



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 2023

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.
- 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 Potosí)**.
- As a result of a slowdown in global economic growth and a decline in customer production incentive, the Group’s **turnover decreased by 2.6%** year-on-year to **HK\$2,862,158,000** (1H2022: HK\$2,939,731,000) for the six months ended 30 June 2023. Due to turnover decline, which had an impact on the utilisation of production capacity, the **overall gross profit margin** had a **slight decline by 0.2 percentage points** year-on-year to **19.0%** (1H 2022: 19.2%).
- Nevertheless, **profit** attributable to shareholders was **up 19.5%** reaching **HK\$122,624,000** (1H2022: HK\$102,655,000). **Basic earnings per share** were **HK7.0 cents** (1H2022: Basic earnings per share of HK5.9 cents).

BUSINESS HIGHLIGHTS (CONT'D)



- The segmental turnover of the **OA equipment business fell 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.
- During the period, the performance of the office automation equipment business in **Weihai** was outstanding, with **turnover surging by 113.3%** year-on-year. **Annual sales over the next few years** is expected to **exceed HK\$1 billion**. This is 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 well as a significant boost in the capacity utilisation of the Weihai production base.
- The Group has already **commenced construction** of its **phase II factory** in the **Weihai industrial park** 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**.
- Overall, though impacted by the external environment and slowdown of end-demand, the office automation equipment segment 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.

BUSINESS HIGHLIGHTS (CONT'D)



- In the first half of 2023, **turnover** of the Group's **automotive component segment** remained relatively **stable**, with a slight decrease of **0.3%** year-on-year to **HK\$854,912,000** (1H2012: HK\$857,278,000), despite the unsatisfactory market conditions in the manufacturing industry.
- The automotive component segment has **secured** quite a number of **NEV-related orders** following the Group's implementation of its NEV industry strategy in the past three years. In 2023, the Group's NEV orders were gradually **put into production**.
- In **Zhongshan**, the Group's **turnover increased** by approximately **19.1%**, mainly attributed to an explosive growth of the **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.
- The **Mexican plant** continues to be an important bridge for the Group's **customers** in **Europe** and the **United States**. In the first half of 2023, **turnover grew** by **19.2%** as new project orders came on stream. Customer orders maintained strong growth momentum during the reporting period.
- Despite the top line of the automotive component segment being relatively stable during the period, the factories and equipment that had already been **deployed** continued to generate **depreciation and other operating costs**, which were further driven up by **inflations** and **interest rate hikes** during the period. Accordingly, the Group's automotive component division recorded a **segment profit** of **HK\$49,219,000** (1H2022: HK\$74,385,000), and a **segment profit margin** of **5.8%** (1H2022: 8.7%) for the period.

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 customisation products to our customers.**
- Started off in 1993 in OA equipment market, which has been oligopolised by Japanese brand owners and requires very **high dimensional accuracy** standards to prevent paper jam and distorted images.
- Expansion into **automotive component** market in 2011.

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

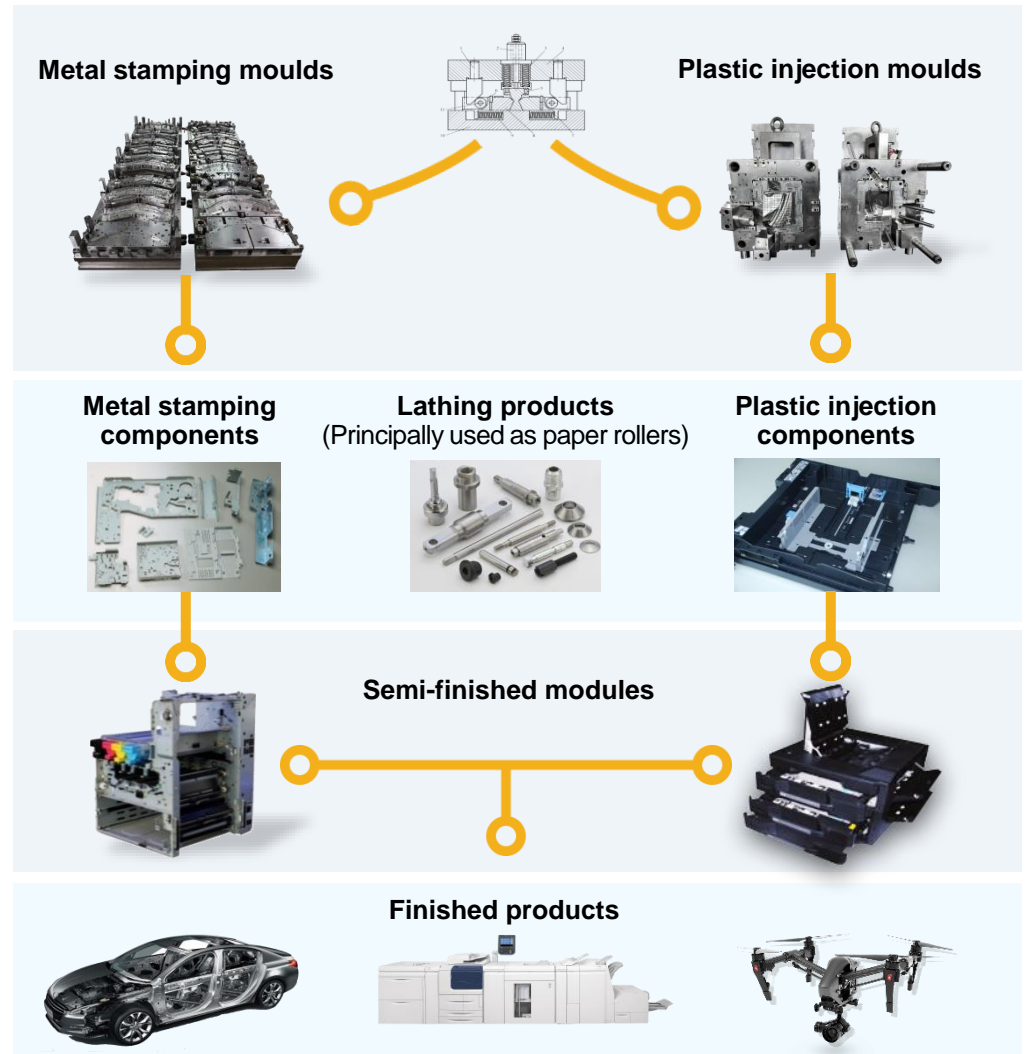
- Mass production of components by using the completed moulds consigned at EVA's industrial parks.

3. Individual components assembled into semi-finished products

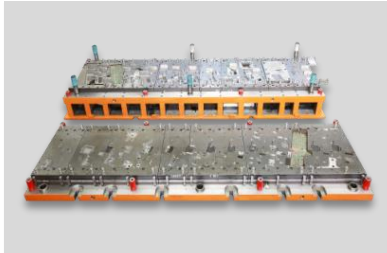
- Assembly of various components into semi-finished modules through high precision laser welding and other assembly processes.

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.

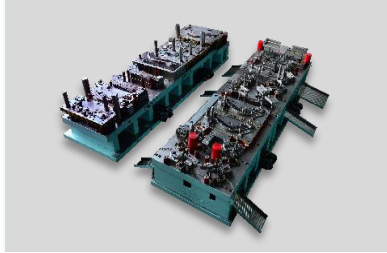


INDUSTRY LEADING TECHNOLOGIES



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

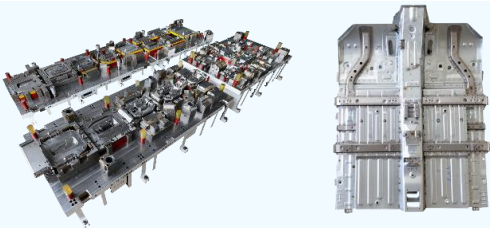
- EVA introduces innovative automation solutions to its production lines to streamline headcount and reduce costs.
- Remarkably improve efficiency and reduce product deficiency rate by eliminating manual errors.

INDUSTRY LEADING TECHNOLOGIES (CONT'D)

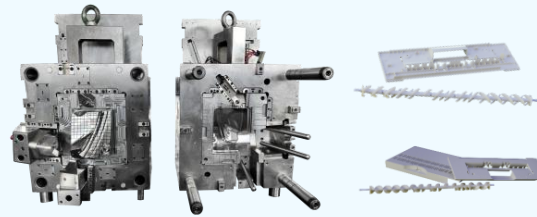


Products

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).

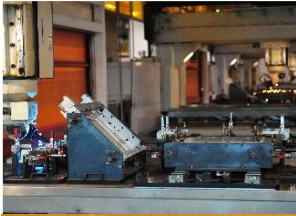
- Moulds for thin-walled plastic products with thickness of only 0.2mm.
- Moulds for high-precision plastic gears.
- Light-weight and high-precision plastic rollers for paper pickup and image forming.
- In-mould decoration (IMD) and environmental friendly hot runner technologies.

- 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.

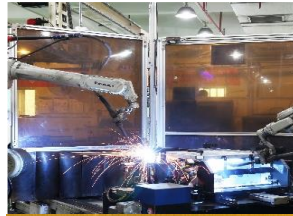
INDUSTRY LEADING TECHNOLOGIES (CONT'D)



Products



Laser welding



Robotic assembly



Computerised inspection device

Product Sophistication

- Traditionally used in aviation and luxury sport car industries.
- Low temperate 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



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* in China. *Market size* is estimated to reach *RMB800 billion* by 2025.



EPSON
EXCEED YOUR VISION

RICOH
imagine. change.

KYOCERA



TOSHIBA

Canon

brother
at your side

FUJIFILM

KONICA MINOLTA



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 an industrial park in Weihai, Shandong Province, China. The phase I factory of the industrial park in Weihai had already commenced full operation in 2021. The Group has also commenced construction of its phase II factory in Weihai since late 2022. The phase II factory is expected to complete construction and commence operation in 2024.



EVA Weihai (Double Islands Bay)
Electronic Industrial Park



EVA Vietnam (Haiphong)
Electronic Industrial Park

Market overview

In the recent year, apart from developing existing overseas markets, the Group has also strived to expand the Mainland market and 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” published by the China Software Industry Association, the industry will grow at a CAGR of 37.7% to reach RMB800 billion worth by the end of 2025. To localise printer production is an important part of ITAI’s localization exercise, and the management sees a very promising outlook when it comes to industry demand. As a market leader in providing fundamental hardware, the Group, armed with top-notch manufacturing technologies and D-EMS product advantages, is cooperating with customers such as Lenovo, Huawei, TOEC and Great Wall Information on co-developing and introducing various products. Such efforts are expected to help enlarge 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.

Market overview

The automotive industry improved significantly in the second quarter of 2023, and the industry maintained steady development in the first half year. The China Association of Automobile Manufacturers (“CAAM”) announced earlier that in the first half of 2023, China’s automobile production and sales volume reached 13.248 million and 13.239 million respectively, representing year-on-year growth of 9.3% and 9.8% respectively, while the production and sales volume of NEVs reached 3.788 million and 3.747 million respectively, representing year-on-year growth of 42.4% and 44.1%, and the market share of NEVs reached 28.3%. Looking into the second half of 2023, the good performance of NEVs and automobile exports in China as a whole will effectively drive market growth. With policy effect continuing to manifest, the consumption potential of the automotive market will be further unleashed, which will help drive the industry to achieve stable growth throughout the year, and this will have a certain positive effect on the Group’s automotive component business. We are optimistic about the outlook of this business.



Digit Mexico (SLP) Automobile Industrial Park



Digit Zhongshan Automobile Industrial Park



Digit Wuhan Automobile Industrial Park

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, SGMW, Webasto and Great Wall Motors.
- 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

AUTOMOTIVE COMPONENTS (CONT'D)

Digit Wuhan Automobile Industrial Park

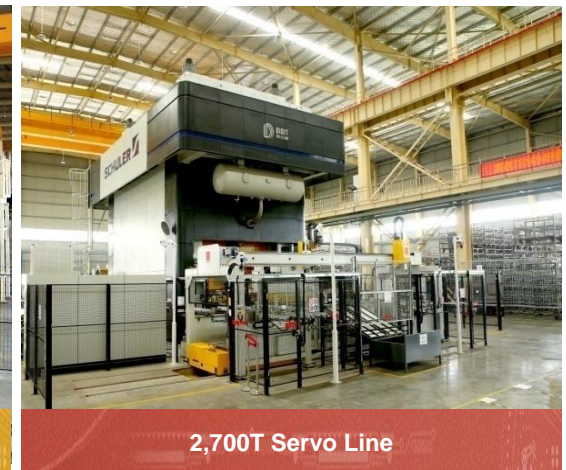
- Commenced commercial production in early 2014.
- Currently produces moulds and components and provides automated welding for high tensile parts primarily used for passenger cars such as the Dongfeng Citroen and Peugeot series.
- Other existing and targeted customers include the automakers located in Wuhan and adjacent cities, such as Great Wall Motors, BYD, Dongfeng, Honda, Topre 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. It now serves as the Group's mould R&D centre.
- 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 Faurecia, Brose, Aisin, Yachiyo, Adient and Gestamp are located.



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 Tesla, 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 second phase of the industrial park was completed in the first quarter in 2022 and production has been commenced.



Volkswagen



FIAT CHRYSLER AUTOMOBILES



Stamping Production Line



Digit Mexico (SLP) Automobile Industrial Park



faurecia

brose
Excellence in Mechatronics

AUTOMOTIVE COMPONENTS (CONT'D)

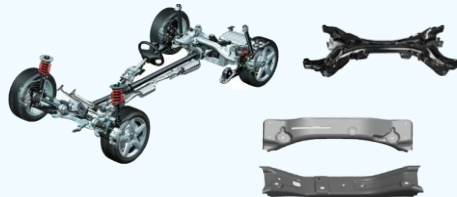


Product Overview

Body structures



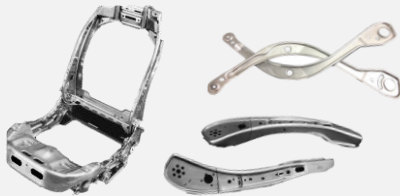
Chassis



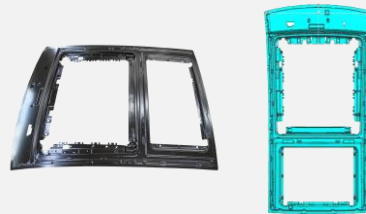
Battery covers



Automobile seat frames



Sunroof frames



Onboard storage battery systems



Photovoltaic inverter parts



Electronic control and engine parts



INTERNET SERVER BUSINESS

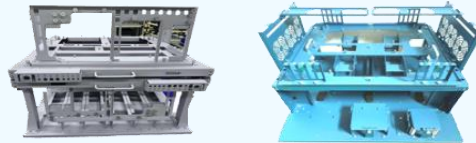


Products Overview

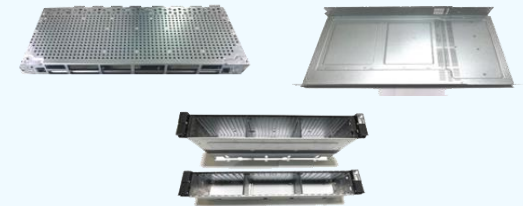
Server chassis



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**



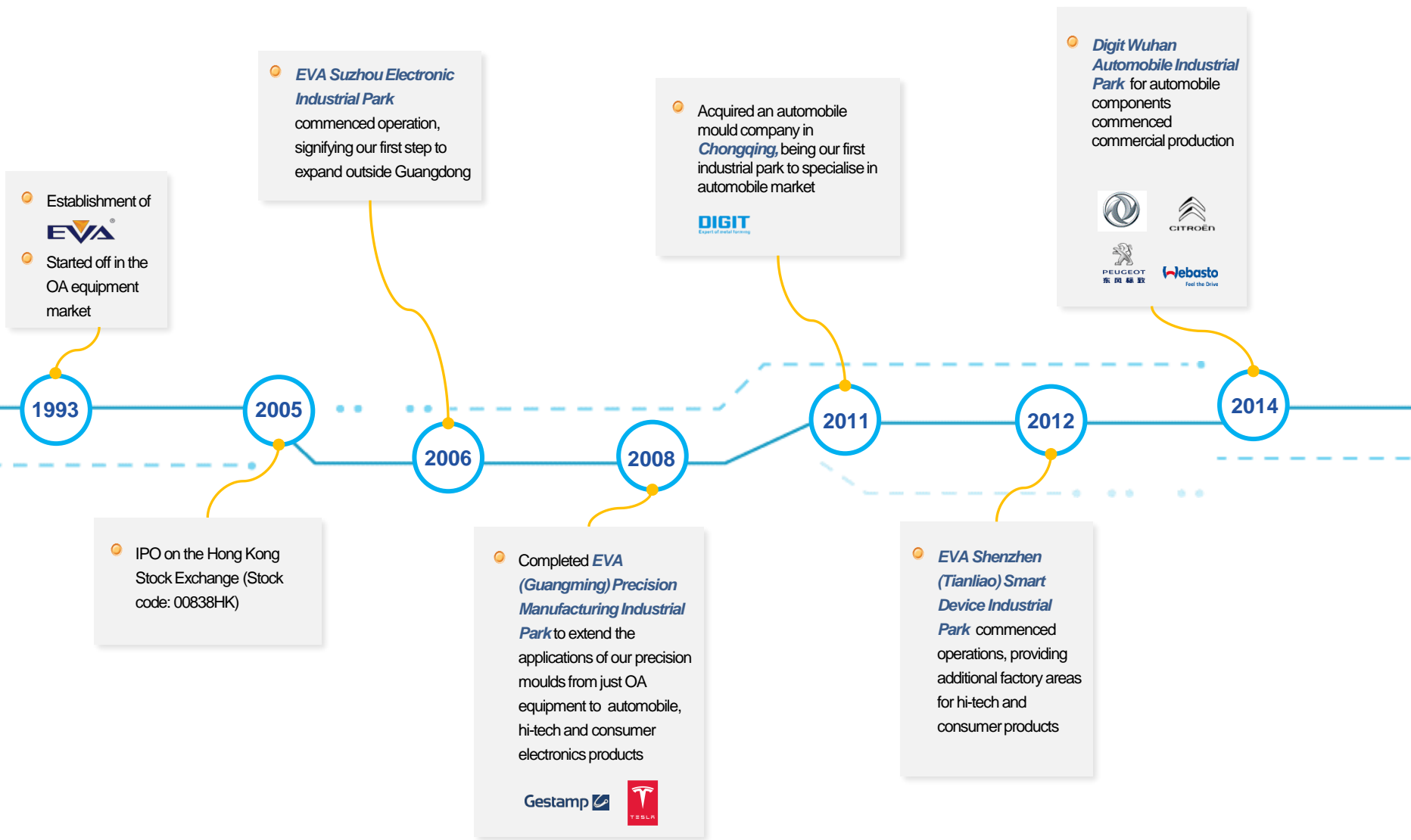
- Strong management and engineering team** with more than 25 years of experience in industry
- Conservative financial management and efficient cash conversion cycle¹ over the years
- Dedicated to streamlining costs and headcount through production automation and other cost control measures



- Constant dividend payouts** of roughly 30% of net profits since IPO
- Repurchased 12.5 million shares from the market in 2019 and January 2020 as well as 8.5 million shares in 2022 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)



- 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**



- Integration of production capacity of **EVA Intelligent Manufacturing with the Group** completed in June 2022
- Phase two of Digit Mexico (SLP) Automobile Industrial Park** completed construction

2016

2017

2019

2020

2021

2022

2023

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

- 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

- Acquired **Futaba Metal (EVA Intelligent Manufacturing)** in April 2021
- Mass production for **Tesla's direct orders** kicked off in July 2021

- Phase two of Weihai Industrial Park** has already commenced construction

KEY MILESTONES



EVA Shenzhen (Shiyan) Electronic Industrial Park

GFA:
88,000 sq.m.
Land area:
43,000 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 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 Shenzhen (Tianliao) Smart Device Industrial Park

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



Digit (Chengyu) Automotive Industrial Park

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



EVA (Guangming) Precision Manufacturing Industrial Park

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



EVA Weihai (Intops) Electronic Industrial Park

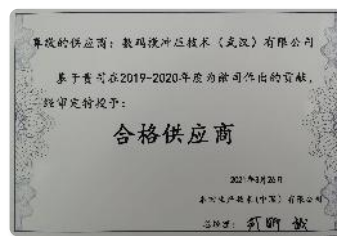
GFA:
21,000 sq.m.
Land area:
33,000 sq.m.



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



MAJOR AWARDS AND ACCOLADES



Year	Honors	Company/Organisation
2000-2022	ISO9001 Certification	BSI Group
2003-2022	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
2011-2020, 2022	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 Quality Award	MiTAC
2020	Best Supplier Award	Segway-Ninebot
2020	Joint Innovation Award	Segway-Ninebot
2020-2022	ISO45001 Certification	BSI Group

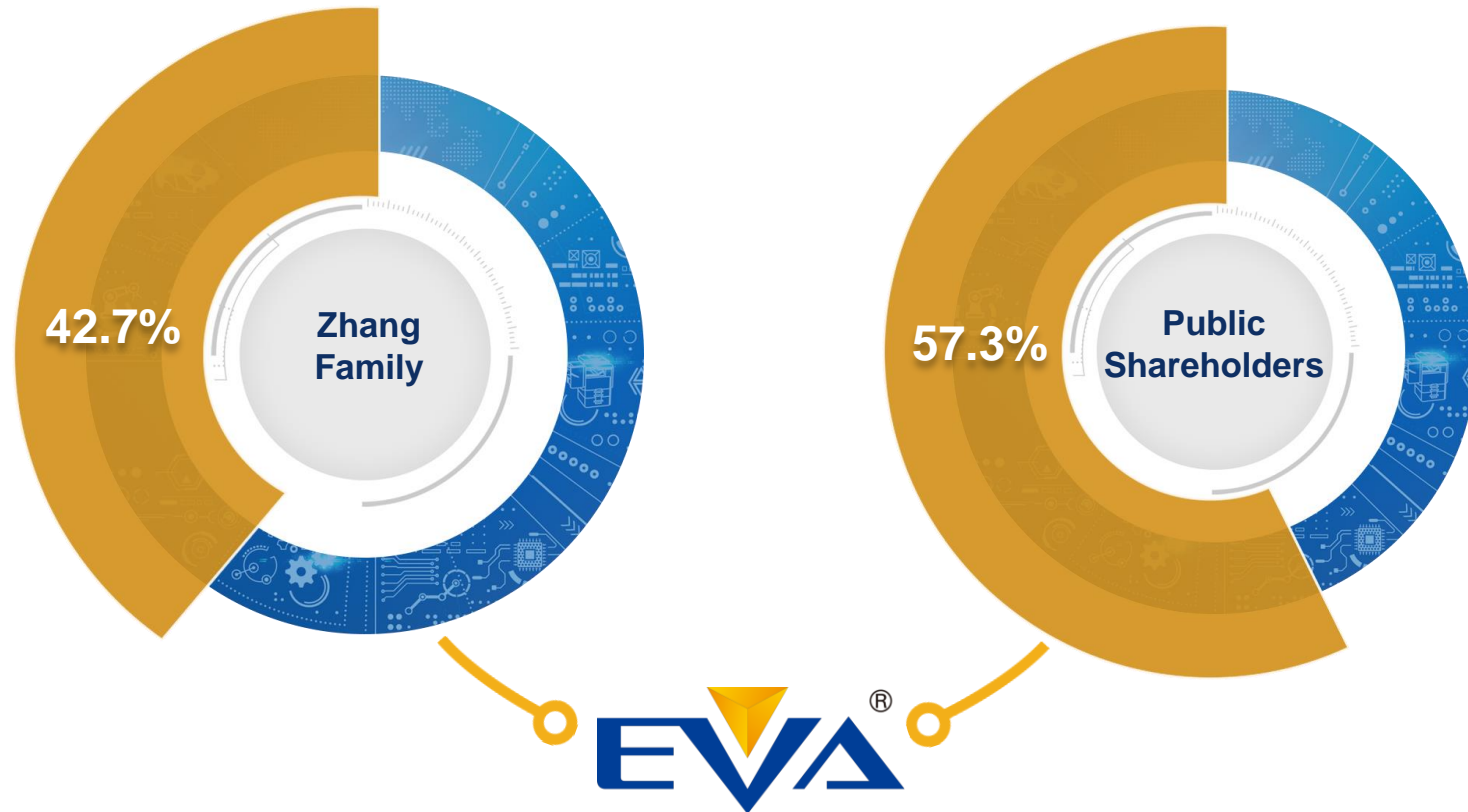
MAJOR AWARDS AND ACCOLADES (CONT'D)



Year	Honors	Company/Organisation
2017-2021	Guangdong Top 500 Manufacturing Enterprise	Guangdong Manufacturers Association
2021-2022	Guangdong Top 500 Enterprise	Guangdong Provincial Enterprises Confederation & Guangdong Provincial Association of Entrepreneurs
2019-2022	Shenzhen Top 500 Enterprise	Shenzhen Enterprise Confederation & Shenzhen Entrepreneur Association
2021	Most Potential Supplier	Great Wall Motors
2020-2021	Best Commissioning Assurance Award	Great Wall Motors
2021	Best Supplier Award	MiTAC
2021	Strategic Partner	Fujifilm
2021	Excellent Quality Improvement Award	SGMW
2021	Excellent Logistics Cooperation Award	SGMW
2022	BLI 2022 Choice of the Year	Buyers Laboratory Inc., the United States
2022	Excellent Supplier Award	Faurecia



SHAREHOLDING STRUCTURE



- Total number of shares in issue as at 29 August 2023 = 1,740,919,800 shares
- Outstanding share options of 119,200,000 options as at 29 August 2023

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



- In 2023, the office automation equipment business was subject to downward pressure due to global terminal inventory overhang, while the automotive industry was also affected by the unstable economic environment in Europe and China.
- Analysts have highlighted that 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.
- However, due to uncertainties in the pace of market adjustment and a slowdown in global economic growth, the Group expects the overall business momentum of office automation equipment to be affected for the whole year.
- As we enter the second half of 2023, the global economy and business environment are full of opportunities and challenges. According to the latest forecast from International Monetary Fund (IMF), the global economic growth rate will drop from 3.4% in 2022 to 3.0% in 2023, while the forecast for 2024 is maintained at 3.0%, indicating that the global economy is facing a period of downward pressure.
- Nevertheless, the Group remains cautiously optimistic on the outlook for the second half year. The Group will also make appropriate strategic adjustments and changes in response to changes in market conditions.

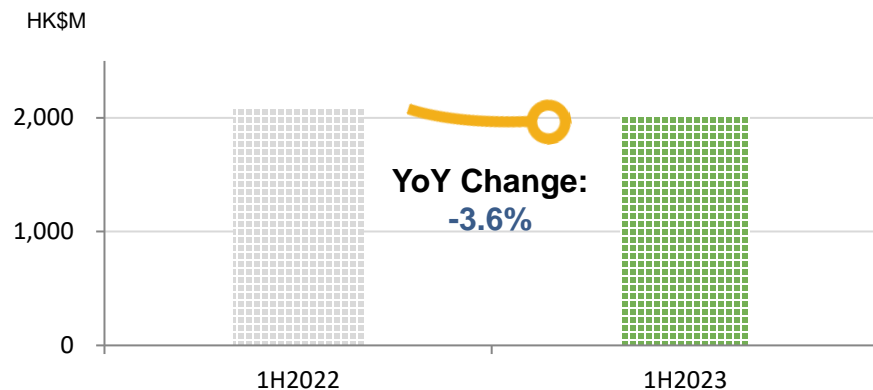
FINANCIAL INFORMATION



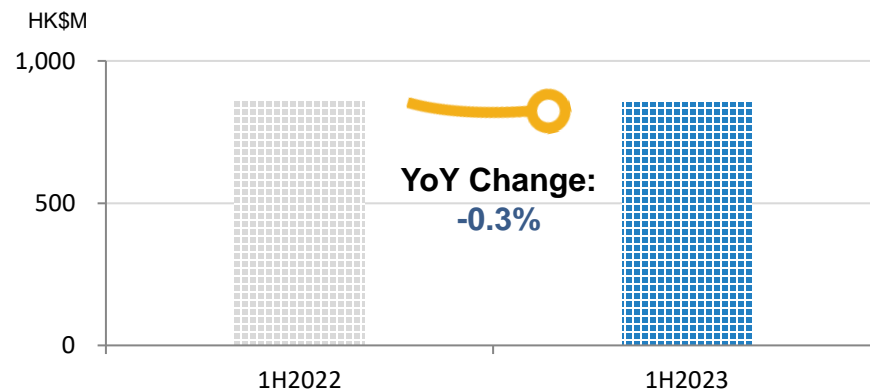
1H2023 BUSINESS RESULTS



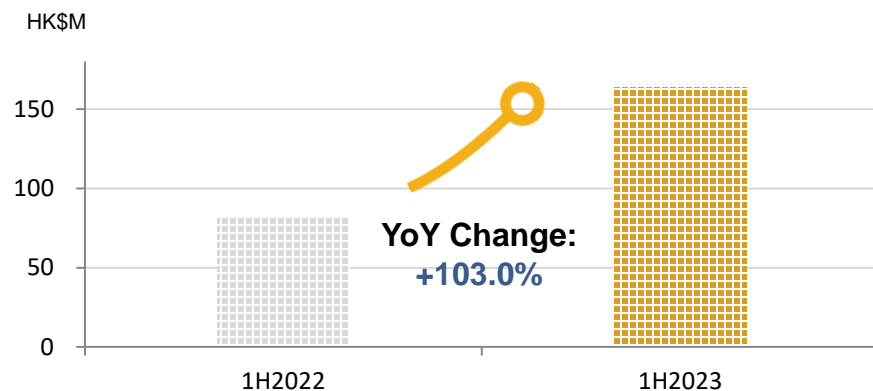
Segment Turnover - Office Automation Equipment



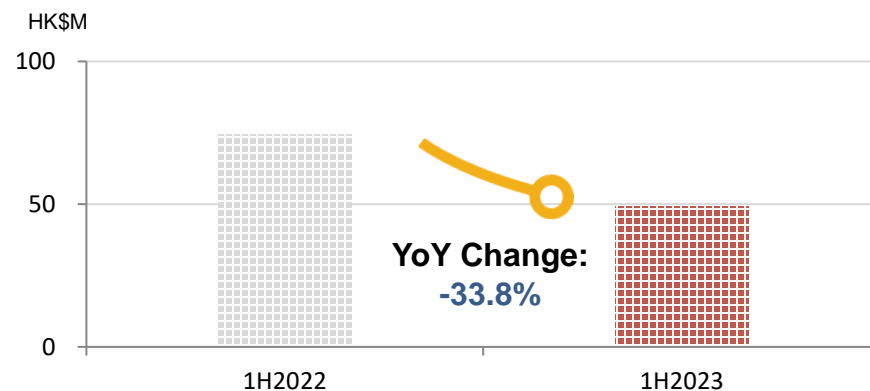
Segment Turnover - Automotive Component



Segment Profit - Office Automation Equipment



Segment Profit - Automotive Component



FINANCIAL PERFORMANCE



Consolidated Income Statement

Expressed in HK\$'000	1H2023	1H2022	YoY Chg
Revenue	2,862,158	2,939,731	-3%
Cost of sales	(2,317,158)	(2,374,683)	-2%
Gross profit	545,000	565,048	-4%
Other income	30,063	10,072	198%
Other gains/(losses) - net	28,104	3,110	804%
Selling and marketing costs	(125,250)	(123,925)	1%
General and administrative expenses	(288,911)	(333,117)	-13%
Operating profit	189,006	121,188	56%
Finance income	17,103	4,988	243%
Finance costs	(61,668)	(15,706)	293%
Share of profits/(losses) of associates	(359)	(232)	55%
Profit before income tax	144,082	110,238	31%
Income tax expense	(21,458)	(7,583)	183%
Profit attributable to equity holders of the Company	122,624	102,655	19%
Dividend	36,559	30,693	
Operating net cash flows	97,618	29,769	
Gross Margin	19.0%	19.2%	
Operating Margin	6.6%	4.1%	
Net Margin	4.3%	3.5%	
Dividend Payout Ratio	29.8%	29.9%	

The decrease in the Group's turnover during the period was primarily caused by overall weak market conditions as well as the unstable economic environment in Europe and China leading to a decline in client production intentions.

Gross profit margin decreased slightly to 19.0%, which was mainly a result of decrease in utilisation of our production facilities due to turnover decline.

During the period, as a result of adoption of effective cost control policies, plus the synergies reaped by the Group following the consolidation of production capacity after the Group acquired EVA Intelligent Manufacturing in 2021, including the reduction of operating costs like wages, rental and administrative expenses, as well as a one-off gain recognised in relation to the write-back of provisions related to staff compensations by EVA Intelligent Manufacturing, and the exchange gain from appreciation of the Mexican Peso, the Group's operating profit increased by 56.0% to HK\$189,006,000.

As a result, the Group recorded a net profit up by 19.5% to HK\$122,624,000.

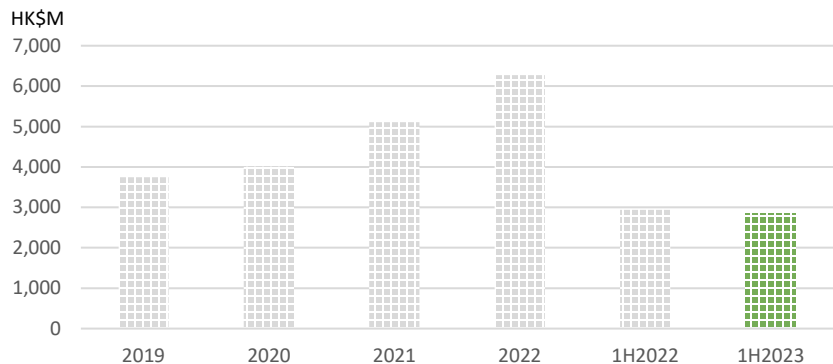
The Board declared an interim dividend of HK2.1 cents per ordinary share, totaling HK\$36,559,000, for the six months ended 30 June 2023.

The operating net cash flows for the period increased primarily due to effective cost strategies adopted by management, continuous synergistic benefits as well as one-off gain from integration of EVA Intelligent Manufacturing acquired in 2021, and also exchange gains generated from operations.

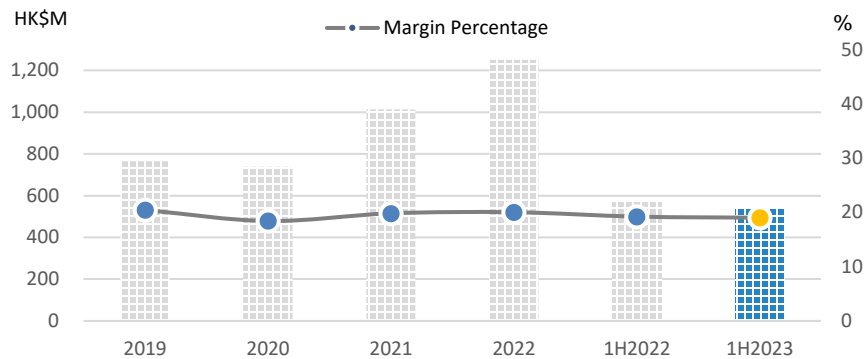
FINANCIAL SUMMARY



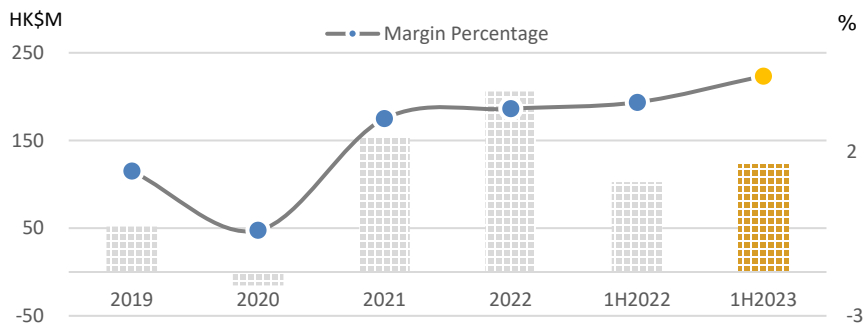
Revenue



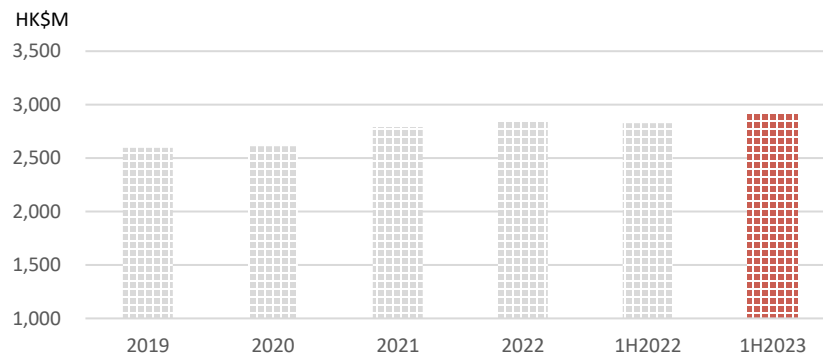
Gross Profit and Margin



Net Profit and Margin



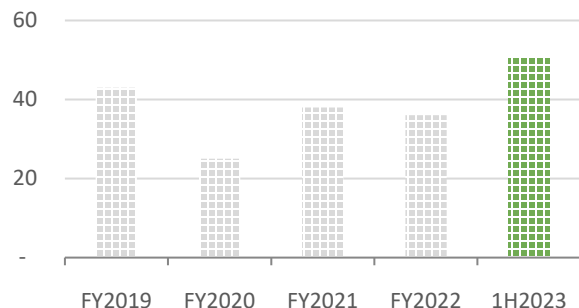
Net Assets



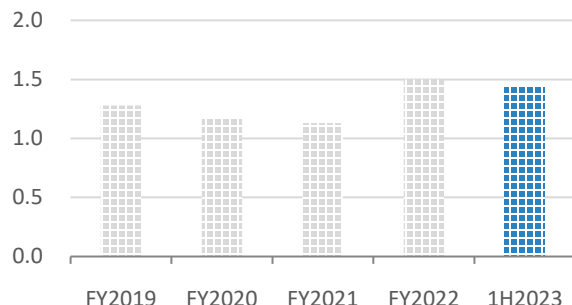
OTHER KEY FINANCIAL RATIOS



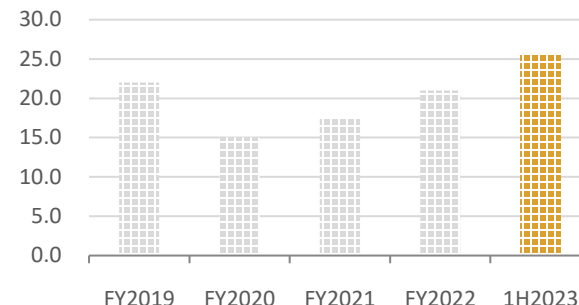
Cash Conversion Cycle¹



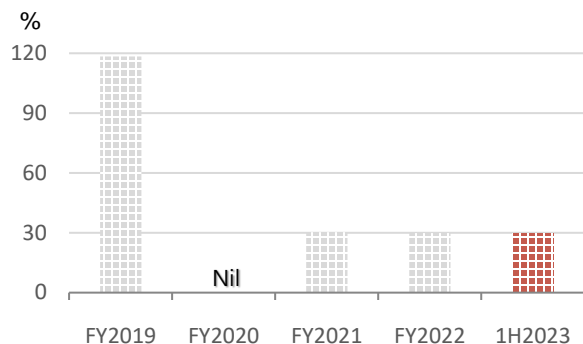
Current Ratio



Net Debt-to-Equity Ratio²



Dividend Payout Ratio



- Cash conversion cycle at 51 days.
- Net debt-to-equity was at 25.7% as at 30 June 2023.
- 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



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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