**[For immediate release]**

# EVA ANNOUNCES FY2018 ANNUAL RESULTS

## Revenue Growth Unaffected by US-China Trade Dispute
## Turnover Increased by 16.1% driven by New Production Operation in Weihai and Increasing Orders from Customers
## New Business Directions of Major Customers to accelerate Future Growth

***Highlights***

- Turnover up by 16.1% to HK$3,666,657,000 (2017: HK$3,157,089,000), unaffected by US-China trade dispute
- Net profit decreased by 38.2% to HK$82,663,000 (2017: HK$133,699,000) due to currency movement, increase in finance cost, as well as initial costs related to Weihai and Mexico new businesses
- Final dividend of HK0.63 cent per share (2017: HK1 cent) has been proposed, adhering to the dividend payout policy of approximately 30% of net profit since 2005
- Major office automation (OA) equipment customers have plans to accelerate production outsourcing, and increasing orders from them are expected
- New industrial parks in Vietnam (phase two), Mexico and Weihai are scheduled to commence production in 2019
- Repurchased 68,842,000 shares from the market in 2018 and in January 2019 to enhance earnings and net asset value per share

(Hong Kong, 27 March 2019) – **EVA Precision Industrial Holdings Limited** ("EVA" or the "Group"; stock code: 838) announces its annual results for the year ended 31 December 2018.

**Revenue growth unaffected by US-China trade dispute due to unique customer profile and diversification strategy**

Starting from the second quarter of 2018, the trade and tariff disputes between the United States and China have drawn the attention from people around the world. However, our turnover growth during the year remained unaffected. In the office automation (OA) equipment sector, the Group's industrial parks in China sell moulds and components to the customers' assembly plants in China. The final products assembled by the customers are either sold in China or exported to other countries, which may include the United States. However, all of the Group's customers in the OA equipment sectors are multi-national companies which possesses assembly plants around the world. Accordingly, they can replace their export from China to the United States with export to other countries, and use the assembly plants in other countries for export to the United States, leaving the total production volume in China substantially unchanged. The Group also made a right decision a few years ago to expand into China's automobile sector, a huge market which primarily sells domestically. In addition, overseas expansion is in process. At present, the Group's industrial park in Vietnam has already commenced operations, and another new industrial park in Mexico will also commence operations soon. Accordingly, despite the United States-China trade dispute, the Group's turnover in 2018 continued to record a growth.

**Major OA equipment customers have plans to accelerate production outsourcing and concentrate more purchases from reliable suppliers like the Group**

At present, the Group's OA equipment customers, which are primarily multi-national companies from Japan, operate their own assembly plants. At the end of 2018, the Group was informed by its major OA equipment customers that they have long-term plans to gradually scale down their own production lines with a view to focusing more resources on product design and market development. As the first step of such long-term plans, these customers will select supplier with proven track record and concentrate more of their purchases on the selected supplier. The customers will also get the selected supplier highly involved in their product design processes with a view to nurturing a supplier which can take up more of their internal production in the long-term. To capture this new business opportunity, the Group has already set up a new product development team. Team members include product design experts from Japan, and they will work closely with the customers' product design departments in Japan. Additional team members will be added when business volume increases in the future. Given this new business direction of the customers, the Group expects to see voluminous new orders from the OA equipment sector in the years ahead.

**New production capacity in China and overseas regions to cope with increasing sales orders**

During the year, the Group was in the process of building up a new industrial park in Weihai, China. The new Weihai industrial park was built at the invitation of Hewlett-Packard, as they have informed the Group that their production volume in Weihai will increase significantly in the future. The new Weihai industrial park has a land area of 349,000 square metres. Phase one of the new Weihai industrial park has a planned floor area of 79,000 square metres, and is scheduled for production by end of 2019. At the same time, since the production demand from Hewlett-Packard in Weihai was imminent, the Group acquired a component manufacturer named Intops (Weihai) Electronics Co., Ltd. ("Intops") in December 2017 to accelerate our development in Weihai. The Group has also rented a temporary factory in Weihai to serve Hewlett-Packard before the new self-constructed Weihai industrial park is completed. Upon completion, we are confident that the new Weihai industrial park can deliver robust sales performance, as Hewlett-Packard is one of the largest companies in the OA equipment sector and has voluminous purchasing demand. Apart from Hewlett-Packard, the Weihai industrial park also has adequate land area to add new capacity for other OA equipment customers should the orders from them increase significantly in the future.

Outside China, the Group continued to scale up the production of its industrial park located at Haiphong, Vietnam in 2018 as demand was growing rapidly. To cope with the fast-increasing orders, the Group has started the construction of phase two of the Vietnam industrial park since 2017. The new phase two of the Vietnam industrial park with a floor area of 46,000 square metres is now substantially completed, and is scheduled for production in the second quarter of 2019. Thereafter, the Vietnam industrial park will have adequate capacity to cope with the increasing demand from its existing customers, which primarily consist of OA equipment companies, and to develop new customers in other high growth sectors such as the high-end consumer electronics sector in Vietnam.

In 2018, the Group was also building up a new automobile industrial park in San Luis Potosí, Mexico. The new Mexico industrial park was built at the invitation of one of the Group's existing automobile customers in China, which is a multi-national corporation engaging in the production of automobile seats, interiors and exhaust systems, for the purpose of serving their existing plants in Mexico. The new Mexico industrial park has a land area of 83,000 square metres, and its development is divided into phases. The construction of phase one which has a floor area of 17,000 square metres is now near completion, and is also scheduled for production in the second quarter of 2019. At present, San Luis Potosí is one of the major automobile production hubs in the world where a lot of famous automakers and multi-national tier-one suppliers, such as BMW, Volkswagen, Audi, Fiat-Chrysler, Brose and Faurecia, have production plants either locally or in the adjacent states. Therefore, apart from the orders from the said existing customer, an enormous demand exists for the Group's automobile products and the Group see robust growth potentials for the new Mexico industrial park.

**Expanded customer base of automobile business and burgeoning technology sector in China to provide growth drivers**

We also saw significant development of the Group's automobile business in China. During the year, the Group continued to devote substantial resources to broaden its automobile customer base in China, and particular attention was given to developing more in-depth relationships with internationally renowned tier-one suppliers in the automobile industry. These tier-one suppliers are leaders in their respective product fields, and their products are sold to different automakers. Therefore, they have a huge and stable production demand which is less affected by the sales performance of a single car model. At present, numerous reputable tier-one customers such as Faurecia, Brose, Yamada, Webasto and F-tech have already become our customers, and positive feedback and increasing sales orders have been received from them. At the same time, businesses with automakers were not ignored, and the Group continued to strengthen the business relationships with reputable automakers in China such as Dongfeng, Changan Suzuki and SAIC-GM-Wuling in 2018. As a result of the Group's various efforts, revenue from automobile business in China continued to record a growth during the year.

In recent years, products with higher value and sophistication are increasingly produced in China, and the emergence of local high technology industries also provides the Chinese manufacturers with a lot of new business opportunities. The Group will actively seek for new manufacturing orders from high technology companies in China, and is confident about the outcome as the Group is reputed for excellent engineering expertise and product quality which are also the key to producing high technology products.

During the year, the Group's turnover increased by 16.1% to HK$3,666,657,000, which was primarily attributable to the revenue contribution from the Group's new businesses in Weihai which started operations in 2018, and the increasing orders from new and existing customers in the other regions of China and Vietnam. However, there was a rise in the yearly average exchange rate of Renminbi in 2018 which was driven by the sharp appreciation of Renminbi exchange rate in the first half of the year. This led to an increase in the Group's yearly operating expenses in 2018 as a substantial portion of the Group's operating expenses were incurred in China and were denominated in Renminbi. Further, the Group new businesses in Weihai and Mexico incurred initial costs of HK$22,930,000 during the year. The Group also obtained new bank borrowings in 2018 for the purpose of financing capital expenditure, which led to an increase in finance costs for the year to HK$55,587,000 (2017: HK$32,282,000). As a result, the Group's net profit for the year ended 31 December 2018 decreased by 38.2% to HK$82,663,000.

**Mr. Zhang Hwo Jie, Chairman of EVA**, said, "Looking ahead, it is likely that the international political and economic environment will continue to be volatile. However, the market never lacks opportunities, and we are always well-prepared for them. In the OA equipment sector, we expect to see an accelerating trend of production outsourcing from major customers, and their purchases will become increasingly concentrated on major suppliers like the Group. At the same time, our customer base in the automobile sector has become more solid, and therefore we expect to see increasing orders from automobile customers in both Chinese and overseas markets. To capture these business opportunities, the Group has been building up new production facilities in Vietnam, Mexico and Weihai since 2017, and they are scheduled to successively commence production throughout 2019. The enlarged production capacity enables the Group to deal with the burgeoning orders from the OA equipment and automobile customers, and also to explore further into the fast-growing high technology market. Therefore, despite the temporary reduction in profit, we remain confident about the Group's prospect."

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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 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, smart device as well as high end consumer electronic sectors.

At present, the Group operates ten industrial parks in China (Shenzhen, Suzhou, Zhongshan, Chongqing, Wuhan and Weihai) and Vietnam (Haiphong). The Group is also in the process of building up new production facilities in Weihai to expand its business there. Further, the construction of another new industrial park located at San Luis Potosí, Mexico is nearly complete and is scheduled for production soon. For more information, please visit http://www.eva-group.com.

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