



**EVA Precision Industrial Holdings Limited**

**億和精密工業控股有限公司**

Stock code: 838 HK

**INTERIM RESULTS PRESENTATION**  
**AUGUST 2021**



**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, including product conceptualisation and design, development of moulds, production of components and parts, assembly of semi-products, and 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 major industrial parks** scattered across **China (Shenzhen, Suzhou, Zhongshan, Chongqing, Wuhan and Weihai), Vietnam (Haiphong) and Mexico (San Luis Potosí)**. We also extended our production facilities in Chongqing to **Lezhi County of Sichuan** to better cope with the development of our customers.
- ▶ Since a few years ago, the Group has started **expanding production facilities to 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**.

# BUSINESS HIGHLIGHTS (CONT'D)



- ▶ In April 2021, we acquired the entire equity interests in Futaba Metal Products (Shenzhen) Co., Ltd., which was then renamed **Shenzhen EVA Technology Intelligent Manufacturing Co., Ltd.** (“EVA Intelligent Manufacturing”). EVA Intelligent Manufacturing is principally engaged in the manufacturing and sale of OA equipment.
- ▶ Having seized the opportunities brought about by the control of the pandemic, together with our substantial efforts in developing strategic partnerships with both existing and new customers, we have recorded an **increase in turnover of 40% to HK\$2,386,869,000** (1H2020: HK\$1,700,320,000).
- ▶ Gross profit margin for the six months ended 30 June 2021 has seen an improvement of approximately **3.0 percentage points**, and gross profit has **increased by 64% to HK\$486,263,000** (1H2020: HK\$296,498,000).
- ▶ An **interim dividend of HK1.2 cents** per ordinary share, was declared by the Directors of the Company for the six months ended 30 June 2021.
- ▶ Our liquidity remains strong. We have recorded **an operating net cash flow of HK\$156,105,000** (1H2020: HK\$41,245,000), representing a **increase of 278%** for the six months ended 30 June 2021.



# BUSINESS HIGHLIGHTS (CONT'D)



- Owing to the Group's efforts in developing the business potential of the OA equipment segment, the Group recorded a **35% increase in the segmental turnover**, amounting to **HK\$1,830,347,000** (1H2020: HK\$1,352,312,000). The OA equipment segment reported **profit** amounting to **HK\$55,285,000** for the first half of 2021 (1H2020: loss HK\$10,121,000).
- 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 recent years, the Group has begun reorganising its internal production logistics such that the manufacturing that were carried out in China (such as in Shenzhen) and targeted at the US and European markets were gradually transferred to the production facilities located in **Southeast Asia** (such as in Vietnam). In 2021, the Group continued this strategic move, with **more orders that were aimed at the US and European markets being transferred to Vietnam**, enabling the production capacity of the Shenzhen site to be used to support the expansion of the Asian and domestic markets.
- Since the beginning of 2021, the Group's **new focus - the DEMS model**, under which products are designed, developed, manufactured with high levels of customisation, assembled and quality tested by the Group in a streamlined process, has brought about **stable increase in the OA equipment's segmental revenue**.

# BUSINESS HIGHLIGHTS (CONT'D)



- ▶ For the six months ended 30 June 2021, the Group continued to record robust results in the automotive component segment, leading to an **increase of 60% in the segment's turnover**, amounting to **HK\$556,522,000** (1H2020: HK\$348,008,000). In the automotive component segment, the Group recorded **segmental profit** amounting to **HK\$48,396,000** (1H2020: loss HK\$13,180,000) for the first half of 2021.
- ▶ The Group continued to earn customers' trust with its **high-quality products and welding technologies** and strengthen its business relationships with automakers in Chongqing, such as local automakers, **Great Wall Motors** and **SAIC-GM-Wuling**. During the first half of 2021, to better cope with the development of the customers, certain orders from these local automakers were produced in the **newly established production facilities in Lezhi county of Sichuan** due to its geographical convenience.
- ▶ Since a normal product life cycle for a single car model is between five to seven years after one to two years of its mould development, once we have secured a project and the relevant orders for mould development, we will also be involved in the mass production of the components in the product life cycle. At present, we have already seen **voluminous orders on hand in Wuhan** arising from new projects with Great Wall Motors and certain new energy vehicle manufacturers, and we expect these orders to **crystalise into sales in five to seven years from 2022**.
- ▶ During the first half of 2021, the Group's **phase one industrial park in Mexico** has seen a **surge in direct orders on production of components production**. Since the Group obtained the **tier-one supplier qualification from Tesla**, apart from receiving indirect orders through other tier-one suppliers, it also **began receiving direct orders from Tesla** and **mass production has kicked off in July 2021**.

# 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, Fujifilm, 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 automotive component sector e.g. **Great Wall Motors, 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.**

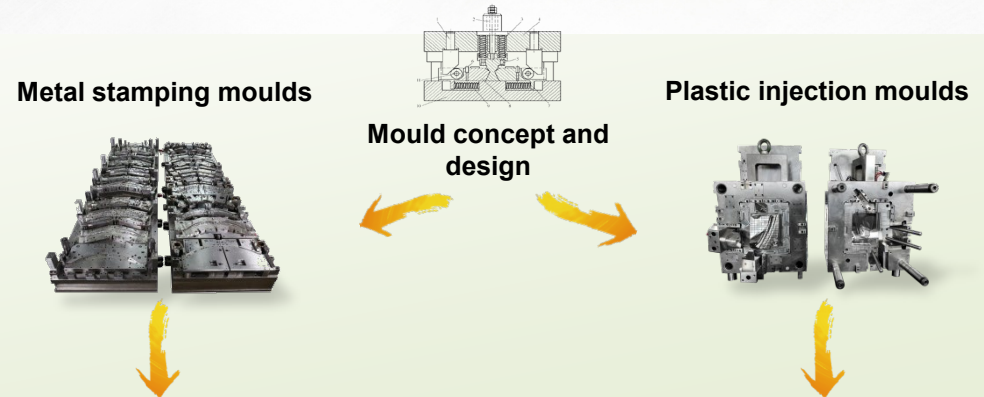
## Business Scale

- **Eleven major 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.



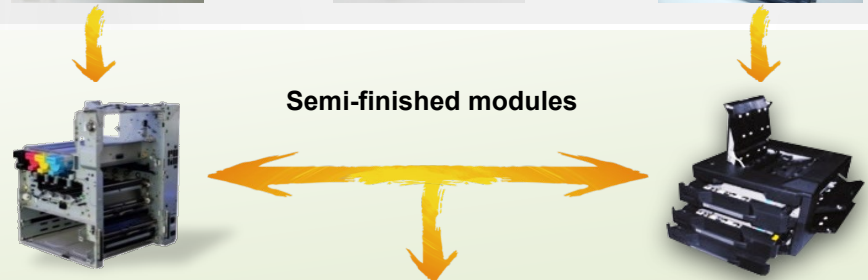
## 2. Component production using completed moulds

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



## 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.



## 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.

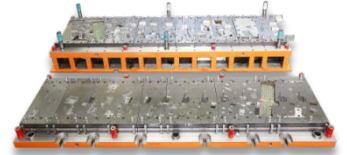




# INDUSTRY LEADING TECHNOLOGIES

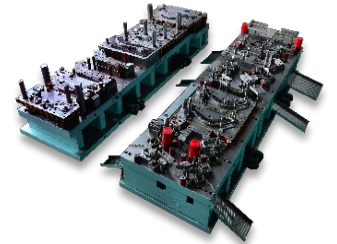
## Mould is the “Mother Tool” of manufacturing

- 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.



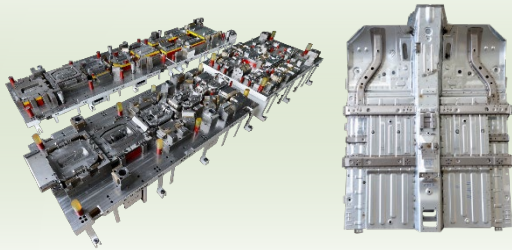


# INDUSTRY LEADING TECHNOLOGIES (CONT'D)

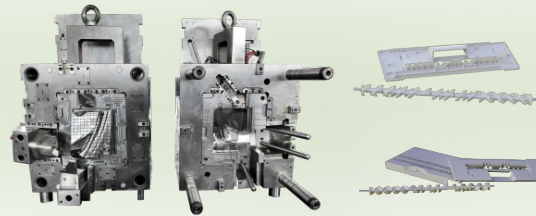


## Products

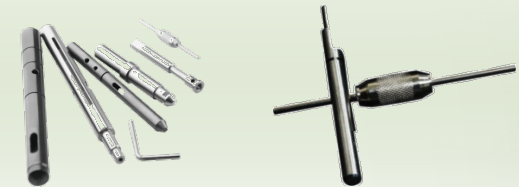
### Metal stamping moulds and components



### Plastic injection moulds and components



### Lathing components



## Product Sophistication

- 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.

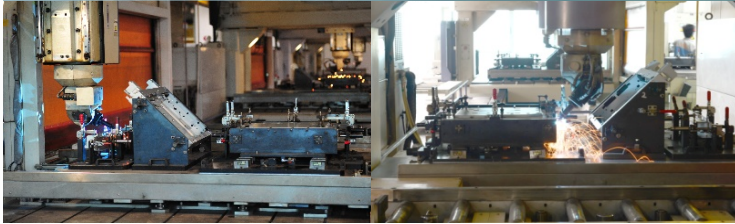
- High-precision shafts mainly used as paper rollers.
- Diameter distortion less than 0.02mm.
- Efficient simultaneous processing of different lathing procedures.
- Capable of producing shafts from multiple materials including aluminum, plastic and steel.

# INDUSTRY LEADING TECHNOLOGIES (CONT'D)



## Products

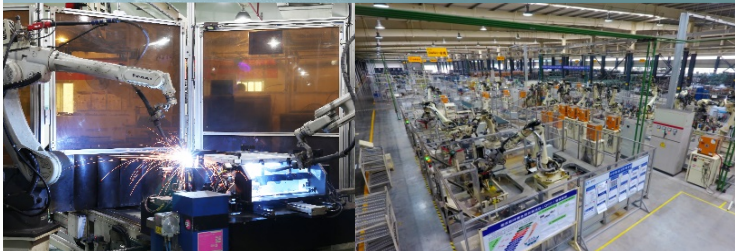
### Laser welding



## Product Sophistication

- Traditionally used in aviation and luxury sport car industries.
- Low temperature 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  $0.01\text{mm}$ .
- Remarkably reduce product deficiency rate and eliminate manual inspection error.
- Accelerate product inspection time by 70% compared to manual inspection.



# OFFICE AUTOMATION (OA) EQUIPMENT

## 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.

## 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.



**RICOH**  
imagine. change.

**EPSON**  
EXCEED YOUR VISION

**KYOCERA**

**FUJIFILM**

**Canon**

**brother**  
at your side



**TOSHIBA**

**KONICA MINOLTA**

**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. 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 commenced full operation in 2021.



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

According to the International Monetary Fund, the global economy is expected to grow at 6.0% in 2021, compared to a drop of 3.2% in 2020. The US and China's GDP growth for 2021 is projected at 7.0% and 8.1% respectively, compared to a drop of 3.5% and growth of 2.3% in 2020 in the respective economies. Global consumption sentiments have been going strong in the first half of 2021, and accordingly, the Group saw a ramp up in its operations related to the automotive component sector at most of its industrial parks during the period. Looking ahead, with energy savings, reduced emissions and low-carbon footprints strongly advocated by the society, new energy vehicles are destined to become a key business growth driver in the automotive component sector. As reported by the China Automobile Association in July 2021, the total vehicle sales in the first half of 2021 amounted to 12,891,000 units, representing a year-on-year increase of 25.6%, while total new energy vehicle sales amounted to 1,206,000 units, representing a year-on-year increase of two folds. It is also predicted that total new energy vehicles sales will climb to 2,400,000 units, reaching a year-on-year growth rate of 76%, presenting enormous room for growth for the 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 Great Wall Motors, 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



Digit Zhongshan Automobile  
Industrial Park

**AISIN**

**brose**  
Excellence in Mechatronics

**ADIENT**

**faurecia**

**YACHIYO**



**Gestamp**

**CTS**

# 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



Volkswagen





# 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



- **Strong management and engineering team** with more than 25 years of experience in industry

- Conservative financial management and efficient cash conversion cycle<sup>1</sup> over the years

- Dedicated to streamlining costs and headcount through production automation and other cost control measures

- Solid track record in serving **world-class customers** such as **Canon, Fujifilm, 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**

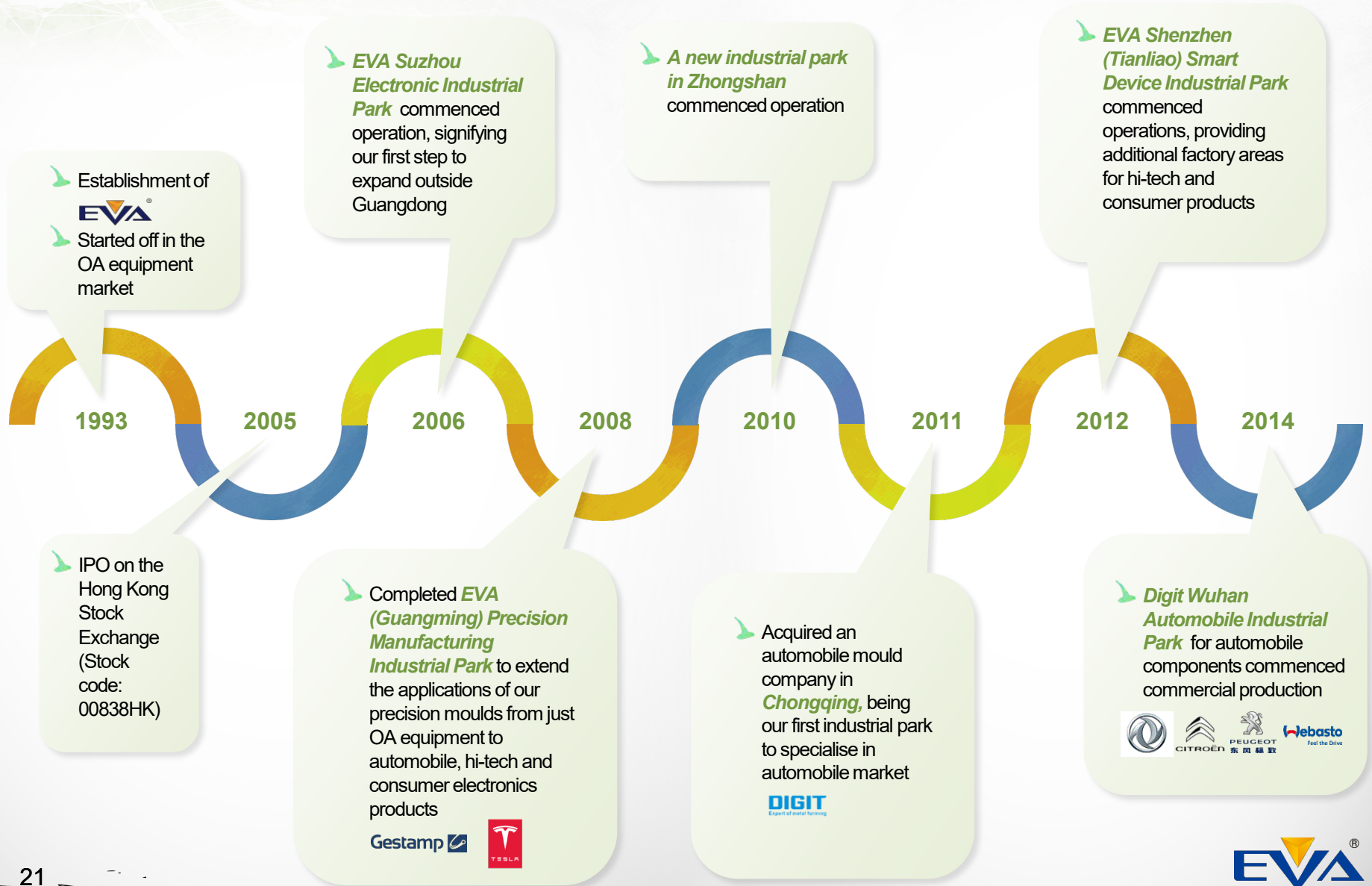
- **Constant dividend payouts** of roughly 30% of net profits since IPO

- 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



# KEY MILESTONES (CONT'D)



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

2016

➤ **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

➤ Acquired **Futaba Metal (EVA Intelligent Manufacturing)** in April 2021

➤ Mass production for **Tesla's direct orders** kicked off in July 2021

2021

- 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.



- **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**





# KEY MILESTONES (CONT'D)



At present, the Group has eleven major 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 Mexico to expand our US and European markets.

## Digit Wuhan Automobile Industrial Park

**GFA:**  
87,000 sq.m.

**Land area:**  
360,000 sq.m.



## Digit Chongqing Automobile Industrial Park

**GFA:**  
31,000 sq.m.

**Land area:**  
100,000 sq.m.



## Digit Mexico (SLP) Automobile Industrial Park

**GFA:**  
17,000 sq.m.  
(Phase 1)

**Land area:**  
83,000 sq.m.



## EVA Vietnam (Haiphong) Electronic Industrial Park

**GFA:**  
12,000 sq.m.  
(Phase 1)

**Land area:**  
37,000 sq.m.



## EVA Suzhou Electronic Industrial Park

**GFA:**  
82,000 sq.m.

**Land area:**  
120,000 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 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.



## 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 26 August 2021 = 1,729,119,800 shares
- Outstanding share options of 70,300,000 options as at 26 August 2021



# EXPERIENCED MANAGEMENT TEAM



Management	Position	Credentials
<b>Mr. ZHANG Hwo Jie</b>	Chairman	<ul style="list-style-type: none"> <li>➤ Co-founder of the Group</li> <li>➤ More than 25 years of experience in marketing, strategic planning and corporate management in the precision moulding industry</li> <li>➤ Responsible for the Group's overall strategic planning and marketing development</li> <li>➤ Obtained "Young Industrialist Award of Hong Kong" in December 2008</li> <li>➤ President honoris causa of Hong Kong Young Industrialists Council</li> <li>➤ A member of the Chongqing Committee of the Chinese People's Political Consultative Conference</li> </ul>
<b>Mr. ZHANG Jian Hua</b>	Vice Chairman	<ul style="list-style-type: none"> <li>➤ Co-founder of the Group</li> <li>➤ Substantial experience in organisational planning, production facilities management and business risk monitoring in the precision moulding industry</li> <li>➤ Responsible for the Group's organisational structure, production facilities management and business risk monitoring</li> <li>➤ Previously worked for the tax bureau in Shenzhen and accumulated extensive experience in tax regulations and communications with government departments in China</li> </ul>
<b>Mr. ZHANG Yaohua</b>	CEO	<ul style="list-style-type: none"> <li>➤ Co-founder of the Group</li> <li>➤ More than 25 years of operational management experience in the precision moulding industry</li> <li>➤ Responsible for the operation and management of the Group</li> <li>➤ Chairman of Guangdong-Hong Kong-Macao Advanced Manufacturing Industry Alliance, vice chairman of the 8th executive committee of Shenzhen Federation of Industry &amp; Commerce, executive president of Shenzhen Machinery Association, vice president of Guangdong Die &amp; Mould Industry Association, Shenzhen Enterprise Confederation, Shenzhen Entrepreneur Association and Shenzhen General Chamber of Commerce</li> <li>➤ Deputy supervisor of the Committee for Economic Affairs of the 6th Shenzhen Committee of the Chinese People's Political Consultative Conference</li> </ul>

# OUTLOOK



- ▶ Currently, the **COVID-19 pandemic** is destined to enter into a new phase with the Delta variant spreading in countries across the globe. In particular, the **epidemic in Vietnam** has been worrying. Overcoming this and other uncertainties in 2021 will not be easy for the Group, and the **global chip shortage** will make the business landscape even more challenging.
- ▶ To tackle all of these challenges, the Group will **remain cautious and meticulous** when making its operating, investment and financing decisions.
- ▶ Starting from 2020 and throughout the first half of 2021, the Group has been implementing various strategies to increase its net margin, including, but not limited to, **evaluating and improving inventory management**, **reducing overheads**, for example by **streamlining corporate structure**, and **withdrawing from certain projects with low returns**.
- ▶ Since 2020, the Group has been **slowing down its capital expansion**, and, going forward, we expect to adopt a similarly prudent and careful approach to capital expansion.
- ▶ The Group will also adhere to a **prudent treasury policy** and **maintain a healthy balance sheet**. Moving ahead, as we decelerate our capital expansion, we will aim to **reduce our borrowing level**, thereby lowering finance costs. The Group will also closely monitor the interest rate trend and make reference to the interest rate forecast to make necessary adjustments to treasury decisions.
- ▶ Despite all unprecedented challenges facing the Group, we remain **optimistic** about the Group's prospect in the mid-to-long term.



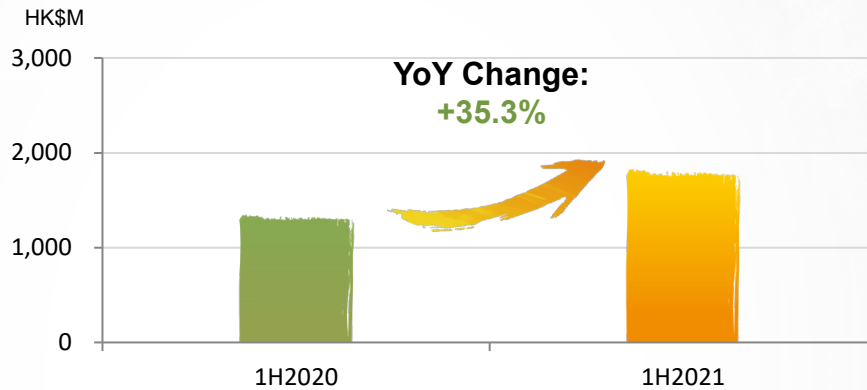
# FINANCIAL INFORMATION



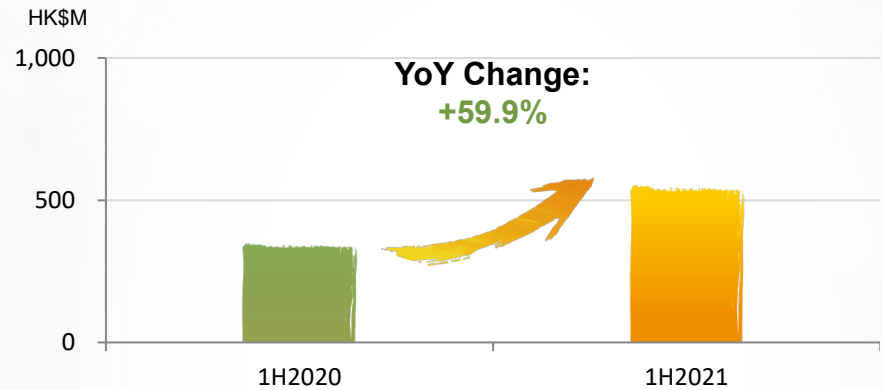
# 1H2021 BUSINESS RESULTS



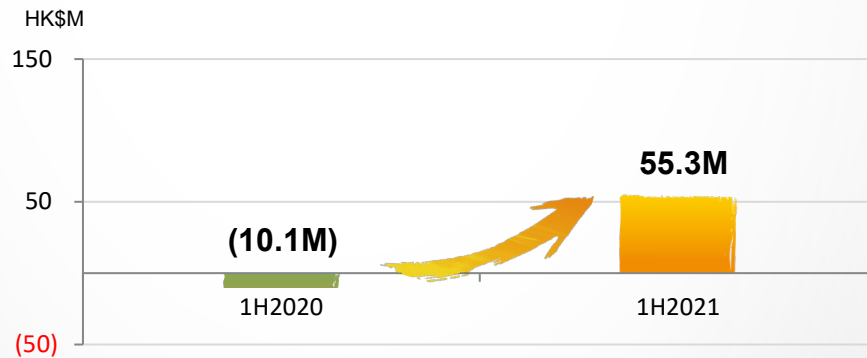
## Segment Turnover - Office Automation Equipment



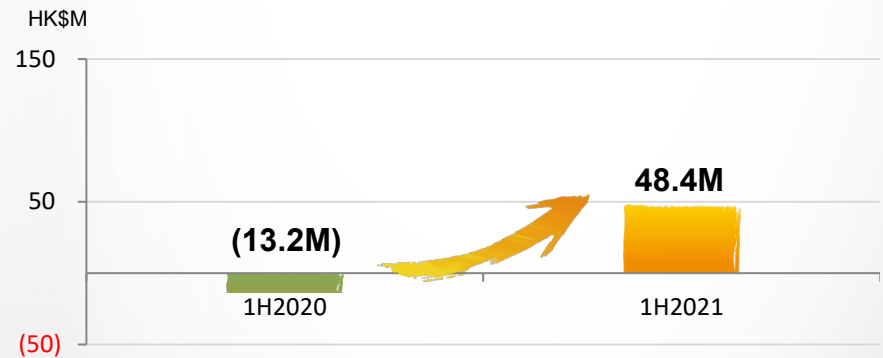
## Segment Turnover - Automotive Component



## Segment Profit - Office Automation Equipment



## Segment Profit - Automotive Component





# FINANCIAL PERFORMANCE



## Consolidated Income Statement

Expressed in HK\$'000	1H2021	1H2020	YoY Chg
<b>Revenue</b>	<b>2,386,869</b>	<b>1,700,320</b>	<b>+40%</b>
Cost of sales	(1,900,606)	(1,403,822)	<b>+35%</b>
<b>Gross profit</b>	<b>486,263</b>	<b>296,498</b>	<b>+64%</b>
Other income	17,044	17,087	<b>-0%</b>
Other losses - net	(1,048)	(20,880)	<b>-95%</b>
Selling and marketing costs	(133,129)	(96,499)	<b>+38%</b>
General and administrative expenses	(286,851)	(242,024)	<b>+19%</b>
<b>Operating profit</b>	<b>82,279</b>	<b>(45,818)</b>	<b>+280%</b>
Finance income	5,307	5,993	<b>-11%</b>
Finance costs	(13,829)	(26,429)	<b>-48%</b>
Share of profits/(losses) of associates	90	(2,973)	<b>+103%</b>
<b>Profit before income tax</b>	<b>73,847</b>	<b>(69,227)</b>	<b>+207%</b>
Income tax expense	(5,929)	3,473	<b>+271%</b>
<b>Profit attributable to equity holders of the Company</b>	<b>67,918</b>	<b>(65,754)</b>	<b>+203%</b>
<b>Dividend</b>	<b>20,749</b>	<b>-</b>	
<b>Operating net cash flows</b>	<b>156,105</b>	<b>41,245</b>	
<b>Gross Margin</b>	<b>20.4%</b>	<b>17.4%</b>	
<b>Operating Margin</b>	<b>3.4%</b>	<b>-2.7%</b>	
<b>Net Margin</b>	<b>2.8%</b>	<b>-3.9%</b>	
<b>Dividend Payout Ratio</b>	<b>30.6%</b>	<b>Nil</b>	

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 increased to 20.4%, which was mainly driven by the increase in orders as mentioned above and fewer production delays as a result of resumption of economic activities, thus achieving a better utilisation of the Group's production facilities.

For the six months ended 30 June 2021, as a result of a surge in turnover as well as improved gross profit margin as mentioned above, the Group recorded operating profit of HK\$82,279,000 as compared with a loss of HK\$45,818,000 for the first half of 2020.

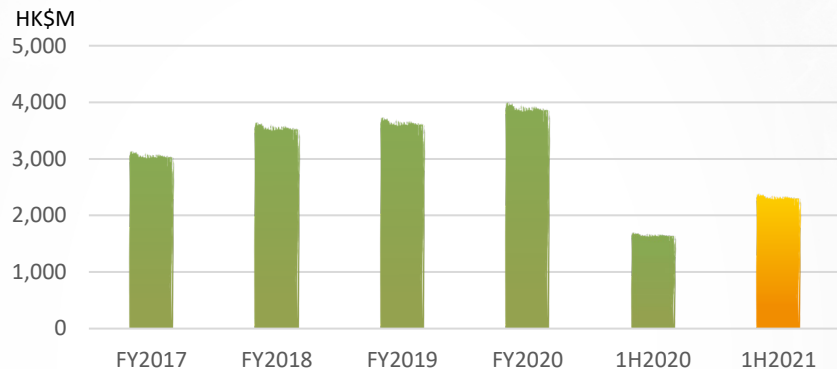
As a result, the Group recorded a net profit of HK\$67,918,000 as compared with a loss of HK\$65,754,000 for the first half of 2020.

The Board declared an interim dividend of HK1.2 cent per ordinary share, totaling HK\$20,749,000 for the six months ended 30 June 2021.

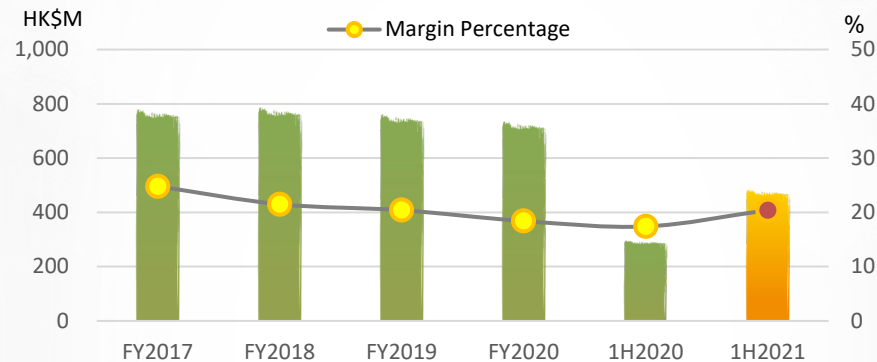
# FINANCIAL SUMMARY



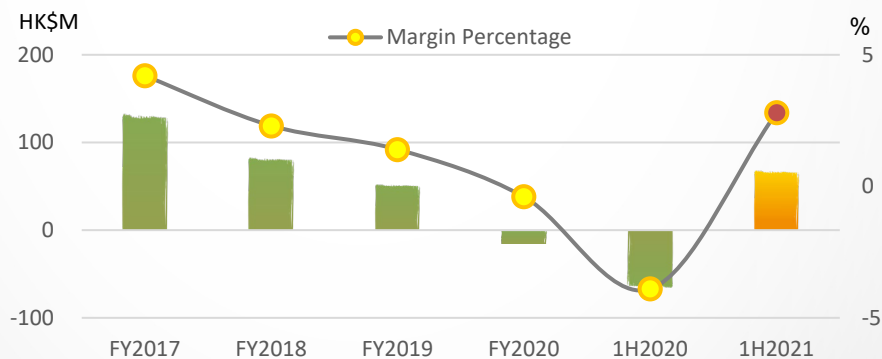
## Revenue



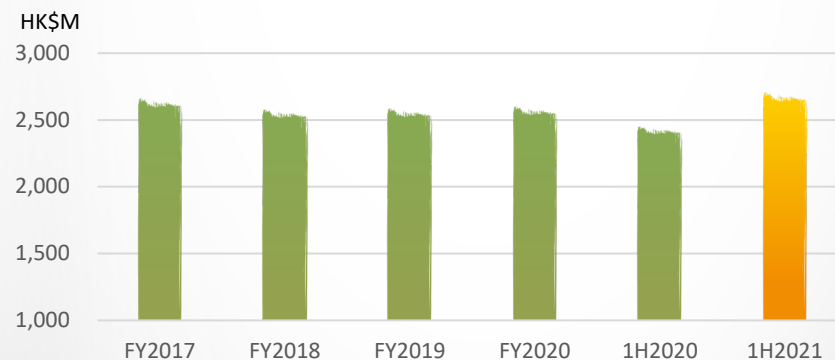
## Gross Profit and Margin



## Net Profit and Margin



## Net Assets

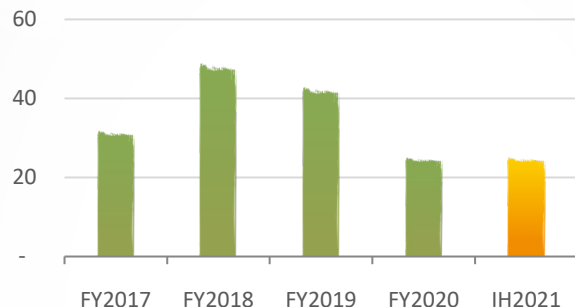




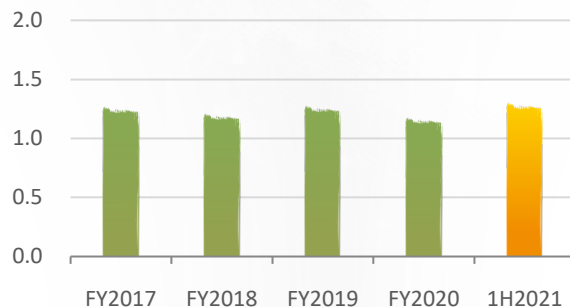
# OTHER KEY FINANCIAL RATIOS



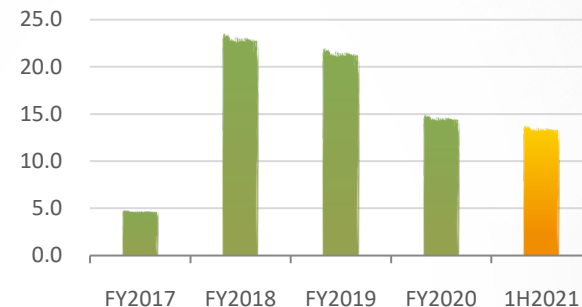
## Cash Conversion Cycle<sup>1</sup>



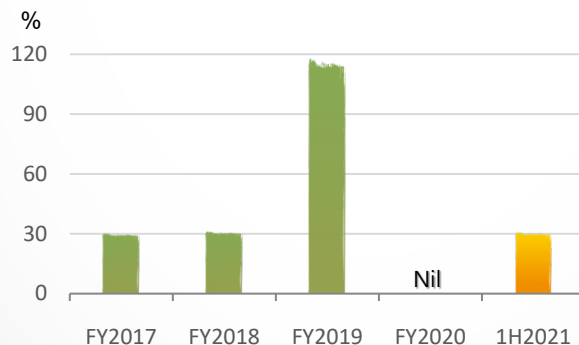
## Current Ratio



## Net Debt-to-Equity Ratio<sup>2</sup>



## Dividend Payout Ratio



- Cash conversion cycle at 25 days.
- Net debt-to-equity was at 13.8% as at 30 June 2021.
- Normal dividend payout ratio at roughly 30% of net profit over the years except for 2020 due to net loss incurred.
- Dividend payout ratio was 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".*

# THE END





# DISCLAIMER



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