[For immediate release]

EVA ANNOUNCES FY2018 INTERIM RESULTS

Dedicated Efforts on Overseas Expansion to Diversify Business
Turnover Increased by 13.7% to HK$1,724,694,000
OA Equipment Sector Continued to Present Enormous Business Opportunities
Broadened Customer Base of Automobile Business to Drive Revenue Growth

Highlights

- Construction of the new Weihai industrial park started in early 2018 and production is scheduled to commence in the second half of 2019 so as to better serve Hewlett-Packard
- Phase two of the Vietnam industrial park is scheduled for production before the end of 2018 to cope with the increasing demand from its customers
- Increasing sales orders from the automobile business drove revenue growth; Phase one of the new Mexico industrial park is scheduled for completion by the end of 2018
- Turnover increased by 13.7% to HK$1,724,694,000 (1H2017: HK$1,516,472,000). Revenue growth is expected to be unaffected by the trade and tariff disputes between the United States and China
- Gross profit margin at 24.9% (1H2017: 27.2%)
- Interim dividend of HK0.85 cent per share, adhering to the dividend payout policy of approximately 30% of net profit since 2005
- The Group continued to repurchase shares in 2018 to enhance earnings and net asset value per share for all existing shareholders

(Hong Kong, 23 August 2018) – **EVA Precision Industrial Holdings Limited** ("EVA" or the "Group"; stock code: 838) has announced its interim results for the six months ended 30 June 2018.

With the Group's unique customer profile and sensible business strategies, revenue growth is expected to be unaffected by the trade and tariff disputes between the United States and China

Over the years, the Group has focused on serving internationally renowned office automation ("OA") equipment customers. These customers have an international production network, and have established assembly plants in different countries around the world. Currently, the Group's industrial parks in China supply moulds, components and semi-finished products to the assembly plants of its OA equipment customers in China. After the finished products are completed in the customers' assembly plants, they are sold domestically in China or to other countries around the world, which may include the United States. However, the Group has been informed by its OA equipment customers that should the trade dispute between the United States and China escalate, they can reorganise their internal production logistics whereby the production of those products that are currently carried out in China and targeted at the United States market will be transferred to assembly plants in other countries such as the Southeast Asia. At the same time, the production of those products that are currently carried out in other countries such as the Southeast Asia and targeted at markets outside the United States will be transferred to China, leaving the total volume of production in China substantially unchanged. By having a unique customer base which comprises internationally renowned customers with flexible worldwide production network, the Group's exposure to the United States-China trade dispute is greatly mitigated.

With a view to diversifying its business and driving revenue growth, the Group has adopted a strategy of expanding from its previous focus on just OA equipment to devoting more resources to other high growth markets, with particular attention given to the huge automobile sector in China, since a few years ago. As most of the cars manufactured in China are sold within China and are rarely sold to the United States, it is unlikely that the Group's business in the automobile sector will be affected by the United States-China trade dispute. The Group also embarked on overseas expansion a few years ago, and completed the construction of an industrial park in Haiphong, Vietnam back in 2016 which had already commenced production operations. It is also in the process of constructing another new industrial park in San Luis Potosí, Mexico. Accordingly, despite the uncertainties caused by the United States-China trade dispute, the Group recorded turnover growth during the six months ended 30 June 2018.

OA equipment sector continued to present huge business opportunities to the Group; New Weihai industrial park is scheduled to commence production in the second half of 2019 and boasts enormous growth potentials

The Group continued to see great business potentials in the OA equipment sector. In particular, the Group was invited by Hewlett-Packard, a new OA equipment customer of the Group, to establish a new industrial park in Weihai, Shandong Province to serve their existing assembly plant there. The new Weihai industrial park has a land area of approximately 349,000 square metres and a planned floor area (phase one) of 79,000 square metres. Construction started in early 2018 and production is scheduled to commence in the second half of 2019. In addition, as the production demand from Hewlett-Packard in Weihai was imminent, the Group acquired a component manufacturer named Intops (Weihai) Electronics Co., Ltd. ("Intops") at the end of December 2017 to accelerate our development in Weihai and better serve Hewlett-Packard. The Group had also rented a temporary factory in Weihai to serve Hewlett-Packard before the new self-constructed Weihai industrial park is completed. Both Intops and the rented factory in Weihai started to contribute revenue to the Group in the first half of 2018. As Hewlett-Packard is one of the largest companies in the OA equipment sector, the Group sees enormous growth potentials for the new Weihai industrial park upon completion.

The Group has seen rapidly growing demand for its industrial park located at Haiphong, Vietnam. Accordingly, the Group is in the process of constructing phase two of the Vietnam industrial park. The new phase two of the Vietnam industrial park has a planned floor area of approximately 46,000 square metres and is scheduled for production before the end of 2018. Upon completion of the phase two construction, 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.

Expanded customer base of automobile business during the period to drive its revenue growth; Phase one of new Mexico industrial park is scheduled for completion by the end of 2018 to capture vast local demand

During the period, the Group was also in the process of constructing 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 approximately 83,000 square metres, and its development is divided into phases. Phase one is planned to have a floor area of approximately 17,000 square metres and is scheduled for completion by the end of 2018. 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 established 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 sees robust growth potentials for the new Mexico industrial park upon completion.

In China, we continued to strengthen our business relationships with reputable automakers such as Dongfeng, Changan Suzuki, Great Wall and GAC Changfeng (Leopaard) Motor. During the period, the Group also continued to devote efforts to widen the customer base of its automobile business line by developing more in-depth relationships with internationally renowned tier-one suppliers in the automobile industry such as Faurecia, Brose, Yamada, Webasto and F-tech, which have already become our customers, and other tier-one suppliers which are our target customers. 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. Positive feedback and increasing sales orders were received from these tier-one suppliers, which drove the growth of revenue of our automobile business line in China for the six months ended 30 June 2018.

Invested in a start-up company engaging in clean water technology during the period to benefit from the opportunities in the technology sector

In recent years, the Chinese government has made conscious efforts to transform China from a low cost processing centre into a high end manufacturing hub focusing on creativity, product quality and efficiency. As a result, a lot of local high technology companies have emerged in China in recent years, which has created many new opportunities for the Group in the smart device and high end consumer electronics markets. With a view to benefiting from the swift development in the technology sector, the Group had made an investment of approximately HK$14,693,000 into a start-up company engaging in clean water technology during the period.

Committed to generating positive returns through sustainable operations; Share repurchases as an obvious sign of confidence

During the period, the Group's turnover increased by 13.7% to HK$1,724,694,000, which was primarily attributable to increasing orders from new and existing customers, and the revenue contribution from the Group's new production operations in Weihai. However, gross profit margin for the period decreased to 24.9%. This was mainly because the percentage of sales of components, which are lower margin products, to total turnover increased during the period which diluted the overall gross profit margin, and the Group's new business in Weihai operated at a lower gross profit margin at its initial stage of operations. Further, a substantial portion of the Group's operating expenses were incurred in China and were denominated in Renminbi. Accordingly, an appreciation in the Renminbi exchange rate during the first half of 2018 as compared to the corresponding period last year led to an increase in various operating expenses of the Group. During the period, the Group's new Weihai business incurred an initial loss of HK$8,522,000 and there was an increase in share option costs to HK$6,181,000 (1H2017: HK$3,440,000) which was caused by the issuance of new share options to directors and employees in November 2017. Coupled with an increase in finance costs to HK$22,074,000 (1H2017: HK$16,807,000) as a result of higher borrowings and market interest rates, the Group's net profit decreased by 38.9% to HK$46,087,000.

Further, with a view to enhancing earnings and net asset value per share for all existing shareholders of the Company, the Company repurchased its own 67,072,000 shares from the market during the six months ended 30 June 2018 and in July 2018. In the future, we will adhere to our philosophy of continuous technological improvement, and take appropriate steps to expand our income sources with a view to maximising the returns to our shareholders.

Mr. Zhang Hwo Jie, Chairman of EVA, said, "As of today, the trade and tariff disputes between the United States and China are still ongoing, and we are not yet in a position to ascertain the final impact of the trade and tariff disputes on the global economy. However, we are confident that the Group is well positioned to weather any negative outcome from the trade and tariff disputes as the Group possesses a unique customer base comprising multi-national corporations with flexible worldwide production network which can replace their current China's export to the United States with export to other countries. Further, the Group made a right decision a few years ago to expand into the China's automobile sector, a huge market which primarily sold domestically. Although the Group's performance was temporarily affected by the initial loss incurred by the new Weihai business and the appreciation in Renminbi exchange rate during the period, profitability is likely to improve as production ramps up in Weihai, and taking into account the fact that Renminbi started to depreciate since mid-June 2018. Accordingly, 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. 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 nine industrial parks in China (Shenzhen, Suzhou, Zhongshan, Chongqing, Wuhan and Weihai) and Vietnam (Haiphong). At the same time, the Group is in the process of constructing another new industrial park in Weihai to expand its business there. Further, a new industrial park located at San Luis Potosí, Mexico is also under construction. For more information, please visit http://www.eva-group.com.

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