



EVA ANNOUNCES FY2015 INTERIM RESULTS

Turnover increased by 10.1% to HK\$1,761,504,000

Interim dividend of HK2.0 cents per share

New industrial park in Vietnam signifies the beginning of global expansion

Actively seeking new orders and opportunities from the market of other smart devices such as wearable smart accessories

Highlights

- Turnover increased by 10.1% to HK\$1,761,504,000 (1H2014: HK\$1,600,519,000)
- Mould revenue hit historical high again and reached HK\$281,191,000, a growth of 36.8%. These moulds will be used for the production of components in later periods, driving significant growth in future component sales and profit
- Net profit was HK\$118,135,000 (1H2014: HK\$123,922,000)
- Basic earnings per share was HK6.6 cents (1H2014: HK7.4 cents)
- Interim dividend of HK2.0 cents per share (1H2014: HK2.2 cents per share), adhering to the dividend payout policy of approximately 30% of net profit
- New industrial park in Vietnam presents an exciting opportunity for global expansion

(Hong Kong, 25 August 2015) — **EVA Precision Industrial Holdings Limited** (“EVA” or the “Group”; Stock code: 838) announces its unaudited interim results for the six months ended 30 June 2015.

Establishment of new industrial park in Vietnam presents an exciting opportunity for global expansion

In early 2015, EVA has commenced the construction of a new industrial park in Vietnam. The new industrial park in Vietnam is constructed at the invitation of certain of the Group’s major customers in the office automation (“OA”) equipment market, as they decided to elevate their partnership with the Group to a global level. The establishment of the new Vietnam industrial park not only fortifies EVA’s leading position in the OA equipment industry, but also presents the Group with an exciting opportunity for global expansion.

The new Vietnam industrial park is to be located at Haiphong, Vietnam and is scheduled for production in early 2016. It has a land area of approximately 37,000 square metres and planned floor area of approximately 12,000 square metres. Upon completion, the new Vietnam industrial park will initially focus on tapping businesses from the OA equipment customers. However, at a later stage, it will also expand into other sectors such as the

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high end consumer electronic sector, as Vietnam is also well known as one of the major manufacturing hubs for these products.

Mould revenue hit another historical high, driving significant growth in future component revenue and profit

New orders in China also surged, which was demonstrated by the notable growth in the sales of moulds during the period. Under the Group's business model, the customers will normally require the Group to jointly co-develop the relevant moulds with them during new product development stages. The completed moulds will then be consigned in the Group's industrial parks for future mass production of components and semi-finished products when the customers launch their new products to the market. In other words, mould revenue is a leading indicator of the Group's future production volume of components and semi-finished products. As many customers decided to increase their procurements from us for their new products, our production and sales of moulds were robust during the period. Mould revenue for the period increased by 36.8% and reached HK\$281,191,000, another historical high. Therefore, we expect to see a substantial increase in the sales of components and semi-finished products in the later periods.

Total turnover of the Group for the period increased by 10.1% to HK\$1,761,504,000 (1H2014: HK\$1,600,519,000), which was primarily driven by the prominent growth in the sales of moulds. The growth in mould revenue also led to a slight increase in gross profit margin to 27.4% (1H2014: 26.6%), as moulds are higher margin products. However, during the period, the Group continued to experience a general increase in employment and other costs in China's manufacturing industry. Coupled with the absence of an one-off income from reversal of tax provision in relation to the settlement of tax cases in Hong Kong in the current period (1H2014: HK\$7,076,000), the Group's net profit slightly decreased to HK\$118,135,000 (1H2014: HK\$123,922,000).

Despite the aforesaid, the Group is confident that the slight reduction in net profit was only temporary. The moulds completed by the Group during the period will be used for mass production of components and semi-finished products when the customers launch their new products to the market. Therefore, the robust growth in sales of moulds during the period is very likely to lead to a more significant increase in turnover and profit in the coming periods.

Mr. Zhang Hwo Jie, Chairman of EVA, said, "Despite a general expectation of slower growth as compared to the past, China's economy is still on a development path and far from saturation. However, at present, China's transition from an export driven, low cost processing centre into a high end manufacturing hub focusing on creativity, product quality

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and efficiency presents a lot of challenges to the manufacturers. Weaker companies whose only competitive advantage is low costs are expected to go out of business, and surviving companies with a proven track record for outstanding quality and innovative production solutions are poised to benefit from a much less crowded marketplace. At the same time, competition among different brand owners in the end markets of OA equipment, automobile and high end consumer electronic industries alike is escalating. Under this competitive environment, brand owners are imposing stricter requirements on product quality and production management standards, which necessitates the enlistment of higher end manufacturers into their supply chains. Manufacturers whose engineering and production management capabilities are endorsed by brand owners are also very likely to be invited for partnerships outside China, presenting these manufacturers with exciting opportunities for global expansion.”

“EVA is well prepared to embrace the next wave of development in the manufacturing industry. Over the years, we have been devoting resources for technology improvement and strengthening our engineering teams. Such investments have given us the reputation as a leader in precision engineering and innovative production solutions in China. We have developed a unique one-stop solution covering a wide range of production processes, which provides us with a distinctive competitive advantage as our one-stop services can effectively reduce the additional costs and excess production lead time that arise from outsourcing different production processes to different suppliers. Conscious steps have also been taken since a few years ago to expand the spectrum of our business from previously focusing on just OA equipment to also covering automobiles and high end consumer electronic products, enabling us to utilise our precision engineering expertise to ride on the rapid shift of customers’ demand from low cost products to higher quality products in the massive automobile and high end consumer electronic markets in China. We have added new production facilities, and thereafter the reach of our precision manufacturing services can cover the major production hubs for high end consumer electronic products, automobiles and precision equipment in China.”

“These strategic moves put us on a fast track to significant business growth. With a proven track record as a valued business partner, we have been invited by major brand owners to take part in their supply chains outside China, thereby opening up a new realm for swift growth through overseas expansion. At the same time, we are also seeking new orders and opportunities from the market of other smart devices such as wearable smart accessories. Last but not the least, new orders in China have also surged, which is clearly demonstrated by the notable growth in our sales of moulds in the first half of 2015. As these moulds will be used for mass production of components and semi-finished products when our customers launch their new products to the market, we expect to see a substantial increase in turnover and profit.” **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 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, high end consumer electronic and automobile sectors. The Group is also actively seeking new orders and opportunities from the market of other smart devices such as wearable smart accessories.

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 early 2016. For more information, please visit <http://www.eva-group.com>.

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