



EVA ANNOUNCES 2006 ANNUAL RESULTS

Financial Highlights

- Turnover surged by 42.5% to HK\$691.2 million
- Gross profit rose 37.3% to HK\$221.0 million
- Profit attributable to equity holders surged 30.6% to HK\$108.6 million
- Gross profit margin and net profit margin were 32.0% and 15.7% respectively
- Earnings per share were 18.5 HK cents
- Final dividend payment of 3.0 HK cents per share proposed

(Hong Kong, 3 April 2007) — **EVA Precision Industrial Holdings Limited** (“EVA” or the “Group”; stock code: 838), a vertically-integrated precision metal and plastic mould and component manufacturing service provider, today announced its annual results for the year ended 31 December 2006.

During the year under review, the Group recorded HK\$691.2 million in turnover, 42.5% more than last year’s HK\$485.0 million. The satisfactory growth was mainly attributable to increase in sales orders reported by the Group’s metal division, as well as the bigger contribution from the plastic division. Gross profit margin for the review year stood at 32.0% (2005: 33.2%). The gross profit margin was diluted mainly because of a change in the Group’s product mix with the manufacture of components and lathing products which has a relatively lower gross profit margin accounting for a bigger proportion of the total revenue. Net profit increased 30.6% to HK\$108.6 million, as compared to HK\$83.2 million in 2005. Net profit margin was 15.7% (2005: 17.2%). The slight drop in net profit margin was the result of the change in product mix, share options granted to employees and initial expenses of the Group’s new Suzhou production base during the year. Earnings per share were 18.5 HK cents (2005: 17.6 HK cents).

The Group maintained a healthy financial position with cash on hand of approximately HK\$89.2 million and net debt to equity ratio of 27% as at 31 December 2006. The Board of Directors proposed a final dividend payment of 3.0 HK cents per ordinary share. Together with the interim dividend of 2.0 HK cents per ordinary share already paid, total dividend for the year amounted to HK\$30.0 million.

Mr. Zhang Hwo Jie, Chairman of EVA, said, “Year 2006 is a year of achievement and investment for us and we made advancement in both vertical and horizontal integration of our operations. Apart from starting to produce plastic parts, our Suzhou production plant dedicated to tapping potential business from existing customers in the Yangtze River Region began operation and enlarged our market coverage. The strategic location of the new plant and the Group’s boosted production capacity has put the Group in a prime position to capture business potential in Southern and Eastern China and also achieve greater economies of scale.”

Metal Division

For the year under review, the division grew continuously due to an increase in orders from customers. As a result, turnover of the division increased by 31.6% to approximately HK\$615.0 million. The division continued to focus on serving renowned Japanese office automation equipment manufacturers. Sales to Japanese customers accounted for approximately 82.6% of the total sales of the division for the year (2005: 81%).

Plastic Division

For the year ended 31 December 2006, turnover of the plastic division surged 329% to HK\$76.2 million as compared to HK\$17.8 million last year. The marked growth was mainly attributable to trial orders for plastic injection moulds and components turning into volume orders from impressed customers.

The Suzhou production plant, which started commercial operation in the second half of 2006, generated turnover of approximately HK\$21.4 million. Work on phase two with a construction area of 59,000 sq.m. will begin in the second half of 2007 with production scheduled for the second half of 2008. The Group expects the plant to bring in higher contribution by then.

To strengthen its overall manufacturing capability and capacity for mould production, the Group is setting up a mould research and development centre in Shenzhen. Construction of the facility started in September 2006 and is expected to be completed in the latter half of 2007. With the support of the centre, the Group will be able to obtain more orders, and more importantly, also meet customers’ capacity requirements and need for shorter production lead time.

The Group is constantly looking for opportunities to grow its business. The Group plans to establish EVA (Zhongshan) Industrial Park which is expected to commence operation in 2008. The establishment of EVA (Zhongshan) Industrial Park will boost the Group's production capacity in Southern China region significantly. On top of enhancing production capacity, the Group has also diversified into the production of automobile parts after gaining the TS16949:2002 automobile part quality accreditation in 2006. It is receiving small orders on trial basis.

Mr. Zhang **concluded**, "Riding on our vertically and horizontally integrated operation and constantly expanding production capacity, EVA is well equipped to benefit from the trend of outsourcing from Japanese office automation equipment manufacturers. We will continue to offer added value to customers, such as providing them with assembly services, to maintain our edges and generate strong returns to our shareholders."

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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 also provides related assembly services. The Group's existing services include i) design and fabrication of precision metal stamping and plastic injection moulds; ii) manufacturing of precision metal stamping and plastic injection components; iii) lathing of metal components; and iv) assembly of precision metal stamping and plastic injection components into semi-finished products. The Group has established a client base of over 100 customers, which includes mainly the Hong Kong or PRC affiliates of the internationally renowned Japanese office automation equipment manufacturers and consumer electronic manufacturers namely Toshiba, Konica Minolta, Canon, Kyocera Mita, Fuji Xerox, Ricoh, Epson and Brother.

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EVA Precision Industrial Holdings Limited
Consolidated Profit and Loss Account

	Year ended 31 December	
	2006	2005
	HK\$'000	HK\$'000
Revenue	691,240	485,023
Cost of goods sold	(470,221)	(323,992)
Gross profit	221,019	161,031
Other income	10	6
Selling and marketing costs	(35,685)	(27,436)
General and administrative expenses	(56,581)	(34,627)
Operating profit	128,763	98,974
Finance income	1,094	591
Finance costs	(9,646)	(6,672)
Profit before income tax	120,211	92,893
Income tax expense	(11,562)	(9,678)
Profit for the year	108,649	83,215
Profit attributable to:		
Equity holders of the Company	108,649	83,215
Earnings per share for profit attributable to the equity holders of the Company during the year		
- basic	HK 18.5 cents	HK 17.6 cents
- diluted	HK 18.5 cents	N/A
Dividend	30,000	31,200