[For immediate release]

EVA ANNOUNCES FY2024 INTERIM RESULTS

Steady growth achieved for two major business segments
Accelerated automation and digital transformation

Results Highlights

- Turnover increased by 4.8% year-on-year to HK$2,999,779,000 (1H2023: HK$2,862,158,000).
- Gross profit margin improved to 20.1% (1H2023: 19.0%)
- Profit attributable to equity holders increased by 4.2% year-on-year to HK$127,813,000 (1H2023: HK$ 122,624,000).
- Basic earnings per share rose by 4.3% year-on-year to HK7.3 cents (1H2023: HK7.0 cents).
- Interim dividend of HK 2.2 cents per share has been proposed (2023 interim dividend: HK2.1 cents per share).

(Hong Kong, 28 August 2024) - **EVA Precision Industrial Holdings Limited** ("EVA" or the "Group"; stock code: 838) announces its interim results for the six months ended 30 June 2024 ("during the period").

The overall satisfactory performance is a result of the Group's efforts to diversify its presence and optimise internal management over the past decade, including proactively managing the supply chain network, regulating suppliers and reviewing supply chain partners and their potential risks, price negotiation with customers, exploring market opportunities, and deepening the framework of cooperation with long-term customers, all of which helped EVA to effectively mitigate various risk factors. In addition, the Group gradually reduced its lower-margin products in the existing customer base of the two major businesses in order to improve overall product value. The quality of customer orders continued to improve, which boosted overall gross profit. Also, the Group intensified its efforts in cost reduction and efficiency enhancement and effectively controlled costs during the period.

OA equipment segment recorded steady growth capitalising on economic recovery

During the period, office automation ("OA") equipment business grew steadily with turnover up 2.5% to HK$2,056,701,000 over the same period last year (1H2023: HK$2,007,246,000). Segment profit of HK$164,533,000 (1H2023: HK$163,949,000) and a segment profit margin of 8.0% (1H2023: 8.2%) was recorded.

The industrial park in Weihai's Double Islands Bay provides customers such as Fujifilm, TOEC, Lenovo and Great Wall Electronics with one-stop, vertically integrated services – "D-EMS Services" – ranging from mould design to complete machine assembly, and products including moulds, metal components, and plastic components, as well as complete A4 copiers and peripheral equipment for A3 copiers. During the period, although the business benefited from Fujifilm's rising sales orders, yet shipments of certain assembly projects declined due to weaker demand in the first half, putting Weihai's OA equipment business under pressure, with turnover down by 4.9%. The Group expects demand for these projects to gradually recover in the second half. At the same time, Phase II of the Weihai industrial park will be completed and put into operation in the fourth quarter of 2024.

In Shenzhen, turnover increased by 11.3% over the same period last year, driven by the increase in orders from Fujifilm and Kyocera. Two years ago, the Group reached an agreement in relation to a cooperation with Fujifilm to expand the transaction scale of plastic parts, sheet metal parts, shafts and other mechanical parts in China and Vietnam. The Group's continuous efforts to deepen cooperation with clients and increase investment in product technologies over the years also played a role in driving sales of OA equipment in Shenzhen to a new high in the first half of 2024.

In Vietnam, sales started to pick up as the destocking that affected last year's shipments has largely been completed. However, as the first quarter is traditionally the low season for the industry, and the Group altered its production lines in the industrial park in Haiphong, Vietnam during the first half of the year to prepare for the mass production of new models in the second half, the shipment volume decreased slightly, resulting in a 2.2% year-on-year decline in turnover from the Vietnamese operation. Looking ahead to the second half, orders in Vietnam are expected to pick up strongly. In order to meet customer demand, the Group plans to build a new industrial park in Quang Ninh Province, Northern Vietnam in the second half, covering an area of approximately 60,000 square metres, 1.6 times larger than the existing Haiphong Industrial Park. The new facility is expected to be completed and commence production in 2025.

Gradual improvement in utilisation rate of automotive component business

During the period, the Group's automotive component segment was able to grasp the opportunities deriving from global economic growth, increase in automobile market consumption, and the rapidly developing new energy vehicle ("NEV") industry. Turnover increased by 10.3% year-on-year to HK$943,078,000 (1H2023: HK$854,912,000). Capacity utilization rate of Wuhan and Mexico industrial parks increased steadily, while overall value of product portfolio also improved, increasing overall gross margin level for the segment. However, the Group's automotive component business in Mexico is greatly impacted by the exchange rate fluctuation of the Mexico Peso, hence segment profit was flat at HK$51,806,000 (1H2023: HK$49,219,000) in the first half. Profit margin of the segment was 5.5% (1H2023: 5.8%).

The Group strived to promote the localisation of industrial park management in Mexico during the period. After more than a year of hard work, the Group has seen initial results in the internal management reform of its Mexican industrial park. With an increasing number of new projects in the pipeline for customers such as Faurecia and Adient, sales in the region achieved year-on-year growth of 20.0%. In 2024, the 1250T and 2500T presses that the Group invested in last year began operation to meet increasing orders from customers such as Faurecia and Brose. The Group will endeavour to secure new customer orders and will strive to diversify and expand its customer base. The Group expects its business in Mexico to continue to flourish with its encouraging performance.

In Wuhan, the Wuhan industrial park continued its development in the new energy sector during the period. As Great Wall Motors gradually increased production scale and made breakthroughs in new market development, sales in this region surged by 51.1% year-on-year. During the period, the Group received new orders for the production of moulds and components at home and abroad, and actively expanded its new customer base. Going forward, Wuhan Industrial Park will continue to deepen internal reform and invest in new technologies to prepare for product upgrading and positioning. At present, it has built up technical and talent reserves for different welding assembly services, laying a solid foundation for receiving more high-quality orders in the future.

In Chongqing, the volatile market resulted in a 4.5% year-on-year decline in turnover in the first half of 2024, mainly due to the decline in sales of old vehicle models by some domestic OEMs and a reduction in orders for lower-margin components. In Chongqing, the engine of economic development in central and western China, the Group is committed to introducing advanced intelligent production equipment from around the world, allowing it to simultaneously provide customers in the southwestern market with car body engineering joint development and ancillary services for the delivery of functional components for car body assembly. It also deepened, strengthened and expanded the scope of strategic cooperation with quality automakers such as Great Wall Motors, Changan Automobile and SGMW, accelerating the realisation of the Group's business goals in Chongqing. In 2024, the Group was deeply involved in the development of, and reaffirmed commitment to, a large number of NEV model and NEV hybrid model projects of Changan Automobile in Chongqing. The above models will start mass production in the fourth quarter of this year.

Mr. Zhang Hwo Jie, Chairman of EVA, said, “The future direction of monetary policies remain uncertain, the market may continue to fluctuate, and the geopolitical and economic environment will become more complicated. We will maintain our dual focus on developing the OA equipment and automotive component business, deepening the design and assembly technology of the former and strengthening the manufacturing and assembly technology of the latter. By enhancing the competitive advantages of such a two-pronged strategy, we will be able to counter unpredictable market risks and, with optimism and prudence, seek opportunities to expand capacity and our businesses, improve business diversification and promote long-term business growth. Building on our years of experience in the industry, we will strive to consolidate our market leadership and achieve sustainable business growth, so as to generate the best returns for shareholders.”

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About EVA Precision Industrial Holdings Limited

EVA is a vertically integrated one-stop precision manufacturing service provider. Over the years, it has developed into a comprehensive one-stop enterprise integrating its two main business segments, namely the office automation ("OA") equipment business and the automotive component business, and has expanded its manufacturing bases in China, South Asia and North America.

The OA equipment business provides design and electronic manufacturing services ("D-EMS") for various leading brands of OA equipment in the market. It aims to provide a one-stop solution from the design and development of complete machines for products (printers and copiers) and the related moulds, to the production of precision moulds and mass manufacturing of parts and components, to the assembly of semi-finished and finished products, i.e. complete machine assembly. Its manufacturing base spans six industrial parks in Shenzhen, Suzhou, Weihai and Vietnam (Haiphong).

The automotive component business provides moulds and products for world-renowned Tier 1 suppliers, OEMs and automakers in the industry. It focuses on automotive platformisation to provide customers with highly compatible platform components and generic components. The business' main products include, but are not limited to, automotive seat frame systems, high-strength beam and chassis structural parts, and new energy-related products such as vehicle tri-electric system structural parts. The automotive component business operates six industrial parks, separate from the OA equipment business, located in Shenzhen, Zhongshan, Chongqing, Sichuan, Wuhan and Mexico (San Luis Potosí).

For more information, please visit http://www.eva-group.com.

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