



EVA Announces FY2014 Interim Results

Product diversification and capacity expansion yield remarkable returns

Turnover reached historical high – up by 35.2% to HK\$1,600,519,000

Improved profitability with net profit surging 358.9% to HK\$123,922,000

Highlights

- Turnover was HK\$1,600,519,000 (1H2013: HK\$1,184,071,000), increased by 35.2%
- Gross profit margin increased to 26.6% (1H2013: 24.2%)
- Net profit surged 358.9% to HK\$123,922,000 (1H2013: HK\$27,005,000)
- Basic earnings per share was HK7.4 cents (1H2013: HK\$1.6 cents)
- Interim dividend of HK2.2 cents per share (1H2013: HK0.48 cent) was declared, adhered to the dividend payout policy of approximately 30% of net profit
- OA equipment business delivered remarkable performance, and the development in automobile business continued to drive growth
- Successfully secured orders from a leading international smartphone and mobile tablet brand owner, for which delivery had commenced in early 2014, signifying a significant progress into the high end consumer electronics market

(Hong Kong, 28 August 2014) — **EVA Precision Industrial Holdings Limited** (“EVA” or the “Group”; stock code: 838) announces its unaudited interim results for the six months ended 30 June 2014.

Development in high end consumer electronics market opens up a new realm for quantum leaps in future profitability

During the period, the Group continued to make progresses in its strategic expansion from previously focusing on just office automation (“OA”) equipment to also serving a diverse range of products for the Chinese consumption market, particularly the huge high end consumer electronics and automobile sectors. As one of the milestone events in such expansion, EVA had successfully secured orders from a leading international smartphone and mobile tablet brand owner, for which delivery had commenced in early 2014. The Group’s key appeal to this customer is its proven track record for outstanding quality and production management, which can minimise product deficiency and reduce production lead time to facilitate this customer coping with the increasingly shorter product life cycles in the smartphone and mobile tablet industry. At the same time, driven by the on-going trend for domestic brands to upgrade their product quality and brand positioning which necessitates the enlistment of higher end suppliers, EVA were also approached by numerous renowned domestic smartphone brand owners for procurement, for which delivery had also started in 1H2014. The Group’s successful entry into the smartphone and tablet market was not only another proof of its superior technology and quality standards, but more importantly opened up a new realm for quantum leaps in its revenue going forward, as this market is well known for its massive size and rapid growth momentum.

Production facilities in Wuhan and Chongqing set EVA's automobile business to grow prominently

For the automobile business, the Group's new production base in Wuhan, which was completed by end of 2013 for automobile components and related welding services, had been ramping up its production smoothly during the period. At the same time, it had completed the construction of phase 2 of its Chongqing production base (which primarily produces automobile moulds at present) in early 2014, which is planned to be fitted out with equipment for automobile component production and welding gradually. With its Wuhan and Chongqing production bases in place, the Group can now extend its precision manufacturing services from the coastal area of China to two other major automobile hubs in the interior region. Taking into account the concentration of automakers in these areas and the Group's outstanding engineering expertise which differentiates itself from other domestic suppliers, it is evident that the stage is now set for EVA's business to grow prominently in this sector.

Remarkable performance in OA equipment business contributed to a notable increase in revenue

The OA equipment business also delivered remarkable performance. Unlike its competitors which are specialised in only a single type of service line, the Group is able to offer a unique one-stop solution covering the production of precision moulds and precision components, as well as automated product assembly such as precision laser welding. This provides strong incentives for customers to streamline their supplier bases and transfer a greater portion of their procurements to the Group, as its one-stop solution 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. Driven by such streamlining process, the Group recorded a notable increase in revenue from this sector during the period.

The Group's turnover in 1H2014 increased by 35.2% to HK\$1,600,519,000, another historical high. Since the notable increase in turnover improved the utilisation rate of its facilities and provided economies of scale, its gross profit margin for the period increased to 26.6% (1H2013: 24.2%). The impact of economies of scale was even more prominent on net profit margin as a majority of the Group's 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 implemented by the Group, its net profit for the period increased significantly by 358.9% to HK\$123,922,000.

Mr. Zhang Hwo Jie, Chairman of EVA, said, "With the roll out of the fourth generation ("4G") wireless communication system licenses in China at the end of 2013, the smartphone and tablet industry has entered into another boom cycle, presenting exciting opportunities to the related component industry. At the same time, competition among international and domestic brands is escalating. Under this competitive environment, both international and domestic brands are imposing stricter requirements on product quality and production management standards, which necessitate the enlistment of higher end manufacturers into their supply chains. Our proven track record for outstanding quality and production

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management is strongly attractive to them, which is evidenced by the receipt of orders from international and domestic brands alike in 1H2014. Looking forward, our successful entry into the smartphone and tablet market presents a rosy prospect for us, as this market is well known for its massive size and rapid growth momentum.”

“For automobile business, China’s automobile industry has entered into a new phase of development as customers’ demand is rapidly shifting from low cost vehicles to higher quality vehicles with better performance. With our proven engineering expertise which differentiates ourselves from other domestic suppliers, we are in a very favourable position to capture the growing demand for sophisticated moulds and components tailored for higher quality vehicles.”

“In OA equipment market, having successfully foreseen the trend of major brand owners streamlining their supplier bases, EVA had started building up the necessary production divisions and accumulating technologies for its unique one-stop solution since 2005. This provided the Group with an apparent first mover advantage and our unique one-stop solution has now become one of our key competitive advantages which our competitors are unable to imitate. Accordingly, it is evident that OA equipment business will continue to be one of our future growth drivers”

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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 China domestic market, with particular attention given to the huge high end consumer electronics and automobile sectors. For more information, please visit <http://www.eva-group.com>.

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