



## EVA ANNOUNCES FY2014 ANNUAL RESULTS

### Strong Results from Different Business Segments

#### Outstanding Financial performance

Turnover up by 30.1% to HK\$3,454,977,000

Net profit surges 400.0% to HK\$277,125,000

#### **Highlights**

- Turnover was HK\$3,454,977,000 (FY2013: HK\$2,655,715,000), increased by 30.1%
- Gross margin was 26.2% (FY2013: 24.1%)
- Net profit up by 400.0% to HK\$277,125,000 (FY2013: HK\$55,427,000)
- Net profit margin rose to 8.0% (FY2013: 2.1%)
- Basic earnings per share was 16.5 cents (FY2013: HK3.3 cents)
- Final dividend of HK2.7 cents per share, adhering to the dividend payout policy of approximately 30% of net profit (FY2013: HK0.51 cent)
- Continuous expansion in high-end consumer electronics sector. Successfully secured orders from a major international smartphone and mobile tablet brand owner, setting up the stage for swift revenue growth
- Automobile business delivered remarkable performance. Phase 2 facilities of Chongqing production base was completed, greatly enhancing its capability for large-scale automobile component production
- Significant growth in revenue from office automation equipment business, and the construction of a new production base in Vietnam signifies the first step in global expansion

(Hong Kong, 26 March 2015) — EVA Precision Industrial Holdings Limited (“EVA” or the “Group”; stock code: 838) announces its annual results for the year ended 31 December 2014.

#### **Major inroads into high-end consumer electronics market, putting the Group on a fast track to significant business growth**

During the year, the Group continued to make significant inroads into the massive high-end consumer electronics and automobile markets. The Group created a major breakthrough in high-end consumer electronics business by securing orders from a renowned international smartphone and mobile tablet brand owner, with deliveries commencing in early 2014. The Group’s key appeal to this customer was its proven track record for outstanding quality and production management. The Group’s business relationship with this reputable brand

owner can be traced back to 2012, when the Group started providing manufacturing services to them for another product line. Impressed by the Group's innovative production solutions which are also essential for coping with the increasingly stricter quality and production management requirements in the smartphone and mobile tablet industry, this reputable brand owner decided to broaden the strategic partnership with the Group to also cover their smartphone and mobile tablet products, their key business line. At the same time, in an attempt to uplift brand positioning, domestic brand owners rolled out more sophisticated models, which created the need for them to enlist higher end suppliers into their supply chains. Thus, the Group was also approached by numerous renowned domestic brand owners for procurement, for which deliveries had also commenced in 2014. The Group's entry into the smartphone and mobile tablet industry has paved a solid path for swift growth in its revenue, as this industry presents abundant opportunities.

**Expanded Wuhan and Chongqing production bases to fortify the Group's position in automobile sector**

During the year, the Group continued its strategic expansion into the automobile sector, with an objective of utilising its outstanding engineering expertise to capture the increasing demand for sophisticated moulds and components tailored for higher quality vehicles. As one of the milestone events in this expansion, the new production base in Wuhan commenced commercial production in early 2014. The new Wuhan production base is targeted at providing component production and welding services to automobile makers located in Wuhan and adjacent cities, one of the major automobile hubs in China. Despite its short operating history, the new Wuhan production base received the "Excellent Corporate Partner" award from its major customer which is a leading automaker in China in 2014 for its outstanding engineering and production management capabilities, an evidence of the Group's ability to stand out in the supply chain of renowned automakers. At the same time, with the completion of its Phase 2 facilities in 2014, the business of the Group's existing production base in Chongqing expanded from primarily producing automobile moulds in the past to also covering the manufacture of automobile components on a large scale basis. This has greatly enhanced the Group's capability to capture the burgeoning demand from automobile makers in Chongqing and adjacent cities, which is another automobile production hub in China. Accordingly, the Group is poised for significant growth in this sector.

**Revenue from office automation equipment business grew significantly, and the expansion into Vietnam presents exciting opportunities for business development**

The Group's traditional office automation (OA) equipment business continued to deliver remarkable performance. The Group's unique one-stop solution covering the production of

**EVA announces 2014 Annual Results**  
**26 March 2015**

precision moulds and precision components, as well as product assembly capability such as precision laser welding provides the Group with a distinct competitive advantage in the market, as the Group can effectively reduce the additional logistic costs and excess production lead time arising from the customers' current practice of outsourcing the production of moulds, components and product assembly to different suppliers. Realising that the benefits of the Group's unique one-stop solution can be replicated elsewhere in the world, certain major OA equipment customers have decided to elevate their strategic partnership with the Group to a global level, and invited the Group to set up a new production base in Vietnam to serve their existing assembly plants there. This not only fortifies the Group's leading position in OA equipment industry, but also presents it with a new opportunity to extend its precision manufacturing services to another major manufacturing hub outside China. The new Vietnam production base is to be located at Haiphong, Vietnam, and has a land area of approximately 37,000 square metres and a planned floor area (phase 1) of approximately 12,000 square metres. It is scheduled for completion by end of 2015.

Total turnover of the Group for the year surged by 30.1% to HK\$3,454,977,000, another historical high. Since the notable increase in turnover improved the utilisation rate of facilities and provided economies of scale, gross profit margin for the year increased to 26.2% (2013: 24.1%). The impact of economies of scale was even more pronounced on net profit margin as a majority of general and administrative expenses are fixed in nature and did not increase in proportion to the growth in turnover. Coupled with the various cost control measures adopted by the Group and the absence of share option costs in 2014 (2013: HK\$39,648,000), the Group's net profit for the year increased significantly by 400.0% to HK\$277,125,000.

**Mr. Zhang Hwo Jie, Chairman of EVA**, said, "With the completion of capacity expansion in 2012 and 2013, the Group is now equipped with seven comprehensive production facilities covering major production hubs for high-end consumer electronics products, automobiles and precision equipment in China. At the same time, the Group's entry into the smartphone and mobile tablet market puts us on a fast track to significant business growth, as this market is well known for its massive size and dynamic momentum. Looking forward, we will continue to take appropriate steps to expand our product range in the smartphone and mobile tablet industry, and explore possibilities in the market of other smart devices with a view to riding on the tide of the next revolution in smart technologies."

"As for automobile business, the endorsement of our engineering and production management capabilities by renowned automaker provides us with a valuable credential to source large scale orders from the automobile market. Our Wuhan and Chongqing production bases extend our geographical reach to two major automobile production hubs

**EVA announces 2014 Annual Results**  
**26 March 2015**

in China. Taking into account the concentration of automakers in these areas and our outstanding engineering expertise which differentiates ourselves from other domestic suppliers, it is evident that the stage is now set for our business to grow strongly in this sector.”

“Last but not the least, our major customers in OA equipment sector have elevated their strategic partnership with us to a global level, fortifying our leading position in OA equipment industry and presenting us with new opportunities for business development. Thus, our traditional OA equipment business will definitely continue to be one of our future growth drivers, from which we can generate substantial cash flows to fund our expansion in other new sectors.” **Mr. Zhang concluded.**

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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 production bases 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 high degree of precision and dimensional accuracies, the Group has strong pricing power for its products.

At present, a majority of the Group's revenue is generated from serving the office automation (OA) equipment industry. Whilst the OA equipment industry is expected to continue providing substantial growth momentum to the Group, the Group is also making conscious effort to expand into the fast growing consumption market, with particular attention given to the high end consumer electronics and automobile sectors. For more information, please visit <http://www.eva-group.com>.

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