



EVA ANNOUNCES FY2022 ANNUAL RESULTS

Achieved satisfactory growth under challenging operating environment
Stepping up development in NEV
Strategically targeting overseas markets

Results Highlights

- For the year ended 31 December 2022, the Group's turnover increased by 22.7% year-on-year to HK\$6,268,065,000 (2021: HK\$5,108,777,000).
- Profit attributable to shareholders was up 32.8% reaching HK\$206,017,000 (2021: HK\$155,190,000). Basic earnings per share rose 31.1% year-on-year to HK11.8 cents (2021: Basic earnings per share of HK9.0 cents).
- Attributed by the management's long-term strategic deployment, overseas business recorded strong growth, while synergies from domestic strategic acquisition also helped drive good performance.
- Final dividend of HK1.76 cents per share has been proposed, including the interim dividend of HK1.76 cents per share, total dividend of the year will be HK3.52 cents per share (2021 annual dividend: HK2.7 cents per share).

(Hong Kong, 31 March 2023) - **EVA Precision Industrial Holdings Limited** ("EVA" or the "Group"; stock code: 838) announces its annual results for the year ended 31 December 2022 ("the Year").

Office automation ("OA") equipment segment grew strongly, to further increase market share through business diversification

Thanks to the strong growth of the Vietnam business and the strategic acquisition of Shenzhen EVA Technology Intelligent Manufacturing Co., Ltd. ("EVA Intelligent Manufacturing"), turnover of the Group's OA equipment segment recorded a 20.3% increase to HK\$4,502,285,000 (2021: HK\$3,743,273,000). Segment profit was up 82.5% reaching HK\$253,507,000 (2021: HK\$138,926,000). With the surge in turnover, coupled with the increased utilisation of the Group's production capacity, and benefiting from the rapid growth of Vietnam's business and its low-cost environment, segment profit margin improved to approximately 5.6% (2021: 3.7%).

Turnover of Vietnam's industrial park increased 123.7% year-on-year, mainly resulted from the Group having made strategic deployment a few years ago to move the processing of certain Japanese customers' orders from China to Vietnam, in line with these customers expanding their production bases to Southeast Asia. In addition, with the Vietnamese government among the first to relax anti-epidemic measures in the first quarter of 2022, the Group seized the opportune time of the economy reviving thereafter and saw the

production capacity of its industrial park there quickly climbed since after the pandemic broke out at the beginning of the year, with shipments starting to surge in March 2022. To meet customer needs in limited time, the Group has shifted some orders to a temporarily leased new factory nearby so as to maintain an overall stable utilisation rate in Vietnam. It may also consider expanding the Vietnam industrial park in response to future market changes, continuing to realize growth in both revenue and profit.

During the year, the OA equipment business in Shenzhen performed well, with turnover up by approximately 9.0% year-on-year. Of such growth, about 7.6% were attributable to the increase in orders after the acquisition of EVA Intelligent Manufacturing, credited to major customers like Fujifilm. By the end of June 2022, the Group completed integrating the production capacity of EVA Intelligent Manufacturing with that of the Shenzhen industrial park, allowing it to reap synergies and notably reduce operating costs such as wages, rental and administrative expenses, while making the best of its existing production capacity and resources. As such, the Group improved its overall operational efficiency, as well as the utilisation rate and profit margin of its Shenzhen operation.

As for the business in Weihai, it recorded 16.2% increase in turnover year-on-year mainly at the drive of D-EMS business. In 2022, the Group stepped up pushing growth of D-EMS business and cultivating friendly cooperation with major customers such as Fujifilm. More efforts were made also on developing such business areas as digital laser printing equipment, multi-function photocopiers, and expanding the Group's high value-added A3 printing machinery and device business, as well as strengthening its in-house research and development team. The Group is currently talking to leading customers such as Fujifilm on deepening cooperation. It expects DEMS orders for A3 multi-function printers to grow several folds in three years. At the same time, with the support of local government policies and grants, the Group's OA equipment business in the Weihai Industrial Park is expected to see considerable growth in the next few years.

In Suzhou, due to the COVID outbreak in Shanghai during the year forcing several major customers to suspend production for several months, the production facilities there faced overall unfavourable operating conditions. As such, both orders and shipments slipped, with turnover down 15.5% year-on-year. As the Group actively adjusted its business strategy in Suzhou, the drop-in business narrowed markedly in the second half year relative to the first. Resources allocation and cost control also improved in the second half year. The Group believes, at its efforts to adjust and perfect the operational strategy, breakthroughs are likely to be achieved in Suzhou in the next few years.

Apart from developing existing markets, the Group has also strived to expand into the information technology application innovation ("ITAI") industry. With the support of national policies, the ITAI industry has grown rapidly. 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 business continued to grow, further expanding customer base and deepening strategic partnership with existing customers

For the year ended 31 December 2022, turnover of the Group's automotive components segment increased by approximately 29.3% year-on-year to HK\$1,765,780,000 (2021: HK\$1,365,504,000), mainly because the Group continued to step up efforts in technological R&D and market expansion in the new energy realm. However, due to inflation and global chip shortage, pushing up material and transportation costs, plus certain project delays due to the pandemic, profitability was inevitably impacted. Segment profit for the year was approximately HK\$101,824,000 (2021: HK\$126,844,000), segment profit margin was significantly down to approximately 5.8% (2021: 9.3%).

As production for new project orders started gradually, the Mexico operation recorded an 80.0% surge in turnover. Among automobile supplier customers, sales associated with Tesla, Faurecia, Brose, and Adient increased notably year-on-year, pushing up turnover from Mexico rapidly. To meet increasing orders, the Group invested in new 1250T and 2500T presses in the Mexico Industrial Park during the year and the presses plus a new welding production line are expected to be put to use in 2023. In 2023, the Group will continue to pool its advantageous resources to support continuous improvement of mould technology, production efficiency and management system in Mexico. Heeding the general trend of manufacturing industries moving back to North America, the Group will work hard on growing its customer base. The orders on hand from Tesla and Faurecia have continued to grow, suggesting of the promising performance the Mexico operation will deliver in the future.

During the year, turnover of the automotive component business in Shenzhen fell by approximately 25.1% year-on-year, mainly because the Russian-Ukrainian War hit the European economy hard and seriously affected the automobile seat moulds export to Europe from the Shenzhen industrial park. While supporting the development of its counterpart in Mexico, the Shenzhen operation has also been actively expanding business in the Mainland China and Japan markets. As such, the management still has strong confidence in the mould business of the Group's Shenzhen industrial park.

The turnover of Wuhan industrial park for the year increased significantly, by approximately 81.1% year-on-year, attributable to the new Great Wall Motors project commencing production, and the relatively unsatisfactory business performance in the previous year due to the pandemic and chip shortage. With the country targeting to build Wuhan into an automobile manufacturing base, the Group integrated the leading technologies and resources of the Chongqing and Wuhan industrial parks during the year to set up a development centre of automotive body structure, chassis parts and battery systems in the Wuhan industrial park, in its bid to speed up development of its automotive component business of the Group.

In Chongqing, although the pandemic disrupted production activities of factories in Shanghai in 2022, the Group's turnover still grew approximately 5.5%. Affected by the shortage of automotive chips and COVID resurgence in China, production and shipment of certain projects of the Group's major customers such as Great Wall Motors had to be delayed. However, Great Wall Motors was still the key driver of Chongqing's turnover growth during the year. Having tightened cooperative ties with long-term customers like Great Wall Motors, SAIC-GM-Wuling and Changan Automobile, the Group's strengths in product development, manufacturing and quality, as well as management standard all improved notably.

Zhongshan industrial park's turnover increased by approximately 13.2%. As the Group was working with customers on projects of general parts for multiple vehicle models, the business with traditional fuel vehicles component suppliers such as Brose, Aisin and Yachiyo continued to grow while the Group was developing the NEV business. At the same time, the Group continued to implement measures to reduce costs and increase efficiency in Zhongshan so as to enhance its competitiveness. Alongside the structural upgrade of the auto industry, Zhongshan industrial park will have new impetus to grow its business and profit.

Remarkable results achieved in technology R&D and market development of NEV

In recent years, the Group carried out strategic reforms of its automotive clientele in Wuhan. Apart from actively participating in the Great Wall Motors project, while working to maintain its share in the traditional fuel vehicle market, the Group continued to develop NEV business, including taking strategic orders from the American NEV manufacturer, Lucid Motors and securing BYD's NEV orders in 2022.

During the year, the Group has also started the mould business for the high-end NEV brand AVATR, which is jointly developed by Great Wall Motors, Huawei, and CATL, and is putting major effort into developing NEV business of the hot-selling models of Great Wall Motors, laying a solid foundation for sustainable growth in Chongqing in the foreseeing future.

In Zhongshan, to cater to the NEV market's explosive growth, the Group launched a number of new projects, such as the core "three-electric systems", namely battery, electronic control and motor systems, of NEVs and started mass production for several project orders. As for market development, the Group focused on developing NEV customers and during the year, several new projects with "three-electric systems" customers have also been commenced.

Mr. Zhang Hwo Jie, Chairman of EVA, said, “The world was still facing severe challenges in 2022, pushing up global inflation and affecting raw material supply and prices. The anti-epidemic measures implemented on the Mainland China also affected the Group's factories in different regions and its operation overall. Nevertheless, thanks to the strategic deployment the management started making a few years ago to diversify business, the Group was able to mitigate the negative impact of the weak business performance in certain regions. A management team with shrewd foresight and a relentlessly hard working staff are the unique edges of the Group, and what will give it a good foundation for attaining rapid development in the future. Looking ahead, the market will still be full of challenges and at the same time also opportunities. The Group will actively seek opportunities for acquisitions and forging strategic alliances so as to further strengthen its business foundation and expand its business footprint. Our hope is to enlarge market share and drive long-term growth of our business. With years of industry experience, the management boasts acute insights on market trends, and the determination to, at the brace of the Group’s solid business, realise continuous growth and bring satisfactory returns to shareholders.”

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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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