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EVA Precision Industrial Holdings Limited

億和精密工業控股有限公司

(Incorporated with limited liability in the Cayman Islands)

(Stock Code: 838)

PROFIT WARNING

This announcement is made by EVA Precision Industrial Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the inside information provisions under part XIVA of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that based on the unaudited management accounts of the Group for the eleven months ended 30 November 2016 and other relevant financial information relating to December 2016 available to the Board as at the date of this announcement, the net profit of the Group for the year ended 31 December 2016 is expected to decrease by approximately 70% to 80% as compared to that in 2015.

The above change is mainly due to: (1) the reduction in orders from customers in office automation equipment and consumer electronics sectors as a result of the lacklustre global and Chinese economies. In particular, a slowdown in product development activities of the customers resulted in a decrease in the revenue contribution from moulds production to total turnover of the Group which, in turn, had a negative impact on the overall gross profit margin as moulds are products of higher profit margin; (2) despite various costs control measures implemented by the Group, the decrease in turnover led to declining economies of scale since certain costs were fixed; (3) the decrease in interest income from bank deposits as the Group converted a significant portion of its Renminbi bank deposits into Hong Kong and United States dollars bank deposits in the second half of 2015, and Hong Kong and United States dollars bank deposits were of lower interest rates as compared to Renminbi bank deposits; (4) share option costs relating to the share options granted to the directors and certain employees on 8 July 2016; and (5) the initial costs incurred on the Group’s new industrial park in Vietnam.

This announcement is only based on the assessment by the Board by reference to the unaudited management accounts of the Group for the eleven months ended 30 November 2016 and other relevant financial information relating to December 2016 available to the Board as at the date of this

announcement. The information contained in this announcement is not based on any figures nor information that has been audited or reviewed by the external auditor of the Company. The actual results of the Group for the year ended 31 December 2016 is also subject to the completion of the audit by the external auditor of the Company. The final results announcement of the Company for the year ended 31 December 2016 is expected to be released in March 2017.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
EVA Precision Industrial Holdings Limited
Zhang Hwo Jie
Chairman

Hong Kong, 10 January 2017

As at the date of this announcement, the Board comprises three executive directors, being Mr. Zhang Hwo Jie (Chairman), Mr. Zhang Jian Hua (Vice Chairman), Mr. Zhang Yaohua (Chief Executive Officer) and three independent non-executive directors, being Mr. Choy Tak Ho, Mr. Leung Tai Chiu and Mr. Lam Hiu Lo.