



EVA ANNOUNCES FY2015 ANNUAL RESULTS

Turnover reached historical high again

Profit negatively affected by non-recurring items but significant business developments in both China and overseas markets have been seen

Highlights

- Turnover was HK\$3,533,026,000 (FY2014: HK\$3,454,977,000)
- Gross profit margin was 26.5% (FY2014: 26.2%)
- Net profit negatively affected by non-recurring items such as revaluation of RMB assets and amounted to HK\$205,469,000 (FY2014: HK\$277,125,000)
- Basic earnings per share was HK\$11.2 cents
- Final dividend of HK\$1.3 cents per share, adhering to the dividend payout policy of approximately 30% of net profit since 2005
- Have been actively reducing RMB assets since August 2015. As RMB assets decreased significantly, any devaluation in RMB in the future is very likely to be beneficial to the Group as a majority of its operating costs are denominated in RMB
- The first overseas industrial park in Vietnam is scheduled for production in 2016
- New orders from companies in high-tech industries such as aerospace and unmanned aerial vehicles
- Automobile business obtained “Excellent Supplier” accolade from a leading automaker for the third consecutive year
- Implemented production automation, and reduced headcount from 9,075 employees as at 31 December 2014 to 8,804 employees as at 31 December 2015 despite an increase in turnover and the construction of the new Vietnam industrial park

(Hong Kong, 24 March 2016) - **EVA Precision Industrial Holdings Limited** (“EVA” or the “Group”; stock code: 838) announces its annual results for the year ended 31 December 2015.

Establishment of new Vietnam industrial park signifies the Group’s global expansion and fortifies its leading position in the office automation equipment industry

In 2015, EVA was invited by major office automation (“OA”) equipment customers to establish a new industrial park in Vietnam to serve their existing assembly plants there. In the past, EVA only had production facilities in China and was therefore unable to serve these assembly plants in Vietnam. Accordingly, the establishment of the new Vietnam industrial park fortifies our leading position in the OA equipment industry by enlarging our

addressable market in this industry. This also provides us with exciting opportunities to source new overseas customers in other industries, since Vietnam is also well known as one of the global manufacturing hubs for various other industries such as high end consumer electronic products. The new Vietnam industrial park is located at Haiphong, Vietnam, and is scheduled for production in 2016.

Continuous progresses in automobile sector and strengthened business partnership with a leading automaker in China

During the year, the Group's automobile business received the "Excellent Supplier" accolade from a leading automaker in China for the third consecutive year, significantly strengthening the business partnership with this customer. Targeting at the development of new automobile customers in Guangdong Province, the Group's existing Zhongshan industrial park was merged into the automobile business line of the Group through internal production capacity adjustment. Together with the other two automobile industrial parks located in Wuhan and Chongqing, the reach of the Group's precision manufacturing services covers China's major automobile production hubs in the Southern, Central and Southwest regions.

Significant inroads into the burgeoning hi-tech market in China

In recent years, Shenzhen has emerged as a hi-tech hub in China. As an enterprise headquartered in Shenzhen for more than 20 years, we have successfully built up a reputation for high quality manufacturing services which is attractive to a lot of hi-tech companies. During the year, EVA received new orders from numerous hi-tech companies. Notable new customers included a state-owned aerospace company producing satellites and a high profile technology company in Shenzhen producing unmanned aerial vehicles. It signifies a major step forward into the burgeoning hi-tech market in China. The Group also made an investment of approximately HK\$9,714,000 for an equity stake in a hi-tech startup company which develops and sells GPS smart watches for children and the elderly to capture the swift development of this market.

Although 2015 was widely regarded as a tough year for manufacturers, the Group's turnover increased to HK\$3,553,026,000 and reached **historical high** again. Net profit, however, was negatively affected by non-recurring items. All of the Group's industrial parks were located in China and therefore it had substantial assets denominated in RMB. As a result of the devaluation of RMB since August 2015, the Group recorded exchange losses of approximately HK\$21,628,000 from the revaluation of RMB assets. In addition, taking into account the slower growth of China's economy, the Group took a conservative step to increase the allowance for loan impairment of the Group's micro lending company by approximately HK\$18,992,000 to cover all overdue loans. Coupled with the general increase in employment and other costs in China's manufacturing industry, the Group's net profit decreased by 25.9% to HK\$205,469,000.

The Group has a policy to **strictly prohibit any speculative foreign exchange transaction** which is irrelevant to business operations, and therefore the above-mentioned exchange losses were not related to any speculative transaction. Since August 2015, the Group **has been actively reducing its net asset exposure to RMB**. The most notable result of these efforts was the reduction of the Group's cash and bank deposits in RMB from approximately HK\$984,759,000 (Hong Kong dollars equivalent) as at 31 July 2015 to approximately HK\$264,064,000 (Hong Kong dollars equivalent) as at 31 December 2015, minimising the risk from RMB exchange rate fluctuation in the future. Further, although allowance for loan impairment were fully made against overdue loans in the financial statements, these loans were **secured by assets and the Group will undertake appropriate effort for their recoveries**. Various production automation and cost control measures were also implemented to streamline the Group's internal structure and headcount. Accordingly, the headcount of the Group decreased from 9,075 employees as at 31 December 2014 to 8,804 employees as at 31 December 2015 despite an increase in turnover and the construction of a new industrial park in Vietnam.

Mr. Zhang Hwo Jie, Chairman of EVA, said, "Looking ahead, China's economic growth is expected to be more moderate and global economic recovery will remain uncertain. Therefore, there is no denying that the year 2016 will be a challenging year for manufacturers. However, the market does not lack opportunities. In particular, the transition of China from a low cost processing centre into a high end manufacturing hub creates a growing demand for the precision manufacturing services offered by the Group. Our entry into Vietnam not only fortifies our partnership with key customers, but also provide us with new business opportunities through overseas expansion. At the same time, **the devaluation of Renminbi is expected to alleviate our cost pressure as a majority of our operating costs such as salaries and overheads are denominated in Renminbi**, and we will continue to take other steps to streamline our costs. Therefore, we remain confident about the Group's prospect."

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EVA announces 2015 Annual Results
24 March 2016

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 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, automobile, as well as the hi-tech and consumer electronic sectors.

The Group operates seven industrial parks in China, which are located at Shenzhen, Suzhou, Zhongshan, Chongqing and Wuhan. The Group is also in the process of setting up a new industrial park in Haiphong, Vietnam, which is scheduled for production in 2016. For more information, please visit <http://www.eva-group.com>.

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