



EVA ANNOUNCES FY2022 INTERIM RESULTS

**Continued to report impressive year-on-year growth in operations
amid challenging environment**

Proactively capturing opportunities in NEV

Results Highlights

- The Group's total turnover increased by 23% year-on-year to HK\$2,939,731,000 (1H2021: HK\$2,386,869,000).
- The Group's profit attributable to shareholders improved notably in the first half of 2022, growing 51% year-on-year to HK\$102,655,000 (1H2021: HK\$67,918,000) with basic earnings per share at HK5.9 cents (1H2021: basic earnings per share of HK4.0 cents).
- Interim dividend of HK1.76 cents per share has been proposed (2021 interim dividend: HK1.2 cents per share).

(Hong Kong, 30 August 2022) - **EVA Precision Industrial Holdings Limited** ("EVA" or the "Group"; stock code: 838) announces its interim results for the year ended 30 June 2022 ("during the period").

Continuing to actively drive growth of the OA equipment business segment to diversify business and increase market penetration

During the period, the Group continued to actively drive growth of OA equipment business segment. Furthermore, with constant advancement of business models in the market and the aim to diversify business and increase market penetration, the Group has focused on developing Design and Electronic Manufacturing Service ("DEMS") operation in recent years. As such, turnover of the OA equipment business grew by 14% to HK\$2,082,453,000 during the period (1H2021: HK\$1,830,347,000), of which approximately 11% were owed to the rapid growth in Vietnam market's sales. The OA equipment segment reported profit amounting to HK\$80,747,000 for the period (1H2021: HK\$53,824,000), up by 50% year-on-year. Segment profit margin also improved to approximately 3.9% (1H2021: 2.9%).

The turnover from Vietnam grew about 103% year-on-year, owed mainly to the significant increase in orders and delivery from two key customers Fujifilm and Kyocera. Operation of the Group's factory in the local was not severely affected by COVID-19. At the same time, with overall demand in the global market increasing, economic activities in Vietnam have gradually returned.

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During the period, turnover from the Shenzhen operation increased by approximately 13% year-on-year, approximately 4% of which were from the increase in orders obtained after the acquisition of Shenzhen EVA Technology Intelligent Manufacturing Co., Ltd. (深圳市億和科技智造有限公司) ("EVA Intelligent Manufacturing") ("億和智造", formerly known as "Futaba Metal Products (Shenzhen) Co., Ltd."), and the remaining approximately 9% growth were from existing business and mainly from Fujifilm and Kyocera businesses. Specifically, the turnover from Fujifilm assembly services increased by approximately 3% year-on-year, reflecting the stable performance of the business. 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.

Turnover of the Group's business in Weihai rose by approximately 8% year-on-year, driven mainly by DEMS business. In July this year, the Group's wholly-owned subsidiary EVA Precision Industrial (Weihai) Limited entered into an agreement for conditional acquisition of the entire equity interest in Fujifilm Business Innovation (China) Co., Ltd. for approximately RMB62 million, subject to subsequent adjustments. With the Group dedicated to developing OA equipment business and continuing to strategically expand the business segment, the acquisition has brought to the segment the strengths, resources and capabilities of the company, which will be conducive to the Group implementing its DEMS development strategy and better servicing long-standing customers. The Group also expects to reap strong synergies from the acquired business with its existing OA equipment business, helpful for it to grow its high value-added A3 printing machinery and devices business and strengthen its own research and development team.

During the period, the team continued to provide end-to-end services to DEMS business customers. The Group expects to deliver DEMS orders for A3 multi-function printers of close to US\$300,000,000 worth within three years. 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. Printers and copiers are a niche market in the industry and producing printers locally is an important part of localising ITAI, and that means the outlook of industry demand is promising. As a market leader in providing fundamental hardware, the Group prides top-notch 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.

In addition, in Suzhou, as a result of the epidemic outbreak in Shanghai during the period forcing several major customers to suspend production for several months, operating conditions were overall unfavourable, and both orders and shipments slipped. Turnover from the region declined by approximately 38% year-on-year. The Group is currently actively exploring new business with customers. Canon and Ricoh, among others, resumed investment in new projects at the end of last year. This year, Canon and Ricoh have already started to invest in developing five new models. In the long term, the Group is cautiously optimistic about the outlook of its business in Suzhou and will continue to flexibly formulate appropriate market strategies heeding changes in the market and its business performance.

Automotive component segment continued to record significant growth

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% year-on-year to HK\$857,278,000 (1H2021: HK\$556,522,000). The Group's automotive component business recorded profit of approximately HK\$74,385,000 during the period (1H2021: HK\$48,396,000), up by 54% year-on-year. Segment profit margin remained relatively constant at around 8.7% (1H 2021: 8.7%).

During the period, the Group continued to win the trust of customers in Mexico and was able to tighten strategic cooperation with major customers. 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 131%. 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. Since August 2022, Tesla's orders almost doubled year-on-year. The Group expects to see Mexico continuing to deliver encouraging business performance in the future.

Boosted by the increase in orders in Mexico, mould sales of the Shenzhen operation continued to grow. Having completed the mass production of moulds for the Mexico industrial park, the Group's export business in Shenzhen has started to recover and also expand into the European and Japanese markets. In the first half of 2022, turnover of the automotive component business in Shenzhen increased by approximately 50% year-on-year. While continuing to support development of the Mexico industrial park, the Shenzhen industrial park has been actively expanding business in the mainland and Japanese markets.

Increasing business expansion in NEV sector and achieving satisfactory growth

In Chongqing, despite the epidemic disrupting production activities at factories in Shanghai, the Group still recorded turnover growth of approximately 29%. During the period, the increase in orders from Great Wall Motors was still the key turnover growth driver for Chongqing. It also cooperated with Changan Automobile, Huawei and CATL to jointly develop mould business related to the high-end new energy brand “AVATR”. The parties concerned have also integrated their technological and resource advantages to further expand business in the new energy vehicle (“NEV”) sector in the southwestern region in China, which is favourable for maintaining strong and high-quality growth.

In Zhongshan, the Group recorded a 14% increase in turnover. Although orders from several of the Group’s top customers (such as automobile suppliers Brose, Aisin and Yachiyo in Europe and Japan) decreased due to the epidemic in mainland China, thanks to the Group bringing in a good number of new projects such as new energy electronic control and electronic engineering projects, and sales of door locks and skylight assembly parts, segment turnover grew steadily during the period, offsetting the impact from decrease in orders from major customers.

Impacted by the epidemic in mainland China and automotive chips shortage, mass production for orders from Great Wall Motors in 2021 were delayed, resulting in a decline in the existing business in Wuhan during the period. However, the operation in Wuhan recorded growth in relation to the NEV sector. During the period, the Group has carried out R&D and preparation for mass production for a large number of new projects, as such, its turnover from related business surged by approximately 88% year-on-year. Induced by the external environment, the Group made strategic reforms to its automotive clientele in Wuhan. While maintaining its share in the traditional fuel-engine vehicle market, the Group has shifted the focus of its business and technology strategies to NEVs. At the same time, the Group also put major efforts on developing battery system business in Wuhan, especially battery system integration business, and subsequent technological R&D will aim at strengthening battery system integration technology and aluminium alloy integration technology. The Group already has voluminous orders on hand in Wuhan, which we expect to turn into sales returns gradually in five to seven years from 2022.

The explosive growth of the new energy market has presented the Group’s new energy business with major opportunities for rapid growth. The Group’s R&D achievements in the fields of new energy automotive high-strength structural parts, battery system, and electronic control systems are highly recognised by NEV giants Tesla and Lucid Motors, and have seen it become Tesla’s exclusive back seat supplier for the North America market. In addition, 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, established industry first “multi-station production” and

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“automated nailing” exemplary production lines, received HK\$660,000,000 worth of new energy orders from the well-known company in mainland China, and mass production of them is expected to be in full swing in the fourth quarter of 2022.

Mr. Zhang Hwo Jie, Chairman of EVA, said, “Looking ahead to the second half, the global economy and business environment will continue to have many uncertainties. Although many factories are expecting orders to exceed their production capacity in the next three years, the Group will be prudent in considering the strategies and pace of capacity expansion. It will strive to enhance its competitive edges in the OA equipment and automotive component markets, insist on pursuing technological advancement, and adopt appropriate measures to expand its revenue sources. It will also continue to optimize its cost structure, so as to continue to create value for shareholders, as well as consolidate its market leadership. The Group will strive to reward its supporters and those who place their trust in it with sustainable and promising returns.”

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About EVA Precision Industrial Holdings Limited

EVA is a vertically-integrated precision metal and plastic mould and component manufacturing service provider. The Group's existing services include mainly i) design and fabrication of precision metal stamping and plastic injection moulds; ii) manufacturing of precision metal stamping and plastic injection components by using tailor-made metal stamping and plastic injection moulds; iii) lathing of metal components; and iv) assembly of precision metal and plastic components manufactured by the Group into semi-finished products through automated technologies such as laser welding.

The Group's business model is unique and different to ordinary OEMs/ODMs. Brand owners normally require the Group to jointly co-develop the relevant moulds with them right from their product development stages. Thereafter, the completed moulds would be consigned in the Group's industrial parks for future mass production of components and semi-finished products. Because of the high level of skills and technologies required to design and fabricate moulds with a high degree of precision and dimensional accuracies, the Group has strong pricing power for its products. At present, the businesses of the Group cover office automation equipment, automotive and smart device as well as high end consumer electronic sectors.

At present, the Group's two main revenue streams are namely, the office automation (“OA”) equipment business and the automotive components business. Currently, the Group operates six production base in Shenzhen, Suzhou, Weihai and Vietnam for the OA equipment business, and its other six production base in Shenzhen, Zhongshan, Chongqing, Sichuan, Wuhan and Mexico are serving the automotive component sector. For more information, please visit <http://www.eva-group.com>.

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