For immediate release

EVA ANNOUNCES FY2021 INTERIM RESULTS

Leverage flexible strategies and record favorable results
Continues to seek opportunities and expand clientele

Results Highlights

- Seized the opportunities brought about by the control of the pandemic, together with the Group's substantial efforts in developing strategic partnerships with both existing and new customers, the Group has recorded an increase in turnover of 40% to HK$2,386,869,000.
- Gross profit margin for the six months ended 30 June 2021 has seen an improvement of approximately 3.0 percentage points, and gross profit has increased by 64% to HK$486,263,000.
- An interim dividend of HK1.2 cents (six months ended 30 June 2020: Nil) per ordinary share, was declared by the Directors of the Company
- for the six months ended 30 June 2021.
- Owing to the Group's efforts in developing the business potential of the OA equipment segment, the Group recorded a 35% increase in the segmental turnover, amounting to HK$1,830,347,000.
- The OA equipment segment reported profit amounting to HK$55,285,000 for the first half of 2021.
- For the six months ended 30 June 2021, the Group continued to record robust results in the automotive component segment, leading to an increase of 60% in the segment's turnover.
- In the automotive component segment, the Group recorded segmental profit amounting to HK$48,396,000 for the first half of 2021.

(Hong Kong, 26 August 2021) - **EVA Precision Industrial Holdings Limited** ("EVA" or the "Group''; stock code: 838) announces its interim results for the six months ended 30 June 2021 ("1H2021").

During the first half of 2021, the COVID-19 pandemic continued to cause disruption worldwide. However, thanks in large part to the positive progress of vaccine rollouts in various countries, the global economy has shown a gradual recovery while the domestic economy in China continued to maintain a steady growth momentum. Amid the recovery, the Group has recorded an increase in turnover of 40% to HK$2,386,869,000 (1H2020: HK$1,700,320,000). With a global production base, highly efficient and agile management strategies, a quality supply chain and fewer production schedule delays as a result of resumption of economic activities resulting in the increased utilisation of its production facilities compared with the first half of 2020, gross profit margin has seen an improvement of approximately 3.0 percent points, and gross profit has increased by 64% to HK$486,263,000.

An interim dividend of HK1.2 cents (six months ended 30 June 2020: Nil) per ordinary share, was declared by the Directors of the Company for the six months ended 30 June 2021.

A significant increase in turnover of OA equipment segment benefited from recent M&A

Owing to the efforts in developing the business potential of the office automation ("OA") equipment segment, EVA has recorded a 35% increase in the segmental turnover, amounting to HK$1,830,347,000 (1H2020: HK$1,352,312,000). In Shenzhen, the Group has seen an increase in the relevant turnover of around 44%. One major reason for the substantial increase was a surge in order intake in the assembly service (which is driven by a part of the Group's new focus – the Development and Electronic Manufacturing Service ("DEMS") model), leading to an increase of around 23% in turnover from the existing OA equipment customers in Shenzhen, 18% of which was directly attributable to the increase in assembly and DEMS service orders. Another major reason for the increase in the OA equipment segmental turnover was the contribution resulting from the acquisition of Futaba Metal Products (Shenzhen) Co., Ltd. (雙葉金屬製品（深圳）有限公司) ("Futaba Metal") in April 2021, giving rise to around 20% incremental turnover after the Group gained control of the company since the date of acquisition. Subsequently, Futaba Metal was then renamed Shenzhen EVA Technology Intelligent Manufacturing Co., Ltd. (深圳市億和科技智造有限公司) ("EVA Intelligent Manufacturing"), pursuant to the official approvals obtained from the relevant PRC authorities. EVA Intelligent Manufacturing is principally engaged in the manufacturing and sale of OA equipment.

The OA equipment segment reported profit amounting to HK$55,285,000 for the first half of 2021, as compared with a loss of HK$10,121,000 for the first half of 2020. This turnaround is primarily attributable to a surge in the segmental turnover following economic recovery and the strong business momentum, causing the utilisation of the Group's production facilities to gradually return to normal, and thus improving the segment's profit margin to around 3% (1H2020: loss margin around 1%).

Flexible strategies in the midst of challenges

In recent years, the Group has, following the footprints of its major OA equipment customers, begun reorganising its internal production logistics such that the manufacturing that were carried out in China (such as in Shenzhen) and targeted at the US and European markets were gradually transferred to the production facilities located in Southeast Asia (such as in Vietnam). In 2021, the Group continued this strategic move, with more orders that were aimed at the US and European markets being transferred to Vietnam, enabling the production capacity of the Shenzhen site to be used to support the expansion of the Asian and domestic markets.

During the review period, the Group's business in Weihai recorded an increase in turnover of around 48%, attributing to its new industrial park, built at the invitation of Hewlett-Packard ("HP"), having commenced full operations towards the end of 2020 and subsequently venturing into the new DEMS model, under which products are designed, developed, manufactured with high levels of customisation, assembled and quality tested by the Group in a streamlined process. During the first half of 2021, the production demand from HP continued to rise which has enabled the utilisation rate of the production capacity in the new industrial park to steadily increase. The Group has also begun to transfer the production that are targeted at the US and European markets from China to Vietnam. However, the Group was unable to implement this strategic move to the full extent as the COVID-19 outbreaks in Vietnam during the first half of 2021 and up to date has disrupted the Group's production planning in the country.

Strategic transfer and partnerships of automobile component business

The Group's automotive component business in Shenzhen is mainly focused on the production and export of automotive seat moulds to markets in the U.S. and Europe. From 2021 onwards, as the operation of the new industrial park in Mexico largely returned to normal, the U.S. and European automobile suppliers and automakers started to place orders with the Mexico site. The orders were then transferred to Shenzhen internally and the production of moulds were completed in Shenzhen and exported to the Mexico site where it would complete commissioning and acceptance check, and then delivered to customers in the U.S. and Europe. While supporting the development of the industrial park in Mexico and mass production of moulds for the related orders, the Group has also been developing its Shenzhen business in the domestic and Japanese markets. Leveraging the strategic planning and dedicated effort in this business segment, the Group continued to record robust results, it recorded segmental profit amounting to HK$48,396,000 for the first half of 2021 in the automotive component segment, as compared with a segment loss of HK$13,180,000 for the first half of 2020.

Strengthening business relationships with automakers and optimizing customer portfolio

In addition to automobile suppliers, the Group also continued to earn customers' trust with its high-quality products and welding technologies found in Chongqing strengthen its business relationships with automakers, such as local automakers, Great Wall Motors and SAIC-GM-Wuling, which contributed to a growth in the relevant turnover in Chongqing of around 61%. To better cope with the development of Great Wall Motors, certain orders from these local automakers were produced in the newly established production facilities in Lezhi county of Sichuan due to its geographical convenience. Besides, the Group has made several strategic changes to its customer portfolio in Wuhan, including, but not limited to, withdrawing from some of the unprofitable projects and orders, and the introduction of new customers. At the same time, the Group also continued to strengthen its relationships with several automakers, such as Great Wall Motors, and secured a number of projects and orders during the first half of 2021. At present, the Group is already seen voluminous orders on hand in Wuhan arising from new projects with Great Wall Motors and certain new energy vehicle manufacturers (for example, Lucid Motors, a new energy vehicle manufacturer in the U.S.), and it expects these orders to crystalise into sales in five to seven years from 2022.

The Group considers its base in Mexico as an important bridge for reaching customers from the U.S. and European markets. It not only can cater for local production projects of our U.S. and European automotive component(s) customers, but, as previously mentioned, can also attract a large number of mould development orders for the Group's production base in China (such as the Shenzhen site) through its internal redeployment. Such orders can consequently improve the utilisation rate of its production facilities in China. Hence, owing to an increase in mould production orders from various U.S. and European customers placed at the Mexico site as a result of the Group's strategic deployment as abovementioned, together with the surge in direct orders on component production received in Mexico, the Group has recorded a 984% growth in its relevant turnover. During the first half of 2021, the Group's phase one industrial park in Mexico has seen a sharp increase in the utilisation rate of its production facilities as a result of a surge in direct orders on production of components production. At present, given EVA's competitive edges, the Group will be able to continue to earn the trust of its major customers in Mexico and strengthen the strategic partnership with customers, including Faurecia, Brose, Adient and Tesla. Since the Group obtained the tier-one supplier qualification from Tesla, apart from receiving indirect orders through other tier-one suppliers, it also began receiving direct orders from Tesla and mass production kicking off in July 2021. As the construction of the phase two of the industrial park in Mexico has already commenced in order to meet the Group's increasing demand, it continues to expect an encouraging performance from its operation in Mexico.

A turnaround of performance in automotive component under an unfavourable environment

While most factors support a prosperous outlook for the segment, the automotive industry has also been hard-hit by the global chip shortage problem. Automotive production lines around the world had to close for weeks at a time due to a lack of components. Moreover, in the first half of 2021, the shipping container disruption also adversely impacted the shipment of equipment and moulds to Mexico. As a result, performance in the automotive component industry was hampered by these unfavourable factors to a certain degree. Overall, EVA recorded segmental profit amounting to HK$48,396,000 for the first half of 2021, as compared with a segment loss of HK$13,180,000 for the first half of 2020. The turnaround was primarily attributable to the Group's own competitive edges, stronger strategic partnerships with automobile suppliers and automakers and a general recovery of consumer sentiment on a global basis as mentioned above, causing the utilisation of the production facilities to increase, and hence improving the segment's profit margin to around 9.0% (1H2020: loss margin around 4%).

Looking ahead, with energy savings, reduced emissions and low-carbon footprints strongly advocated by the society, new energy vehicles are destined to become a key business growth driver in the automotive component(s) sector. As reported by the China Automobile Association in July 2021, the total vehicle sales in the first half of 2021 amounted to 12,891,000 units, representing a year-on-year increase of 25.6%, while total new energy vehicle sales amounted to 1,206,000 units, representing a year-on-year increase of two folds. It is also predicted that total new energy vehicles sales will climb to 2,400,000 units, reaching a year-on-year growth rate of 76%, presenting enormous room for growth for the industry. The Group will therefore continue to develop the new energy vehicle field and expand its strategic cooperation with customers.

Mr. Zhang Hwo Jie, Chairman of EVA, said, "Currently, the COVID-19 pandemic is destined to enter into a new phase with the Delta variant spreading in countries across the globe. Overcoming these uncertainties in 2021 will not be easy for the Group, and the global chip shortage has made the business landscape even more challenging. To tackle all of these challenges, the Group will remain cautious and meticulous when making in its operating, investment and financing decisions. We will seek growth and maximise returns by reinforcing our core values and enhancing our competitive edge in both our OA equipment and automotive component sectors. Last but not least, we have a philosophy centred on creating value for our shareholders. Therefore, since our listing in 2005, we have always adhered to a dividend payout policy at approximately 30% of net profit, and the first half of 2021 is no exception. In the future, we will adhere to our philosophy of continuous technological improvement, and take appropriate steps to expand our income sources to maximise the returns to our 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 industrial parks in Shenzhen, Suzhou, Weihai and Vietnam for the OA equipment business, and its other five industrial parks in Shenzhen, Zhongshan, Chongqing, Wuhan and Mexico are serving the automotive component sector. For more information, please visit http://www.eva-group.com.

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