



EVA ANNOUNCES FY2023 INTERIM RESULTS

**Profit rose by 19.5% year-on-year despite challenging external environment
Benefiting from effective internal policies and management
NEV industry to present positive growth prospects moving forward**

Results Highlights

- For the six months ended 30 June 2023, the Group's turnover was maintained at HK\$2,862,158,000 (1H2022: HK\$2,939,731,000).
- Profit attributable to shareholders rose by 19.5% year-on-year to HK\$122,624,000 (1H2022: HKD102,655,000), mainly attributed to adoption of effective cost control policies, plus the synergies generated following the consolidation of production capacity after acquiring EVA Intelligent Manufacturing in 2021, and the exchange gain from appreciation of the Mexican Peso. Excluding the one-off gain and exchange differences, operating profit from principal activities before interest and tax increased by 22.3% to HK\$146,093,000 (1H2022: HK\$119,422,000).
- Interim dividend of HK2.1 cents per share has been proposed (2022 interim dividend: HK1.76 cents per share).

(Hong Kong, 30 August 2023) - **EVA Precision Industrial Holdings Limited** ("EVA" or the "Group"; stock code: 838) announces its interim results for the year ended 30 June 2023 ("during the period").

Encouraging performance benefiting from effective internal policies and management, despite challenging external environment

During the period, with extensive experience in the industry and excellent product quality, the Group has gained high reputation and trust from customers who favour the Group's products. In order to increase market penetration and diversify business, the Group has also been exploring the design and electronic manufacturing services ("D-EMS") business, as well as assembly business and assembly components sales business in recent years. Turnover from the office automation equipment business declined by 3.6% to HK\$2,007,246,000 (1H2022: HK\$2,082,453,000) during the period as a result of weak overall market conditions. However, the business still benefited from the enhanced internal policies and management, the continuous synergies achieved and one-off gain recognised from the consolidation of EVA Intelligent Manufacturing, recording profit of HK\$163,949,000 (1H2022: HK\$80,747,000) and a segment profit margin of 8.2% (1H2022: 3.9%) for the period.

The performance of the office automation equipment business in Weihai was outstanding, with turnover surging by 113.3% year-on-year, mainly attributed to a deepening of the Group's strategic cooperation with long-term customer, Fujifilm, which has resulted in a surge in orders and a significant rise in turnover; as

EVA Announces FY2023 Interim Results
30 August 2023

well as a significant boost in the capacity utilisation of the Weihai production base. During the period, the Group's industrial park in Weihai's Double Islands Bay continued to provide one-stop, vertically integrated services - "D-EMS Service" - from mould design to complete machine assembly for customers such as Fujifilm, TOEC, Lenovo and Great Wall Electronics, supplying customers with moulds, metal components, plastic components as well as complete A4 duplicators and peripheral equipment for A3 duplicators. The Group is currently in discussion for more in-depth co-operation with leading customers in the market, such as Hewlett-Packard and Fujifilm, and expects the D-EMS orders for A3 copiers to achieve significant growth over the next three years. Furthermore, the Group's office automation equipment business in Weihai is currently undergoing a gradual expansion with strong support from regional government policies, and has already commenced construction of its Phase II factory since late 2022, in order to meet the upcoming order growth. The phase II factory is expected to complete construction and commence operation in the first half of 2024.

During the period, turnover from Vietnam declined by approximately 5.9% year-on-year, mainly due to the impact of customers' stock absorption. The Group began active deployment of shifting orders from Japanese customers to Vietnam a few years ago, in line with the strategic development of Japanese customers expanding their production bases to Southeast Asia. At the same time, the Group will take advantage of Vietnam's low labour costs and tax incentives in order to expand its office automation equipment business and increase revenue.

In addition, in Suzhou, many orders were lost from its two largest customers, Ricoh and Canon, during the pandemic period. However, with continuous improvement in operating policies and business strategies, Suzhou's turnover improved slightly in the first half of 2023 and saw a 3.2% increase. In the long run, the Group is cautious about the prospects of its Suzhou business and will continue to flexibly formulate appropriate marketing strategies in response to market changes and business performance.

Advantageous position in NEV industry to present positive growth prospects moving forward

In the first half of 2023, the Group's automotive component segment remained relatively stable, with a slight decrease of 0.3% year-on-year to HK\$854,912,000 (1H2022: HK\$857,278,000). The division recorded a segment profit of approximately HK\$49,219,000 (1H2022: HK\$74,385,000), and segment profit margin was around 5.8% (1H2022: 8.7%). The drop was mainly due to equipment depreciation and other operating costs, plus the under-utilisation of the production facilities.

In Zhongshan, turnover increased by approximately 19.1%, mainly attributed to the growth of the New Energy Vehicles ("NEV") market, and commencement of mass production for a number of project orders from new customers of the "three-electric systems", namely, battery, electronic control and motor systems, of NEVs. During the period, since customers' projects usually involve common parts used in various vehicle models, the Group's business with customers such as Brose and Aisin has continued to grow satisfactorily, as market focus has gradually shifted from fuel vehicles to NEVs. The Group also continued to promote

EVA Announces FY2023 Interim Results
30 August 2023

cost reduction and efficiency measures to enhance competitiveness. The related business in Zhongshan will continue to maintain strong growth.

In Chongqing, turnover for the first half of 2023 decreased by 21.5% compared with the same period last year, impacted by the decline in fuel vehicles sales in the first quarter. During the period, the Group deepened its strategic partnership with quality automakers such as Great Wall Motor, Changan Automobile and SAIC-GM-Wuling, and was deeply involved in the development and ordering of Great Wall Motor's new energy hybrid models and Changan Automobile's new energy models. It is forecasted that the aforementioned models will achieve sales breakthrough when they are put into mass production successively. Meanwhile, the Group also launched a continuous cost improvement project in Chongqing Industrial Park, and the standard of cost management has continued to improve. In the second half of 2023, the Group will continue to work on strategic co-operation with the mainstream automakers in Southwest China.

In Wuhan, turnover for the first half of 2023 was maintained at a similar level as that of the same period last year, due to the sluggish domestic and international economic environment. Sales in the second half of 2023 is expected to grow, mainly due to the mass production of various Great Wall Motor's fuel and hybrid models, as well as General Motors' third-generation battery electric vehicle platform (BEV3 platform) for electric models, with annual sales expected to increase notably compared with the same period last year. Apart from NEVs, it will also actively develop the energy storage business, and has so far successfully secured a number of NEV energy storage system-related small-volume projects, providing an ideal opportunity for Wuhan Industrial Park to enter the energy storage field in the future. Furthermore, The Group will continue to strengthen the research and development of battery pack assembly, NEV components and aluminium alloy assembly technologies, tap into the orders of popular NEV models from traditional customers, and continue to introduce new customers and NEV order opportunities in order to lay a solid foundation for future growth.

The Mexico base continues to be an important bridge for the Group's customers in Europe and the United States. With new project orders coming on stream, turnover grew by 19.2% year-on-year. During the period, customer orders maintained strong growth momentum, with the Group selectively accepting higher value-added orders based on existing capacity. With support from the Group's advantageous resources and advanced technologies, it has gradually consolidated and strengthened its strategic partnerships with customers such as Tesla, Faurecia, Brose, Adient and Yanfeng. In order to meet a growing demand for orders, the Mexico Industrial Park invested in new 1250T and 2500T presses, as well as a new welding production line, which will come into operation by the end of 2023. In 2023, the Group will continue to focus its advantageous resources on solving the deficiencies in production efficiency and management system of the Mexican plant, so as to substantially increase the capacity utilisation and efficiency there while gradually expanding its customer base amidst a general trend which sees the manufacturing industry returning to North America. The Group expects the performance in Mexico to continue to be encouraging, and the Group will respond proactively to changes in the market.

EVA Announces FY2023 Interim Results
30 August 2023

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. The office automation equipment inventory was being gradually digested in the first half of 2023, and it was expected that the inventory would be adjusted to a healthy level during the year, which would lead to a gradual recovery in demand and a certain degree of improvement in orders delivery in the second half of 2023. We will be cautiously optimistic in identifying opportunities for capacity and business expansion, and will endeavour to enhance its competitive edge in the hope of gaining greater market share and driving our business growth in the long run. With years of experience in the industry, we will endeavour to consolidate our leading position in the market in order to achieve sustainable business growth and bring satisfactory returns to our shareholders.”

~ End ~

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>.

For more information:

EVA Precision Industrial Holdings Limited

Joyce Lee +852 2620 6778 Email: joycelee@eva-group.com

Strategic Financial Relations Limited

Cindy Lung +852 2864 4867 Email: cindy.lung@sprg.com.hk
Iris Au Yeung +852 2114 4913 Email: iris.auyeung@sprg.com.hk