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EVA Precision Industrial Holdings Limited
億和精密工業控股有限公司

(Incorporated with limited liability in the Cayman Islands)

(Stock Code: 838)

POSITIVE PROFIT ALERT

This announcement is made by EVA Precision Industrial Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that based on the unaudited management accounts of the Group for the eleven months ended 30 November 2017 and the unaudited financial information relating to December 2017 available as at the date of this announcement, the net profit of the Group for the year ended 31 December 2017 is expected to increase by not less than 140% as compared to 2016.

The expected increase in net profit is mainly because (1) there was a reduction in employment expenses, as the Group has been automating its production lines and streamlining its workforce since 2016, which was mentioned in the Company’s 2017 interim report dated 28 August 2017; (2) the Group’s Vietnam industrial park was completed and incurred initial losses in 2016. As mentioned in the Company’s interim report dated 28 August 2017, the Group’s Vietnam industrial park ramped up its production operations in 2017, and therefore started to generate profit; (3) as mentioned in the Company’s 2016 annual report dated 27 March 2017, the Group’s profit margin was lower and certain of its subsidiaries incurred losses in 2016, which increased the overall effective tax rate of the Group in 2016 as such losses were not eligible for offsetting the taxable profits generated by other profitable subsidiaries. As mentioned in the Company’s interim report dated 28 August 2017, this situation changed as profit margin improved in 2017, leading to a reduction in the effective tax rate of the Group; and (4) there was a general reduction in various operating costs of the Group in 2017 as a result of the cost control measures adopted by the Group since 2016.

This announcement is only based on the assessment by the Board by reference to the unaudited management accounts of the Group for the eleven months ended 30 November 2017 and the unaudited financial information relating to December 2017 available as at the date of this announcement. The information contained in this announcement is not based on any figures or

information that has been audited or reviewed by the external auditor of the Company. The annual results announcement of the Company for the year ended 31 December 2017 is expected to be released in March 2018.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
EVA Precision Industrial Holdings Limited
Zhang Hwo Jie
Chairman

Hong Kong, 15 January 2018

As at the date of this announcement, the Board comprises three executive directors, being Mr. Zhang Hwo Jie (Chairman), Mr. Zhang Jian Hua (Vice Chairman), Mr. Zhang Yaohua (Chief Executive Officer) and three independent non-executive directors, being Mr. Choy Tak Ho, Mr. Leung Tai Chiu and Mr. Lam Hiu Lo.