



EVA Precision Industrial Holdings Limited

億和精密工業控股有限公司

Stock code: 838 HK

A large, abstract graphic on the left side of the slide. It consists of several interlocking gears of different sizes and colors (yellow, orange, blue, green). The gears are surrounded by numerous concentric, wavy lines in various colors (yellow, orange, blue, green) that create a sense of motion and depth. The background is a solid dark blue.

INTERIM RESULTS PRESENTATION
AUGUST 2022

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 Design 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.
- On the back of its long-term business strategy, good relationship with customers, and ***continuous effort to optimise strategic deployment*** and ***resource integration***, the Group maintained satisfactory business growth during the period, with ***OA business in Vietnam*** and ***automotive component business in Mexico*** doing exceptionally well.
- Currently, we are operating ***12 major production bases*** scattered across ***China (Shenzhen, Suzhou, Zhongshan, Chongqing, Sichuan, Wuhan and Weihai), Vietnam (Haiphong) and Mexico (San Luis Potosi)***.

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.
- At the ***end of June 2022***, the Group ***completed relocating EVA Intelligent Manufacturing*** and merged its production capacity with that of the Shenzhen industrial park, thereby reduced operating costs and ***markedly improved overall operational efficiency***, and also the ***production capacity utilisation*** as well as ***profit margin*** of its ***Shenzhen operation***.
- During the period, turnover of the Group’s OA equipment and automotive components segments, both recorded impressive year-on-year growth, representing an increase of ***23.2%*** to ***HK\$2,939,731,000*** (1H2021: HK\$2,386,869,000).
- With the pandemic hitting certain areas in mainland China in the first half of the year, and lockdown measures implemented by local governments, certain equipment deployed earlier were affected and production capacity could not be put to full use and that led to delays in production and delivery. Hence, the Group’s ***gross profit margin narrowed by 1.2 percentage points to 19.2%*** for the period against the previous same period (1H2021: 20.4%).

BUSINESS HIGHLIGHTS (CONT'D)

- Driven by the above-mentioned factors, the Group's **profit attributable to shareholders increased to HK\$102,655,000** (1H2021: HK\$67,918,000) during the first half of 2022 and **basic earnings per share of HK5.9 cents** (1H2021: HK4.0 cents).
- An **interim dividend of HK1.76 cent** per ordinary share, was declared by the Directors of the Company for the period ended 30 June 2022.
- Turnover of the **OA equipment business** grew by **13.8%** to **HK\$2,082,453,000** during the period (1H2021: HK\$1,830,347,000), of which approximately 11.4% were owed to the rapid growth in **Vietnam market's sales**, reaching **103.4% growth year-on-year**, owed mainly to the significant increase in orders and delivery from two key customers Fujifilm and Kyocera. The Group's Vietnam industrial park commenced operation in 2017. At the team's efforts to develop business in the years since then, the industrial park has gradually entered **investment harvest stage**.
- The **OA equipment segment** reported **profit** amounting to **HK\$80,747,000** (1H2021: HK\$53,824,000) for the period. The growth was primarily attributable to a surge in segment turnover following economic recovery and the Group's strong business momentum. Utilisation rates of the Group's production facilities returning to normal also helped **widened the segment profit margin** to approximately **3.9%** (1H2021: 2.9%).

BUSINESS HIGHLIGHTS (CONT'D)

- In the first half of 2022, the Group's **automotive component segment** continued to record **significant growth**, mainly due to a more than one-fold surge in sales in **Mexico** during the period, as well as sales growth in **Chongqing** and **Wuhan**, which pushed up segment turnover by about **54.0% year-on-year to HK\$857,278,000** (1H2021: HK\$556,522,000).
- The Group considers its production base in **Mexico** an **important bridge to customers in the US and European markets**. With its strategic layout and competitive advantages, the Group continued to win the trust of its customers and was able to strengthen its strategic partnerships in Mexico. Among automotive supplier customers, sales to **Faurecia, Brose and Adient** all increased substantially year-on-year, driving revenue in Mexico on a sharp climb of approximately **130.9%**.
- With the **completion of phase two and three of Mexico industrial park**, and improvement of the mould technology, production efficiency and management system at the industrial park, the customer base there has been growing. The industrial park has secured more than **HK\$6,000,000,000 worth of customer orders**. After the Group obtained tier-one supplier qualification from **Tesla** last year, orders from and shipments to the client both **increased notably** during the period.
- The Group's **automotive component business** recorded profit of approximately **HK\$74,385,000** during the period (1H2021: HK\$48,396,000). **Segment profit margin** remained relatively constant at around **8.7%** (1H2021: 8.7%).

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.

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.**

Market Position

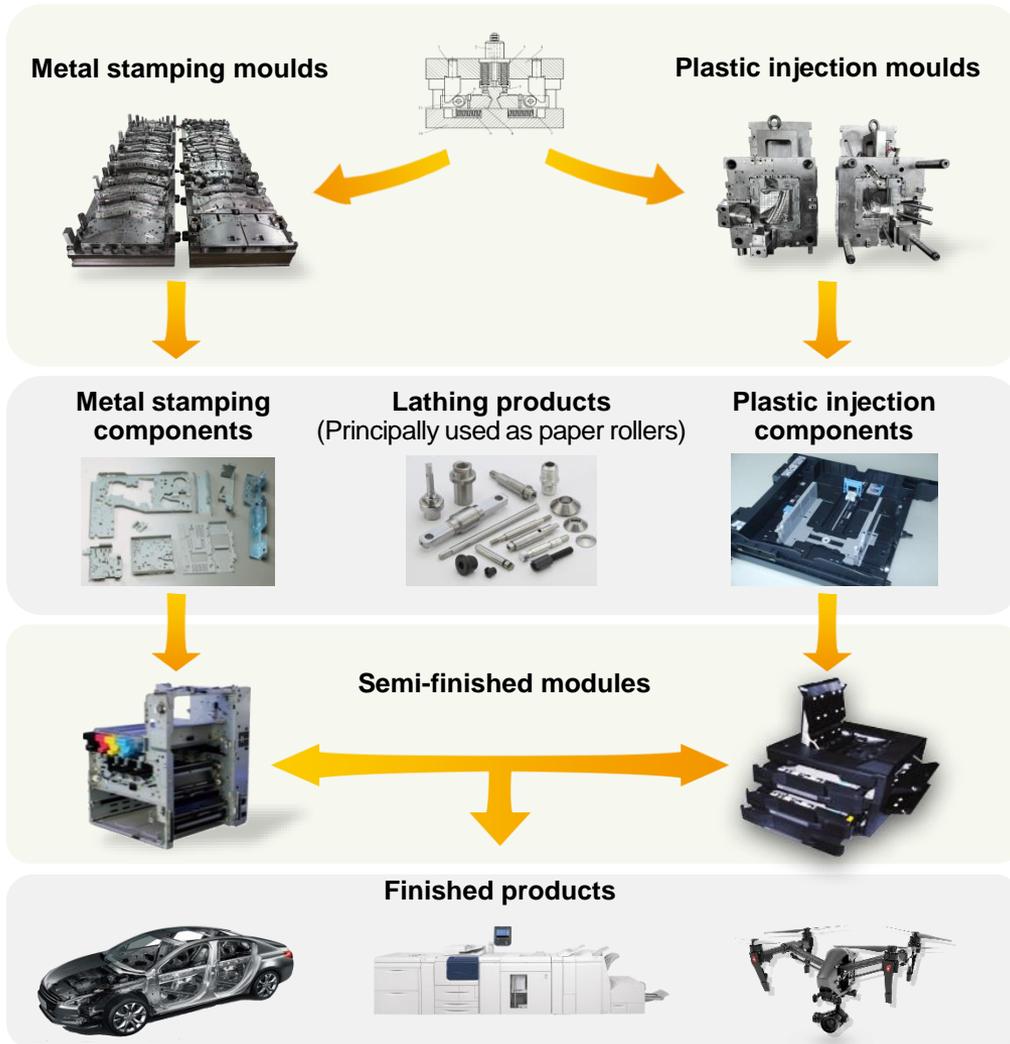
- Our **ability to design and develop, precision engineering expertise** and **laser welding technology** distinguish ourselves from other low end manufacturers.
- Well recognised by renowned Japanese brand owners, including **Canon, Ricoh, Fujifilm, Kyocera and Konica Minolta** etc, which are well known 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, BYD, Tesla, Faurecia, Brose, Gestamp and ZF.**

Business Scale

- **Twelve major production bases in operations:** 3 in Shenzhen, 1 in Suzhou, 1 in Zhongshan, 1 in Chongqing, 1 in Sichuan, 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.

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.



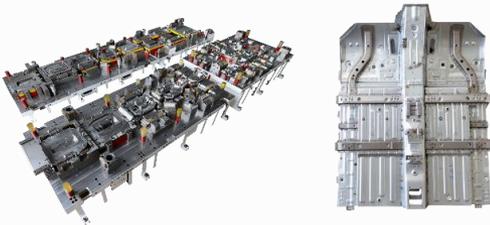
Production automation to improve efficiency

- 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.

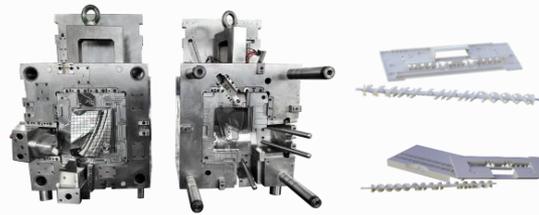
INDUSTRY LEADING TECHNOLOGIES (CONT'D)

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



Robotic assembly



Computerised inspection device

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.

- 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.

- 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



EPSON
EXCEED YOUR VISION

RICOH
imagine. change.

Canon

brother
at your side

KYOCERA

TOSHIBA



FUJIFILM

KONICA MINOLTA

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.

Leading position in the industry

- 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.
- Gradually expanding *domestic market* and developing the ITAI industry. *Market size* is estimated to reach *RMB800 billion* by 2025.

OFFICE AUTOMATION (OA) EQUIPMENT (CONT'D)

Geographical coverage



EVA Weihai (Double Islands Bay)
Electronic Industrial Park



EVA Vietnam (Haiphong)
Electronic Industrial Park

- 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.

Market overview

In the recent year, apart from developing existing markets, the Group is committed to expanding the mainland market and tapping into the information technology application innovation (“ITAI”) industry. With the support of national policies, the ITAI industry has grown rapidly. According to the “Market research report on the information technology application innovation ecosystem in China in 2021” released by the China Software Industry Association, the industry will have a market worth RMB800 billion by 2025, growing at a CAGR of 37.7%. As a market leader in providing fundamental hardware, the Group prides topnotch manufacturing technologies and DEMS product advantages and on-going cooperation with customers such as Lenovo, Huawei, TOEC and Great Wall Information in co-developing and introducing more related products to the market. Such efforts are expected to help increase substantially the Group’s market share in mainland China.

AUTOMOTIVE COMPONENTS

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 was completed in 2022.



Digit Mexico (SLP) Automobile Industrial Park



Digit Zhongshan Automobile Industrial Park



Digit Wuhan Automobile Industrial Park

Market overview

Guided by the country's new energy strategies and aspiring to be a forerunner on the new energy "race track", starting from 2021, the Group has begun negotiations with a well known Chinese enterprise covering including energy storage battery system, onboard storage battery system, photovoltaic inverters and smart cockpits, as well as internet server business. In the first half of 2022, the Group embarked on technological upgrade and established industry first "multi-station production" and "automated nailing" exemplary production lines. These production lines can greatly enhance production efficiency, reduce production cost and raise production competitiveness. The automation technology has gained strong recognition from customers, and laid a good technological foundation for the Group to develop and expand its new energy projects. As such, the Group received HK\$660,000,000 worth of new energy orders from the well-known company in mainland China as mentioned above, and mass production of them is expected to be in full swing in the fourth quarter of 2022. These orders are mainly for providing comprehensive manufacturing services for precision structural parts and product assembly for the customer's automotive component business and internet server business.

AUTOMOTIVE COMPONENTS (CONT'D)

Overview

- 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.

Digit Chongqing Automobile Industrial Park



Factory Building



Automated Robotic Welding



2,000T Servo Line

AUTOMOBILES 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 BYD, Great Wall Motors, Dongfeng, Honda, Renault and General Motors.



Factory Building



Automated Stamping Production Line



2,700T Servo Line

AUTOMOBILES COMPONENTS (CONT'D)

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



EVA (Guangming) Precision Manufacturing Industrial Park



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.

AISIN

brose
Excellence in Mechatronics

ADIENT

faurecia

YACHIYO



Gestamp

CTS

AUTOMOBILES COMPONENTS (CONT'D)

Digit Mexico (SLP) Automobile Industrial Park



Volkswagen



FIAT CHRYSLER AUTOMOBILES



faurecia

brose
Excellence in Mechatronics

LUCID



- 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 was completed in the first quarter in 2022 and production has been commenced.



Stamping Production Line



Digit Mexico (SLP) Automobile Industrial Park

AUTOMOBILES COMPONENTS (CONT'D)

Product Overview

Body structures



Chassis



Battery covers



Automobile seat frames



Sunroof frames



Onboard storage battery systems



Photovoltaic inverter parts



Electronic control and engine parts



INTERNET SERVER BUSINESS

Products Overview

Server chassis



Test server frames



Pull handles and other components



Manufacturing Advantages

- High degree of production automation and stable quality
 - Stamping (continuous mould and progressive mould) automation
 - Secondary processing automation
- Laser welding instead of traditional process
 - No riveting
 - No pop-rivet
 - Simplified structure and mould
- Full equipment assembly service



Bending machine



Full equipment assembly line



TruPunch punching machine



Stamping production line

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, Fujifilm, Konica Minolta, Ricoh, HP, Dongfeng, Great Wall Motors, BYD, 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 cycle¹ 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





KEY MILESTONES

EVA Shenzhen (Shiyan) Electronic Industrial Park

GFA:
88,000 sq.m.
Land area:
43,000 sq.m.



At present, the Group has twelve major production bases in operation in China, Vietnam and Mexico.

EVA Shenzhen (Tianliao) Smart Device Industrial Park

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



EVA Suzhou Electronic Industrial Park

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



Digit Chongqing Automobile Industrial Park

GFA:
34,000 sq.m.
Land area:
94,000 sq.m.



EVA (Guangming) Precision Manufacturing Industrial Park

GFA:
55,000 sq.m.
Land area:
42,000 sq.m.



Digit Zhongshan Automobile Industrial Park

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



Digit Wuhan Automobile Industrial Park

GFA:
84,000 sq.m.
Land area:
343,000 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.



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:
58,000 sq.m.
Land area:
349,000 sq.m.



Digit Mexico (SLP) Automobile Industrial Park

GFA:
52,000 sq.m.
Land area:
83,000 sq.m.



Digit (Chengyu) Automotive Industrial Park

GFA:
70,000 sq.m.
Land area:
69,000 sq.m.



MAJOR AWARDS AND ACCOLADES

Year	Honors	Company/Organisation
2000-2021	ISO9001 Certification	BSI Group
2003-2021	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
2009-2021	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
2011-2021	Premiere Partner Award	Fujifilm



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	ISO45001 Certification	BSI Group

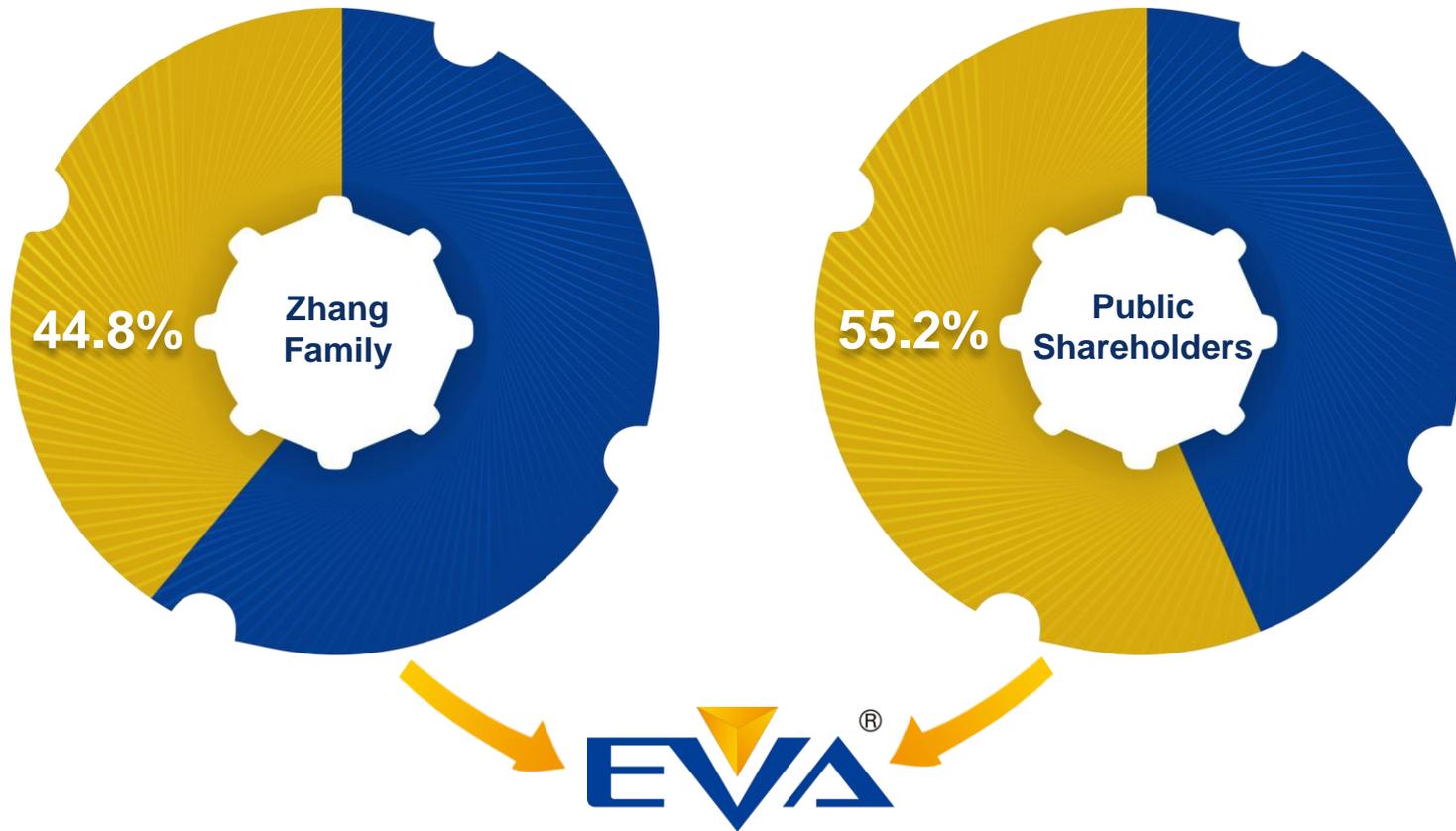


MAJOR AWARDS AND ACCOLADES (CONT'D)

Year	Honors	Company/Organisation
2021	Guangdong Top 500 Manufacturing Enterprise	Guangdong Manufacturers Association
2021	Guangdong Top 500 Enterprise	Guangdong Provincial Enterprises Confederation & Guangdong Provincial Association of Entrepreneurs
2021	Shenzhen Top 500 Enterprise	Shenzhen Enterprise Confederation & Shenzhen Entrepreneur Association
2021	Most Potential Supplier	Great Wall Motors
2021	Best Commissioning Assurance Award	Great Wall Motors
2021	A specialised, refined, differentiated and innovated small and medium enterprise	Guangdong & Chongqing governments
2021	Best Supplier Award	MiTAC



SHAREHOLDING STRUCTURE



- Total number of shares in issue as at 29 August 2022 = 1,743,919,800 shares
- Outstanding share options of 119,200,000 options as at 29 August 2022

EXPERIENCED MANAGEMENT TEAM

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

- With the shortage of electronic and consumer product chips gradually easing, and orders inflow and sales remaining stable, the Group is **cautiously optimistic** about the outlook of its business in the **second half year** despite the macro environment still relatively challenging.
- Many research institutions expect **supply chain and chip shortage to alleviate next year**. At the same time, the Group will continue to be prudent in decision making in the second half year, **flexibly formulate development strategies heeding market trends**, and **actively control costs**, thereby ensure steady growth of its business in the difficult environment.
- In addition, the Group will continue to make use of its **strong supply chain capabilities** and focus on **selecting projects with higher returns** by realigning its production and market strategies with market changes.
- In terms of investment, since 2020, the Group has **prioritised mitigating the impacts of the pandemic** and has adopted a prudent approach to capital expansion.
- As for financing, the Group will continue to adopt a **prudent treasury policy** and **maintain a healthy balance sheet**. As at 30 June 2022, the Group's net debt-to-equity ratio was 25.3% (31 December 2021: 17.5%).
- Looking ahead, as the Group **decelerates its capital expansion**, it will aim to reduce its borrowing level, thereby lowering finance costs. Seeing signs of global rate hikes, the Group **expects borrowing costs to increase in this fiscal year**, and climbing still further next year. Therefore, it will **closely monitor interest rate trend** and, with interest rate forecasts taking into consideration, adjust its treasury policies when necessary.

FINANCIAL INFORMATION



1H2022 BUSINESS RESULTS

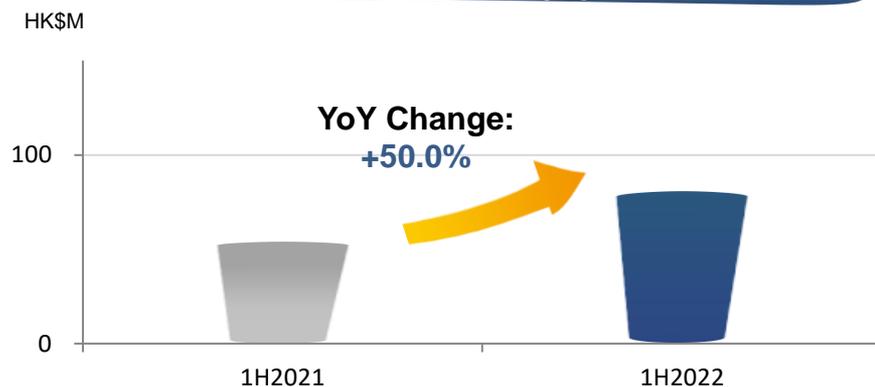
Segment Turnover - Office Automation Equipment



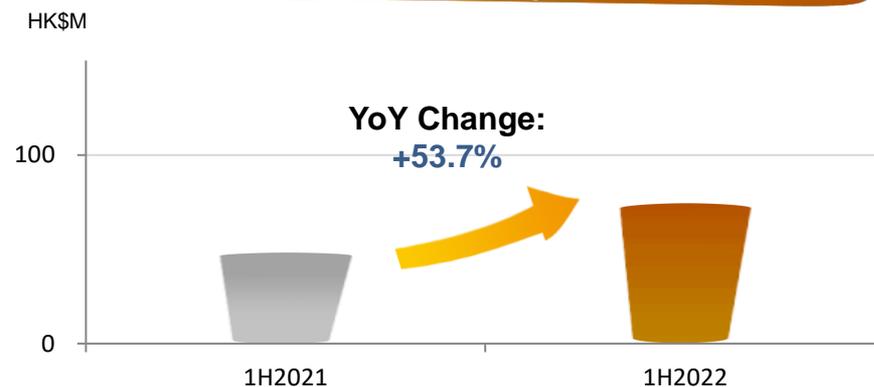
Segment Turnover - Automotive Component



Segment Profit - Office Automation Equipment



Segment Profit - Automotive Component



FINANCIAL PERFORMANCE

Consolidated Income Statement

Expressed in HK\$'000	1H2022	1H2021	YoY Chg
Revenue	2,939,731	2,386,869	23%
Cost of sales	(2,374,683)	(1,900,606)	25%
Gross profit	565,048	486,263	16%
Other income	10,072	17,044	-41%
Other gains/(losses) - net	3,110	(1,048)	-397%
Selling and marketing costs	(123,925)	(133,129)	-7%
General and administrative expenses	(333,117)	(286,851)	16%
Operating profit	121,188	82,279	47%
Finance income	4,988	5,307	-6%
Finance costs	(15,706)	(13,829)	14%
Share of profits/(losses) of associates	(232)	90	-358%
Profit before income tax	110,238	73,847	49%
Income tax expense	(7,583)	(5,929)	28%
Profit attributable to equity holders of the Company	102,655	67,918	51%
Dividend	30,693	20,749	
Operating net cash flows	29,769	156,105	
Gross Margin	19.2%	20.4%	
Operating Margin	4.1%	3.4%	
Net Margin	3.5%	2.8%	
Dividend Payout Ratio	29.9%	30.6%	

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 period, as well as the additional contribution of revenue arisen from the acquisition of EVA Intelligent Manufacturing.

Gross profit margin decreased to 19.2%, which was mainly due to (i) multiple waves of COVID-19 outbreak in mainland China causing domestic lockdowns in various cities and (ii) the global chip shortage causing our production and delivery schedules to delay, both factors posing negative impacts on our utilisation of production facilities.

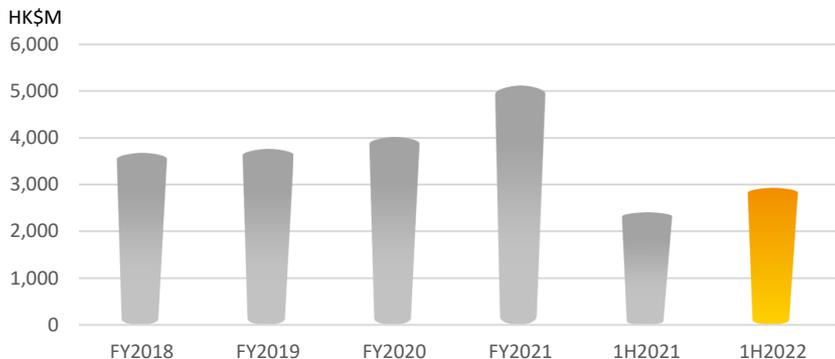
During the period, as a result of a surge in turnover, and the Group's efforts to maintain its operating efficiency, with a reduced operating expenses (including selling, marketing and general and administrative expenses) to revenue ratio (1H2022: 15.5% and 1H2021: 17.6%), the Group recorded operating profit of HK\$121,188,000 (1H2021: HK\$82,279,000).

As a result, the Group recorded a net profit of HK\$102,655,000, as compared with HK\$67,918,000 in the same period last year.

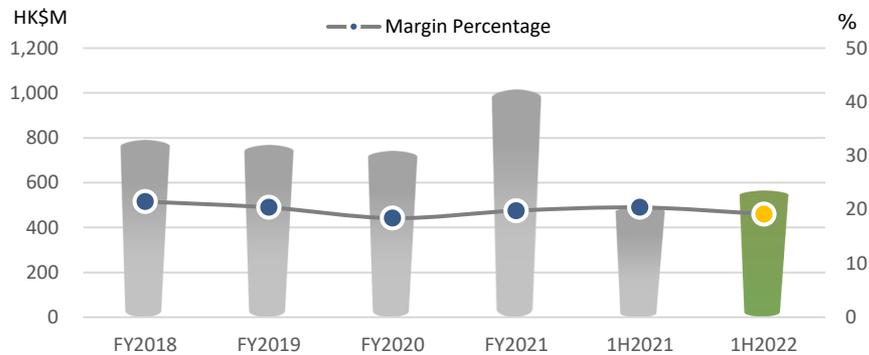
The Board declared an interim dividend of HK1.76 cent per ordinary share, for the period ended 30 June 2022.

FINANCIAL SUMMARY

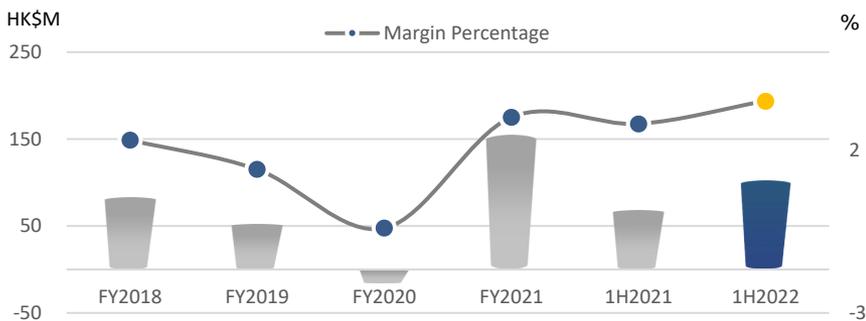
Revenue



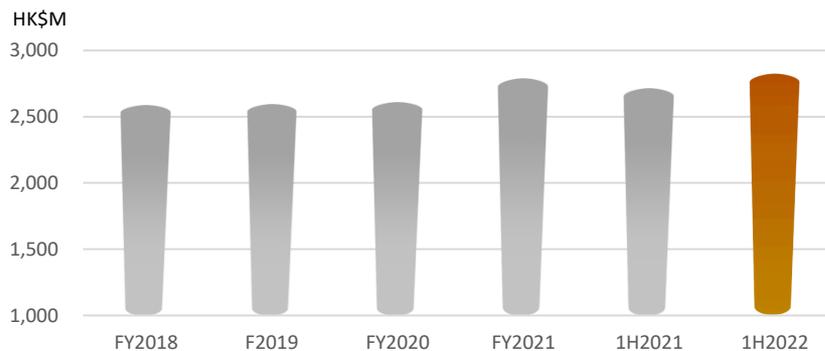
Gross Profit and Margin



Net Profit and Margin

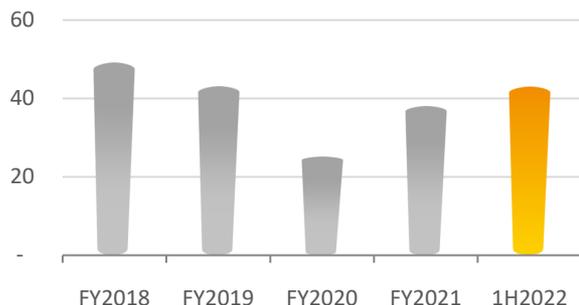


Net Assets

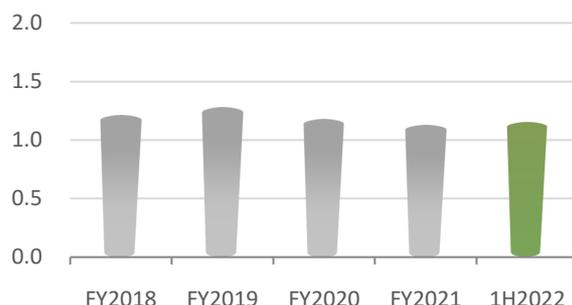


OTHER KEY FINANCIAL RATIOS

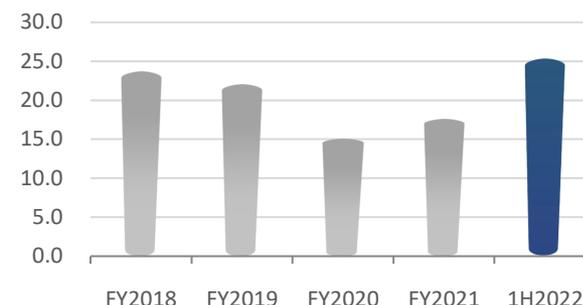
Cash Conversion Cycle¹



Current Ratio



Net Debt-to-Equity Ratio²

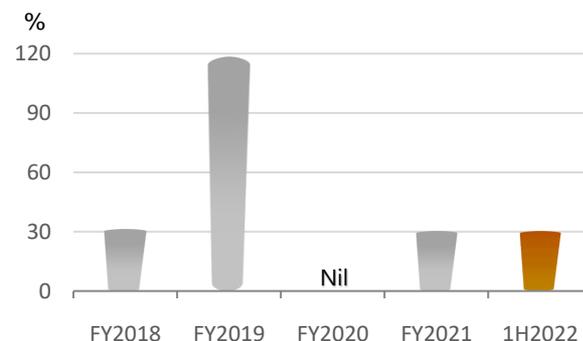


- Cash conversion cycle at 43 days.
- Net debt-to-equity was at 25.3% as at 30 June 2022.
- Normal dividend payout ratio at roughly 30% of net profit over the years except for 2020 due to net loss incurred.
- Dividend payout ratio was 118.5% in 2019 due to special dividend declared to celebrate the 15th 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".

Dividend Payout Ratio



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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