



Huazhong In-Vehicle Records Growth in Annual Profits Develops the Strategy of “Replacing Steel with Plastics”

(30 March 2017 - Hong Kong) Huazhong In-Vehicle Holdings Company Limited (“Huazhong In-Vehicle” or the “Company”, stock code: 6830.HK) and its subsidiaries (collectively, the “Group”) are pleased to announce its audited consolidated financial results for the year ended 31 December 2016 (“the Year”).

During the Year under review, the Group’s revenue was approximately RMB1.74 billion, representing an increase of 6.3% in the same period last year. Profit attributable to the owners of the parent was approximately RMB104.9 million, representing a significant increase of approximately 51.2% as compared to the same period last year. Gross profit margin was 27.5%, representing a slight increase of approximately 3.3% year on year. Earnings per share was approximately RMB 6.54 cents. The notable improvement in financial results and profitability during the year was mainly attributable to the Group’s achievements in continuous and active management over operations and robust business operation capability.

Huazhong In-Vehicle is mainly engaged in the business of design, manufacture and sales of products including internal and external structural and decorative parts (such as front/rear bumper, front-end carrier and dashboard), moulds and tooling, air conditioning unit casings, liquid tanks, non-automobile products. The Group also manufactures fabric used for ABCD-pillar and headliner for automobile. In 2016, the Group faced with the rise of overall production cost. As such, the Group enforced stringent cost control, upgrade staff quality and improved administrative efficiency. Externally, the Group strived to fortify the long-term cooperation with customers, develop new market opportunities, consolidate the Group’s resources and improve market competitiveness, with an aim to improve the Group’s profitability in its major product mix. During the Year, the total revenue generated from automotive interior and exterior structural and decorative parts was approximately RMB1,233,256,000 (2015: RMB1,179,085,000), accounting for 70.9% of the Group’s total revenue. The increase was primarily because of the expansion of new markets and new end-customers during the Year. Gross profit margin increased from approximately 28.4% in 2015 to approximately 30.6% in 2016, primarily due to improved o stringent cost control. Revenue from moulds and tooling was approximately RMB180,763,000 (2015: RMB136,920,000), accounting for



approximately 10.4% of the Group's total revenue (2015: 8.4%). A gross profit margin of approximately 21.5% was recorded during the Year mainly due to reducing high cost outsourcing processes during the Year.

Continuing the trend from 2015, the automobile industry has recorded another year of stable growth in 2016. In terms of sales and manufacturing volumes, China has again ranked number one in the world for another year. The sales volume of the top 10 automobile manufacturers reached approximately 24.8 million units, accounting for 88.3% of the overall vehicle sales in China. Out of the top 10 automobile manufacturers, the Group has established business relationships with six of them, namely SAIC Motor, FAW Volkswagen, Chang'an Automobile, BAIC Motor, GAC Group and Chery. With strong production capabilities and refined manufacturing technology, the Group offers one-stop product development and manufacturing technical solutions to its customers, winning good brand image, reputation and customer loyalty as well as strengthening the relationship with OEMs. As the long term and stable tier-one supplier, the Group has gained a strong foothold in the market and benefitted from the growth of the automobile industry.

In recent years, the reform of auto production process manufacturing in the auto body parts industry has been speeded up. The major raw material for auto body construction has been changed from steel to "lightening", including engineering plastics, carbon fibers, aluminum alloys, composite materials, etc. Automobile "lightweight" has become the urgent need of some major OEM plants. "Lightening", being upgraded to the strategic level of national development in the "13th Five-Year Development Plan for National Strategic Emerging Industries", has become the important trend for the industry development. With Huazhong In-Vehicle's visionary blueprint, and the Group's extensive experiences in the auto body parts industry, the Group has proactively formulated prospective development strategy by extending its development to the area of automobile lightening". The Group will continue to push forward the development strategy of "replacing steel with plastics", expand the customer base of domestic automobile brands to gain the first-mover advantage. Besides, the Group will constantly improve the effectiveness of operation, control the cost strictly, strengthen its investment in R&D, maintain its market competitiveness, improve its profitability and strives to become the vanguard of auto body parts manufacturer in China, to create a higher value for the long-term support of shareholders.



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