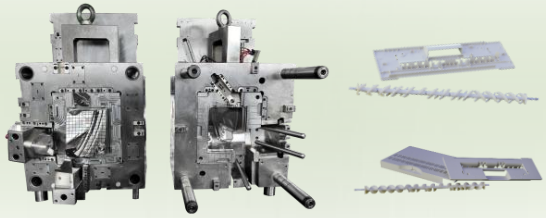
- EVA is one of the few hi-tech companies in China capable of producing moulds with precision and dimensional accuracies comparable to overseas peers such as Japanese or German manufacturers.

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

Metal stamping moulds and components

- 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).

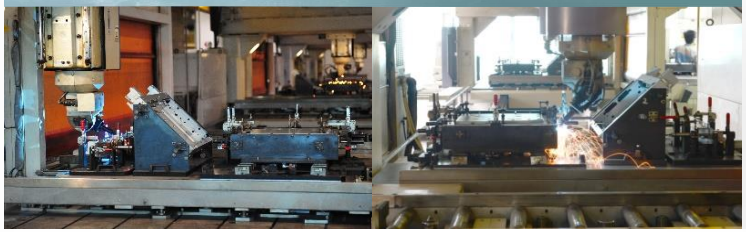
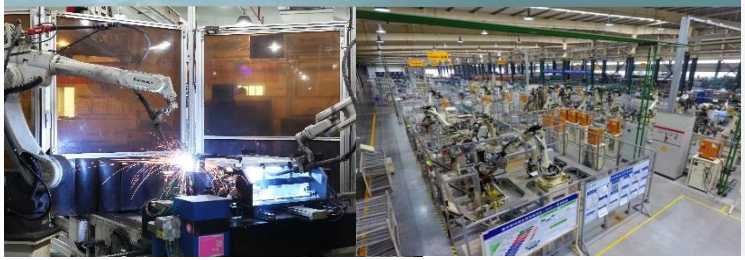
Plastic injection moulds and components

- Moulds for thin-walled plastic products with thickness of only 0.2mm.
- Moulds for high-precision plastic gears.
- Light-weight and high-precision plastic rollers for paper pickup and image forming.
- 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	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.

RICOH imagine. change.

Canon

brother at your side

EPSON EXCEED YOUR VISION

hp

TOSHIBA

KYOCERA

KONICA MINOLTA

FUJI Xerox

EVA®

OFFICE AUTOMATION (OA) EQUIPMENT (CONT'D)

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.
- In 2017, the Group was invited by HP to establish a new industrial park in Weihai, Shandong Province, China. By October 2020, transition from the temporary factory in Weihai to the new self-constructed industrial park was substantially completed. The new industrial park in Weihai has already started to use DEMS model to design, develop and manufacture products with high customisation.

EVA Shenzhen (Shiyan) Electronic Industrial Park

EVA Vietnam (Haiphong) Electronic Industrial Park

EVA Suzhou Electronic Industrial Park

EVA Weihai (Double Islands Bay) Electronic Industrial Park

AUTOMOTIVE COMPONENTS

Overview

In 2020, China's gross domestic product exceeded the threshold of RMB100 trillion with an annual growth rate of 2.3%, making it the only major economy in the world to achieve positive economic growth amid the impacts of the COVID-19 outbreak. The International Monetary Fund (IMF) projects China's 2021 GDP growth at a staggering 8.1%, ranking second among global. It is believed spending power in China will continue to stay high in turn benefiting local consumption. According to the China Automobile Association, it is predicted that total vehicle sales in 2021 will increase 4% year-on-year to 26.3 million units, while growth rate of new energy vehicles is expected to reach 40%, and total sales will climb to 1.8 million units, presenting enormous room for growth for the industry, and increasing demand for the precision manufacturing services offered by EVA in the automobile industry.

Geographical coverage

- In China, we have four industrial parks, namely, Digit Chongqing Automobile Industrial Park, Digit Wuhan Automobile Industrial Park, EVA (Guangming) Precision Manufacturing Industrial Park and Digit Zhongshan Automobile Industrial Park serving the local automakers and the domestic market in China.
- We also have an industrial park in San Luis Potosí, Mexico, which had commenced production in late 2019 to serve the automakers and automotive component markets in North America.
- Construction of a new phase two of the Mexico industrial park has been commenced in late 2020.

Digit Mexico (SLP) Automobile Industrial Park

Digit Zhongshan Automobile Industrial Park

Digit Wuhan Automobile Industrial Park

AUTOMOTIVE COMPONENTS (CONT'D)

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

AUTOMOTIVE COMPONENTS (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.

Factory Building

Automated Stamping Production Line

2,700T Servo Line

AUTOMOTIVE COMPONENTS (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

AISIN

brose
Excellence in Mechatronics

ADIENT

faurecia

YACHIYO

Gestamp

CTS

TESLA

Digit Zhongshan Automobile Industrial Park

AUTOMOTIVE COMPONENTS (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.
- The Group has commenced in 2020 the construction of the second phase of the industrial park in order to cater to the high demand and low supply in Mexico. The new second phase of the industrial park will have a land area of approximately 34,000 square metres, which is significantly larger than the existing industrial park of approximately 16,000 square metres in its floor plan.
- The new second phase of the industrial park is expected to be completed by the first quarter in 2022 and production is expected to commence in the second half of 2022.

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

EVA®

OUR COMPETITIVE STRENGTH

- One of the few manufacturers in China capable of ***product design and development***, 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
- 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

2005
- IPO on the Hong Kong Stock Exchange (Stock code: 00838HK)

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 Shenzhen (Tianliao) Smart Device Industrial Park* commenced operations, providing additional factory areas for hi-tech and consumer products
- *A new industrial park in Zhongshan* commenced operation

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

DIGIT

2011
- *EVA Vietnam (Haiphong) Electronic Industrial Park* was completed by end of 2016, being our first industrial park outside China

2012
- *Digit Wuhan Automobile Industrial Park* for automobile components commenced commercial production

CITROËN PEUGEOT 东风标致 Webasto Feel the Drive

2014
- 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 Technik für Automobile

2016
- *Phase two of Digit Mexico (SLP) Automobile Industrial Park* commenced construction
- Attained Tier-one Supplier status for Tesla for *EVA (Guangming) Precision Manufacturing Industrial Park* and *Digit Mexico (SLP) Automobile Industrial Park* and started to receive direct orders from Tesla

TESLA

2017
- *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

2019

2020

EVA®

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
2000-2020	ISO9001 Certification	BSI Group
2003-2020	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
2009–2020	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

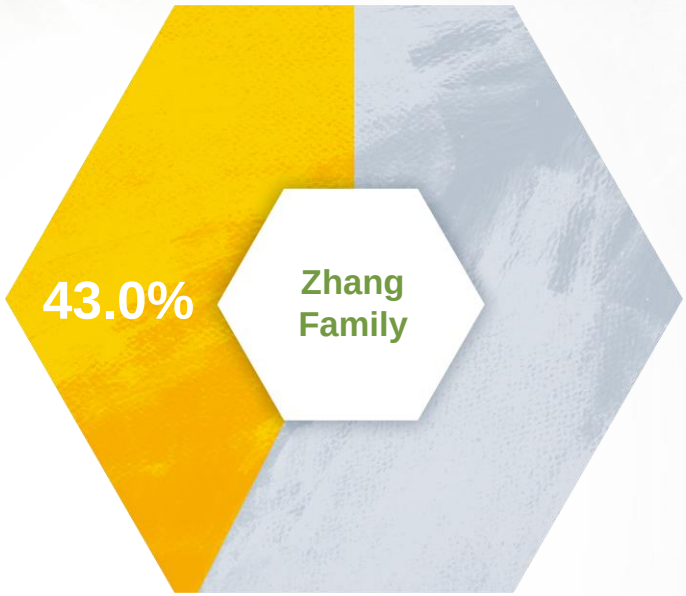
MAJOR AWARDS AND ACCOLADES (CONT'D)

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
2020	ISO450001 Certification	BSI Group

SHAREHOLDING STRUCTURE



- Total number of shares in issue as at 29 March 2021 = 1,717,149,800 shares
- Outstanding share options of 136,782,000 options as at 29 March 2021

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
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

- As we head into 2021, with Biden's victory in the US president election, the US-China tension remains a high uncertainty. On the other hand, although the COVID-19 vaccination has rolled out globally, it is still too early to conclude that the pandemic will be ended shortly.

- However, with a proven track record of our ability to rise to the challenge since 1993, the Group remains highly confident that our OA equipment sector will return to normalcy after a temporary downturn in 2020 and will see a certain growth potential over the next couple of years..

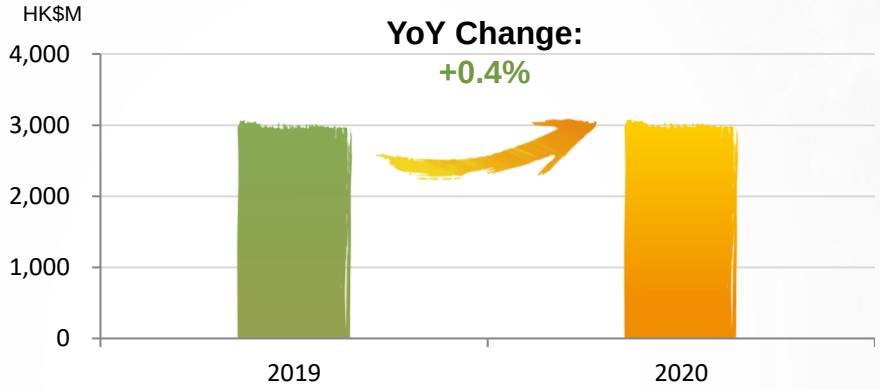
- Apart from our OA equipment sector, the automotive component sector will continue to maintain a steady growth as a result of high expectations on the economic rebound in China. It is expected that domestic demand for motor vehicles in general will also rise in the short term.

- At present, the pandemic remains a scourge, which casts a pall of uncertainty and gloom over the global economy and our business environment. The Group will continue focusing on our core values, improving our supply chain capabilities and bolstering our role as a market leader.

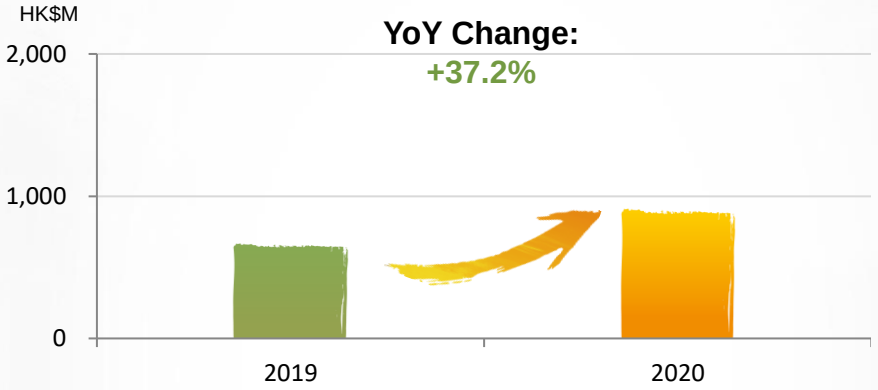
FINANCIAL INFORMATION

2020 BUSINESS RESULTS

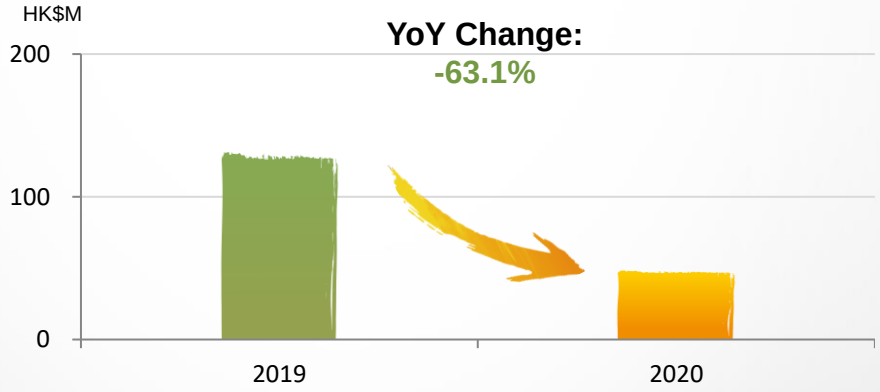
Segment Turnover - Office Automation Equipment



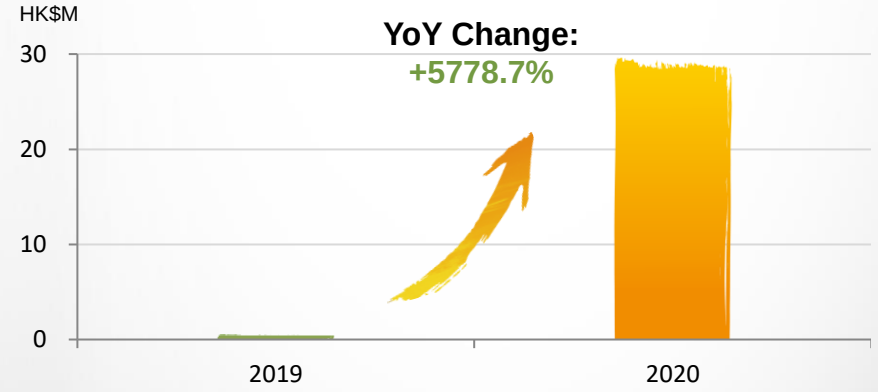
Segment Turnover - Automotive Component



Segment Profit - Office Automation Equipment



Segment Profit - Automotive Component



FINANCIAL PERFORMANCE

Consolidated Income Statement

Expressed in HK$'000	2020	2019	YoY Chg
Revenue	**4,008,459**	**3,747,055**	**7%**
Cost of sales	(3,270,159)	(2,982,064)	**10%**
Gross profit	**738,300**	**764,991**	**-3%**
Other income	38,033	48,056	**-21%**
Other losses - net	(7,697)	(14,619)	**-47%**
Selling and marketing costs	(237,464)	(215,596)	**10%**
General and administrative expenses	(462,717)	(462,790)	**0%**
Net impairment losses on financial assets	(33,800)	-	**N/A**
Operating profit	**34,655**	**120,042**	**-71%**
Finance income	11,196	15,031	**-26%**
Finance costs	(42,929)	(55,389)	**-22%**
Share of losses of associates	(16,076)	(2,082)	**672%**
Profit before income tax	**(13,154)**	**77,602**	**-117%**
Income tax expense	(2,217)	(25,821)	**-91%**
Profit attributable to equity holders of the Company	**(15,371)**	**51,781**	**-130%**
Dividend	**-**	**61,354**	
Operating net cash flows	**462,812**	**399,735**	
Gross Margin	**18.4%**	**20.4%**	
Operating Margin	**0.9%**	**3.2%**	
Net Margin	**(0.4%)**	**1.4%**	
Dividend Payout Ratio	**N/A**	**118.5%**	

Despite the multiple waves of the COVID-19 outbreak in 2020, the Group's turnover increased by 7.0% to a record high of HK$4,008,459,000, which was primarily caused by a substantial efforts in building strategic partnership with existing and new customers during the year.

Gross profit margin decreased to 18.4%. It was mainly caused by the fixed operating costs such as salaries expenses and depreciation of fixed assets, incurred during the production disruption and schedule delays as a result of the COVID-19 outbreak and additional costs incurred on procurement and transportation of raw materials and parts under the transport restrictions.

During 2020, due to drop in gross profit margin, the operating profit margin of the Group went down to 0.9% (2019: 3.2%). In addition, the Group had incurred impairment losses on financial assets amounting to HK$33,800,000 (2019: nil).

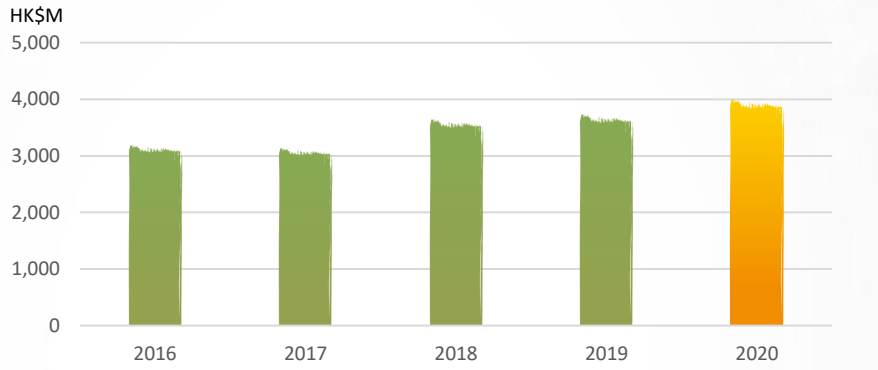
As a result, the Group recorded a net loss of HK$15,371,000 as compared to a net profit of HK$51,781,000 in 2019.

The directors of the Company do not recommend the payment of a final dividend for 2020 as the Group had incurred loss during the year.

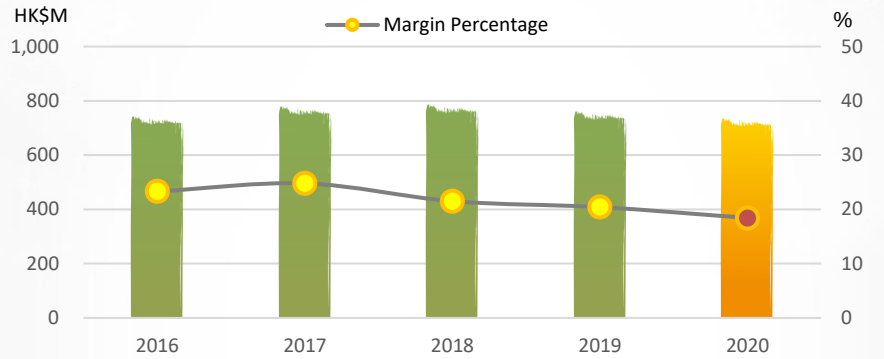
Despite operational difficulties, the Group recorded a resilient operating net cash flow of HK$462,812,000, representing a 16% year-on-year increment, primarily due to increase in the Group's turnover.

FINANCIAL SUMMARY

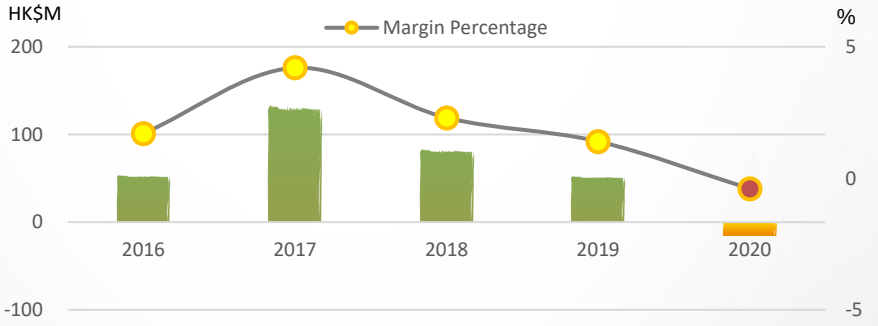
Revenue



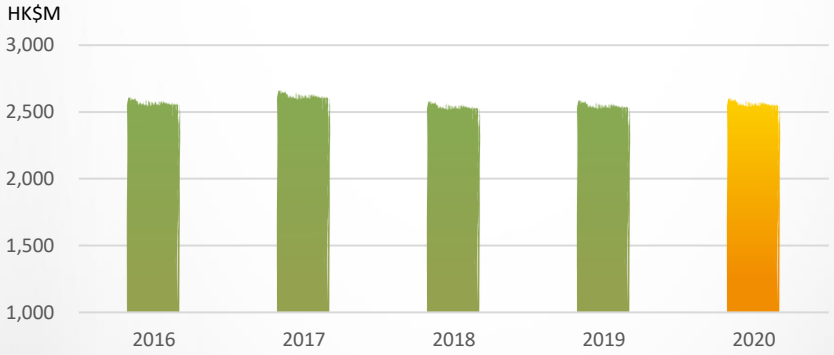
Gross Profit and Margin



Net Profit and Margin

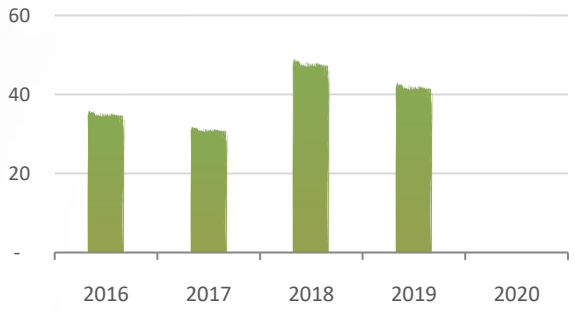


Net Assets

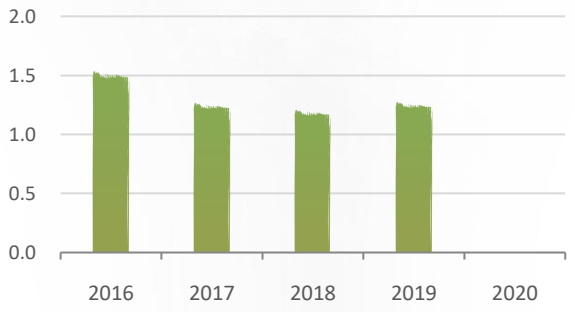


OTHER KEY FINANCIAL RATIOS

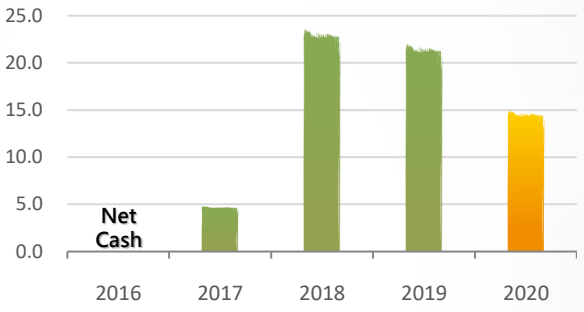
Cash Conversion Cycle[1]



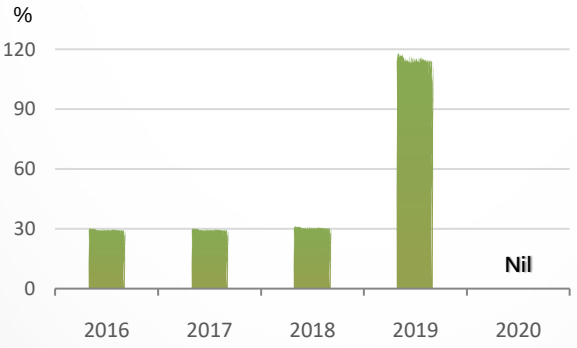
Current Ratio



Net Debt-to-Equity Ratio[2]



Dividend Payout Ratio



- Cash conversion cycle at 25 days.
- Net debt-to-equity was at 15.0% as at 31 December 2020.
- Normal dividend payout ratio at roughly 30% of net profit over the years.
- No dividend has been recommended due to loss incurred during the year.

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".

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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