[For immediate release]

EVA ANNOUNCES FY2019 ANNUAL RESULTS

Dedicated All Efforts to Contain the Spread of Coronavirus
All Industrial Parks in China Have Resumed Production
Healthy Balance Sheet to Withstand Any Short-term Impact of the Coronavirus Outbreak
Special Dividend to Celebrate the 15th Listing Anniversary

Highlights

- Since the outbreak of the coronavirus, the Group has taken all measures to contain the spread of the coronavirus in its industrial parks and the community
- All industrial parks in China have already resumed production at present
- Despite the United States-China trade dispute, turnover increased by 2.2% to HK$3,747,055,000
- The establishment of product development team in Japan and an increasing involvement in the customers' product design processes elevate the Group's strategic partnership with its customers to the next and more synergic level
- The construction of the new Weihai industrial park was substantially completed
- The new Mexico industrial park and phase two of the Vietnam industrial park commenced production during the year
- Net profit decreased to HK$51,781,000 as the newly completed Mexico industrial park and phase two of the Vietnam industrial park operated at lower gross profit margin at the initial stage of operations
- Net debt-to-equity ratio remained at low level, and the Group has a healthy balance sheet to withstand any short-term impact caused by the coronavirus outbreak
- Final dividend of HK0.25 cent per share has been recommended, consistent with the normal target payout ratio of approximately 30% of net profit since the Group's IPO in 2005
- In addition to the final dividend, a one-off special dividend of HK$2.67 cents per share was declared to celebrate the 15th anniversary of the Group's IPO on The Stock Exchange of Hong Kong Limited
- Repurchased 12,522,000 shares from the market in 2019 and January 2020 to enhance earnings and net asset value per share

(Hong Kong, 26 March 2020) - **EVA Precision Industrial Holdings Limited** ("EVA" or the "Group''; stock code: 838) announces its annual results for the year ended 31 December 2019.

Containing the spread of the coronavirus

The health and safety of our employees and business partners are our first priority. Since the outbreak of the coronavirus, the Group has taken all measures to minimise its impact. As instructed by the relevant local governments in China, we extended the Chinese New Year holidays of our industrial parks in China to 9 February 2020, and only resumed production thereafter. Although the extension of the Chinese New Year holidays would cause a temporary interruption in our business, we fully supported the governments' decision as we believed that it was critical for the society to unite in face of the coronavirus outbreak. Further, we made financial and other in-kind donations to the government and charitable organisation to support the prevention initiatives in the community. Internally, we have taken all preventive measures in our production lines, dormitories and other premises to contain the spread of virus, which included the supply of protective face masks to employees, testing their body temperature before work and thorough sterilisation of production lines. We also collaborated with the relevant government departments, customers, suppliers and other business partners in an effort to fight against the coronavirus outbreak and assist in the relief measures. At present, all of the Group's industrial parks in China have resumed production.

Revenue continued to grow despite the United States-China trade dispute

In 2019, the trade dispute between the United States and China continued to cloud the economy. However, our business has remained unaffected, which was primarily attributable to the Group's unique customer profile and sensible business strategies. In the office automation ("OA") equipment sector, all of the Group's customers are reputable multi-national companies which possess assembly plants around the world, and the Group's industrial parks in China sell to these customers' assembly plants in China at present. Since 2018, these OA equipment customers has reorganised their internal production logistics whereby they have replaced the export from their assembly plants in China to the United States with export to other countries, and use the assembly plants in other countries for export to the United States. As a result, their total production volume in China, and consequently our sales to their China assembly plants, remained 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, the Group has embarked on overseas expansion since a few years ago, and currently has industrial parks in Vietnam and Mexico which have already commenced operations. Accordingly, despite a lackluster external environment brought by the United States-China trade dispute, the Group's turnover in 2019 continued to record a growth.

Accelerating trend of outsourcing from the Group's OA equipment customers

We see enormous business opportunities in the future. In the OA equipment sector, the Group's customers are increasingly shifting their focus from internal production management to devoting more resources on marketing and business development. Accordingly, these OA equipment customers have plans to gradually scale down their own assembly plants in China, and outsource more of their internal production to reliable supplier with proven track record such as the Group. These OA equipment customers will also request the supplier to get increasingly involved in their product design processes. At the request of the customers, the Group has already set up a product development team in Japan, which works closely with the customers' product design departments in Japan. Team members include experienced engineers and product design experts from Japan. Given this new business direction of the customers, production outsourcing in the OA equipment sector will accelerate and the Group expects to see voluminous new orders from the OA equipment sector in the years ahead.

Acquisition of the shareholding in Fuji Xerox by Fujifilm has created new business opportunities

For more than 15 years, the Group has been a trusted and long-standing supplier to Fuji Xerox, a major OA equipment brand name. In November 2019, Fuji Xerox became a wholly-owned subsidiary of Fujifilm after Fujifilm acquired the 25% shareholding in Fuji Xerox from Xerox. Thereafter, Fujifilm laid out a comprehensive collaborative plan with Fuji Xerox whereby Fujifilm will utilise the key technologies of Fuji Xerox such as its document processing technologies for development of new products, particularly in the medical diagnostic equipment area. The Group will strive to capture this business opportunity with a target of also becoming a supplier of Fujifilm and expanding into the medical equipment sector. Meanwhile, the OA equipment production volume of Fuji Xerox is expected to remain stable or even increase after the acquisition, as Fuji Xerox will continue to supply OA equipment products to Xerox for sales under Xerox's brand name.

New industrial parks around the globe to cope with increasing demand

By end of 2019, the construction of the Group's new industrial park in Weihai was substantially completed, but internal renovation and production commencement were delayed by the coronavirus outbreak in early 2020. The new Weihai industrial park, which has a land area of 349,000 square metres and phase one floor area of 79,000 square metres, was built at the invitation of Hewlett-Packard ("HP"), one of the largest corporations in the OA equipment sector. To cope with the existing orders from HP, the Group continued to utilise the temporary factory which it has rented from the Weihai government since early 2018. The Group presently has a plan to gradually move from this temporary factory to the new self-constructed Weihai industrial park starting from the second quarter of 2020. Apart from the temporary factory, the Group also possesses another production facility in Weihai which was acquired in December 2017 to cope with the existing orders. Upon production commencement, the new self-constructed Weihai industrial park can provide the Group with additional production capacity to cope with the increasing orders from HP, as HP has voluminous purchasing demand in Weihai. At the same time, the new self-constructed Weihai industrial park can also be used for serving other OA equipment customers, as production outsourcing from them is expected to accelerate as mentioned above.

Outside China, the Group completed the construction of the phase two of its industrial park located at Haiphong, Vietnam in 2019. The new phase two of the Vietnam industrial park has a floor area of 46,000 square metres. In 2019, the Vietnam industrial park experienced a robust growth in turnover, as multi-national corporations have been increasing their production scales in Southeast Asia particularly in Vietnam. At present, the Vietnam industrial park is primarily serving OA equipment customers which have assembly plants in Vietnam, but it can also expand into other high growth sectors such as the high-end consumer electronics sector in Vietnam at the later stage.

In the automobile sector, the Group's new industrial park in San Luis Potosí, Mexico commenced production operations in 2019. The new Mexico industrial park, which has a land area of 83,000 square metres and phase one floor area of 17,000 square metres, was built at the invitation of one of the Group's existing automobile customers for the purpose of serving its existing plants in Mexico. This existing customer is a multi-national corporation engaging in the production of automobile seats, interiors and exhaust systems, and the demand from this existing customer in Mexico is huge. 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, General Motors, Fiat Chrysler, Brose, Faurecia and Gestamp, have production plants either locally or in the adjacent states. Therefore, apart from the said existing customer, an enormous demand exists for the precision manufacturing services offered by the Group in Mexico.

Substantial efforts on developing new customers in China's automobile sector

The China automobile market underwent a slowdown in 2019. During the year, we continued to deepen our business relationships with reputable automakers in China such as Dongfeng, Changan and SAIC-GM-Wuling. To drive business growth, the Group also made conscious efforts to add more customers into its automobile customer base. In 2019, the Group had successfully become a qualified supplier of Tesla, and moulds were sold to Tesla's production facilities outside China during the year. The Group has a plan to deepen its business relationship with Tesla in China following the completion of construction of Tesla Shanghai Gigafactory at the end of 2019. Apart from automakers, the Group is also actively sourcing new orders from internationally renowned tier-one suppliers in the automobile industry. These tier-one suppliers have a huge and stable production demand which is less affected by the sales performance of a single car model as their products are sold to different automakers. At present, reputable tier-one suppliers such as Faurecia, Brose, Gestamp, ZF, Yamada, Webasto, Yachiyo and F-tech have already become our customers in China. Positive feedback for our services and products has been received from them. Going forward, the Group will continue to devote substantial efforts to broaden its automobile customer base.

In 2019, the Group's turnover increased by 2.2% to HK$3,747,055,000, which was primarily caused by an increase in orders from certain existing customers and the Group's effort to develop new customers. However, the gross profit margin and amount for the year decreased, as the newly completed Mexico industrial park and phase two of the Vietnam industrial park operated at lower gross profit margin at the initial stage of operations. Further, the Group's new industrial park in Mexico incurred initial loss of HK$19,335,000. Income tax expense for the year also increased, mainly because one of the Group's subsidiaries in Mainland China might distribute dividends to its holding company within the Group which was located outside Mainland China, and therefore had made a one-off provision for Mainland China dividend withholding tax amounting to HK$10,000,000. As a result, the Group's net profit decreased by 37.4% to HK$51,781,000.

As at 31 December 2019, the Group's net debt-to-equity ratio decreased slightly to 21.9% (2018: 23.6%), despite the capital expenditure used for the construction of the new Weihai industrial park during the year.

The year 2020 is the 15th anniversary of the Group's IPO on The Stock Exchange of Hong Kong Limited. Since its IPO in 2005, the Group has committed to generating returns to shareholders. To celebrate this benchmark anniversary, the Group declared a special dividend of HK$2.67 cents per share, in addition to recommending payment of the normal final dividend of HK$0.25 cent per share for the year ended 31 December 2019. The Group also repurchased its own 12,522,000 shares from the market in 2019 and January 2020 to enhance earnings and net asset value per share for all of our existing shareholders.

Mr. Zhang Hwo Jie, Chairman of EVA, said, "Looking into 2020, it is no denying that the coronavirus outbreak will bring about a short-term setback to the business performance of the Group. However, over the past few years, the Group has taken sensible steps to set up various business growth drivers for itself, including investments in both China and overseas countries, and deepening the business relationships with the existing and new customers. These business growth drivers are unlikely to be significantly altered by any short-term impact brought by the coronavirus outbreak. Further, the governments around the world are taking actions in an effort to alleviate the economic impact of the coronavirus outbreak, including an emergency interest rate cut made by the United States Federal Reserve which can directly reduce the Group's finance costs. We also expect business to bounce back quickly in the aftermath of the coronavirus outbreak, as our customers will need to make up for the production delay during the outbreak period. We also have a strong and healthy balance sheet, which enables us to withstand any short-term financial impact caused by the coronavirus outbreak. Therefore, we remain optimistic about the Group's prospect in the mid-to-long term.

In face of the coronavirus outbreak, the entire community needs to work together to overcome the challenges. We faced numerous challenges in the past, and we had overcome those previous challenges. I am confident that we will overcome the current challenge eventually."

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

At present, the Group operates eleven industrial parks in China, Vietnam and Mexico. The Group is also in the process of building up new production facilities in Weihai to expand its business there. For more information, please visit http://www.eva-group.com.

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