[For immediate release]

EVA ANNOUNCES FY2019 INTERIM RESULTS

Revenue Growth Despite United States-China Trade Dispute
Increasing Orders from Major Customers as Production Outsourcing Accelerates
Geographical Expansion and New Customer Development
to Sustain Long-Term Growth

Highlights

- Despite the United States-China trade dispute, revenue increased by 3.4% to HK$1,782,589,000
- New industrial parks in Vietnam (phase two) and Mexico commenced operations, enabling the Group to benefit from the increasing investments by multi-national companies in these countries
- Major office automation ("OA") equipment customers have plans to accelerate production outsourcing in China, and increasing orders from them are expected
- New industrial park in Weihai is scheduled to commence production by end of 2019
- Net profit decreased by 23.9% to HK$35,058,000 (1H2018: HK$46,087,000) due to the initial loss of the new Mexico business and the increase in finance costs
- Interim dividend of HK0.65 cent per share (1H2018: HK0.85 cent) has been declared, adhering to the dividend payout policy of approximately 30% of net profit since 2005
- Repurchased its own 1,442,000 shares from the market in 1H2019 and July 2019 to enhance earnings and net asset value per share

(Hong Kong, 27 August 2019) – **EVA Precision Industrial Holdings Limited** ("EVA" or the "Group''; stock code: 838) announces its interim results for the six months ended 30 June 2019.

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

Throughout the first half of 2019, the trade dispute between the United States and China showed no sign of settlement. However, the Group's revenue for the same period recorded an increase, which was attributable to the Group's unique customer profile and sensible business strategies. Over the years, the Group has focused on serving internationally renowned OA equipment customers which have assembly plants around the world. Since 2018, these OA equipment customers have embarked on reorganising their internal production logistics whereby the production of those products that were carried out in China and targeted at the United States market were transferred to other countries. At the same time, the production of those products that were carried out in other countries and targeted at markets outside the United States were transferred to China. Through such reorganisation, the total production volume of these OA equipment customers in China, and consequently the Group's sales to their China assembly plants, remained substantially unaffected by the United States-China trade dispute.

Since a few years ago, the Group has started building up production facilities in overseas countries, and had already established industrial parks in Vietnam and Mexico. Further, the Group's automobile business in China primarily targets at the Chinese automobile market, and therefore it is unlikely for this business to be significantly affected by the United States-China trade dispute as most of the cars manufactured in China are sold within China and are rarely sold to the United States. Accordingly, the Group's turnover continued to grow in spite of the uncertainties brought by the United States-China trade dispute.

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

At present, the Group's OA equipment customers operate large-scale assembly plants in China, which purchase moulds and components from outside suppliers such as the Group. The Group was informed by its major OA equipment customers that they have long-term plans to gradually scale down their own production lines in China with a view to focusing more resources on product design and market development. As part of such long-term plans, these customers will select supplier with proven track record such as the Group 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 recruited additional engineers and product design experts who will work closely with the customers' product design departments in Japan. Given this new business direction of the customers, the Group expects to see voluminous new orders from the OA equipment sector which are driven by accelerated outsourcing in China in the years ahead.

New industrial parks around the globe to cope with increasing demand

To cope with the burgeoning production demand in Vietnam, the Group had completed the construction of phase two of its Vietnam industrial park in the first half of 2019. The new phase two of the Vietnam industrial park, which has a floor area of 46,000 square metres, has provided the Group with additional capacity to cope with the rapidly increasing orders from its customers, a majority of which are the OA equipment customers who have established assembly plants in Vietnam. During the period, the Group's revenue from its Vietnam industrial park increased rapidly, a trend that is expected to continue into the rest of 2019 and the years after.

The Group also completed the construction of a new industrial park in San Luis Potosí, Mexico for its automobile business. 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, has now started trial production. The new Mexico industrial park was built at the invitation of one of the Group's existing automobile customers for the purpose of serving their existing plants in Mexico. 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 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 in Mexico.

During the period, the Group continued the construction of a new industrial park in Weihai, China. 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, and is scheduled for production by the end of 2019. The new Weihai industrial park is built at the invitation of Hewlett-Packard ("HP"), one of the largest corporations in the OA equipment sector. To cope with the imminent demand from HP, the Group acquired an existing component manufacturer and rented a temporary factory in Weihai last year to serve HP before the self-constructed Weihai industrial park is completed. During the period, these existing production facilities in Weihai recorded a notable increase in revenue, which was driven by the increasing orders from HP. As the production demand from HP in Weihai is voluminous, the Group is confident that the new self-constructed Weihai industrial park can deliver robust sales performance upon completion. Apart from HP, the new Weihai industrial park can also be used for serving other OA equipment customers in the future.

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

With a view to driving business growth, the Group made conscious efforts to add more customers into its automobile customer base in China. Particular attention was given to internationally renowned tier-one suppliers in the automobile industry which have production plants in China. Reputable tier-one suppliers which have already become the Group's customers in China include Faurecia, Brose, Gestamp, ZF, Yamada, Webasto, Yachiyo and F-tech. At the same time, businesses with automakers were not ignored. During the period, the Group has successfully become a qualified supplier of Tesla, and moulds were sold to Tesla's overseas production facilities. The Group also continued to supply high quality automobile moulds and components to other reputable automakers in China such as Dongfeng, Changan and SAIC-GM-Wuling during the period. Going forward, the Group will continue to devote substantial efforts to broaden its automobile customer base.

During the period, the Group's turnover increased by 3.4% to HK$1,782,589,000, which was primarily caused by an increase in orders from certain existing customers and the Group's effort to develop new customers. Gross profit margin for the period decreased slightly to 23.4% (1H2018: 24.9%), as the newly completed Mexico industrial park and phase two of the Vietnam industrial park operated at lower gross profit margins at the initial stage of operations. During the period, the Group's new business in Mexico incurred an initial loss of HK$9,150,000. In addition, there was a rise in market interest rates, which resulted in an increase in finance costs to HK$35,619,000 (1H2018: HK$22,074,000). As a result, the Group's net profit decreased by 23.9% to HK$35,058,000.

Upon completion of the construction of the new Weihai industrial park, the Group's capital expenditure will slow down. Thereafter, the Group intends to use the cash flows generated from business activities to reduce its borrowing level and finance costs. 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 1,442,000 shares from the market during the six months ended 30 June 2019 and in July 2019.

Mr. Zhang Hwo Jie, Chairman of EVA, said, "At present, the outcome of the United States-China trade dispute is still uncertain. Accordingly, we expect that the international political and economic environment will continue to be volatile. However, we remain confident about the development of China, and expect that the acceleration of production outsourcing in China by the OA equipment customers will bring about enormous business opportunities for us. At the same time, we will continue to devote substantial efforts to develop new customers with high potential in China's automobile and high technology sectors. We also made the right decision to expand into Vietnam and Mexico a few years ago, and therefore we can now benefit from the rapidly growing investments by multi-national corporations in these countries. Since July 2019, the market interest rates have started to show a downward trend, which will reduce our finance costs. Therefore, we remain optimistic about the Group's prospects."

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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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