



EVA ANNOUNCES 2009 ANNUAL RESULTS

Highlights

- Revenue amounted to HK\$1,026.1 million (Year ended 31 December 2008: HK\$1,085.0 million)
- Profit attributable to shareholders amounted to HK\$31.5 million (Year ended 31 December 2008: HK\$82.6 million)
- Basic earnings per share was HK4.8 cents (Year ended 31 December 2008: Basic earnings per share of HK11.5 cents)
- Final dividend per share of HK0.81 cents declared (Year ended 31 December 2008: Final dividend per share of HK2.2 cents)
- Lacklustre 2009 results but strong earnings rebound in sight
- Strategic focus shifting to the domestic China market to re-vitalize profits growth
- Strong cash flows generated in FY2009 despite a drop in net profits

(Hong Kong, 29 March 2010) — **EVA Precision Industrial Holdings Limited** (“EVA” or the “Group”; stock code: 838) announces its annual results for the year ended 31 December 2009.

Lacklustre 2009 results but strong earnings rebound in sight

The effect of the financial tsunami continued to take its toll on the Group's business in the first half of 2009 as de-stocking by manufacturers around the globe continued. However, starting from 4Q09, business started to stage a strong rebound and the Group saw a strong resurgence of order flows from both international and domestic brand owners practically all of whom have shifted their focus to the China Market.

This is clearly evidenced by the fact that, despite an overall decrease in turnover in FY2009, our revenue from the manufacture of moulds actually went up by as much as 30% YoY to over HK\$123 million. To explain, the Group's business model is such that brand owners would 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 production plants for future mass production of components and semi-finished products. In order words, the Group's mould revenue is a leading indicator of its future revenue from components and semi-finished products. The strong increase in mould revenue last year is expected to lead to substantially increased sales of components and semi-finished products in FY2010, which in turn is expected to lead to a quantum leap in our bottom-line in the coming year.

Strategic Focus shifting to the domestic China market in order to re-vitalize Profits Growth

In order to capitalize on the China consumption boom and to revitalize profits growth, the Group has made conscious effort over the last 9 months to expand from its previous concentration on just office automation ("OA") equipment (primarily for exports) to a diversity of consumer products geared towards domestic consumption in China. Thus far, the Group has already made significant inroads in new product lines such as consumer electronics, automobiles and medical equipment. Newly acquired customers include: Midea, Sharp China, Hitachi China and Panasonic China for consumer electronics; China FAW Group, Geely Automobile, Chengdu Tianxing Auto Parts (supplier to Honda China) for automobile products; as well as Siemens Mindit for diagnostic medical equipment.

Strong Cash Flows generated from Operations despite a drop in Net Profits

Conscious efforts have been made to streamline working capital requirements, resulting in significantly increased cash flows generated from operations despite a decrease in net profits. As a proof, cash generated from operations actually increased to approximately HK\$258 million in FY2009 as compared to HK\$159 million in FY2008 (please refer to note 27 to the Financial Statements). During the year, the Group also utilized internally generated cash flows to pay down bank borrowings, and accordingly net debt-to-equity reduced from approximately 0.24x as at 31 December 2008 to approximately 0.19x as at 31 December 2009.

Steps have also been taken to minimize inventory levels. Inventory balance actually saw a significant decrease of 46.3% from approximately HK\$179 million at 31 December 2008 to approximately HK\$96 million at 31 December 2009. This allows the Group to reduce its cash conversion cycle (defined as the total sum of inventory and debtors' turnover days less creditors' turnover days) from approximately 78 days for the year ended 31 December 2008 to approximately 40 days for the year ended 31 December 2009.

Mr. Zhang Hwo Jie, Chairman of EVA, said, "Despite the challenges brought about by the financial tsunami, it also presents unique opportunities to the Group to re-vitalize profits growth. Our competitive edge in the marketplace was substantially strengthened as a result of the massive consolidation of China's manufacturing sector during the financial tsunami. A lot of small-sized factories went out of business, primarily due to liquidity problems, which caused a sudden disruption in the supply chain for many of our customers. Having learnt the lesson, many customers have started to place orders to large manufacturers such as ourselves in order to avoid disruptions in the supply chain. Not only does this result in new businesses for us, but it also further enhance our pricing power over our customers."

"The Chinese Government has vouched to boost domestic consumption, aiming to improve the general standard of living of the population. Together with the rapid rise of a middle class in China, China is expected to gradually move away from being just an export-driven economy to putting increasing emphasis on domestic consumption. With more than 17 years of operating history and equipped with the credentials of serving Japanese brand owners which are well-known for their demanding quality requirements, the Group is well positioned to capitalize on the burgeoning Chinese market", **continued Mr. Zhang.**

"As always, the Group is committed to maximizing shareholder value. Since our listing in 2005, we have always been adhering to a dividend payout at 30% to 35% of net profit, and FY2009 is no exception. In order to enhance future earnings per share, the Group also took advantage of the unreasonably low share price levels brought about by the financial tsunami in 2008/2009 by repurchasing a total of 123,608,000 shares from the market, representing approximately 17.1% of our issued share capital. Going forward, we would continue to do our best to providing customers with services and products of the highest quality, and equally important, our shareholders with the highest possible returns." **Mr. Zhang concluded.**

Consolidated Income Statement		
	Year ended 31 December	
Expressed in HK\$'000	2009	2008
Revenue	1,026,097	1,084,982
Cost of sales	(821,888)	(811,606)
Gross profit	204,209	273,376
Other income	7	114
Selling and marketing costs	(50,226)	(56,719)
General and administrative expenses	(105,204)	(107,294)
Operating profit	48,786	109,477
Finance income	1,684	2,022
Finance costs	(11,862)	(9,884)
Profit before income tax	38,608	101,615
Income tax	(7,089)	(19,037)
Profit for the year and attributable to equity holders of the Company	31,519	82,578
Dividends	10,360	28,796

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.

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 production plants 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 over its customers.

Conscious efforts have been recently made by the Group to switch from its previous focus on office automation ("OA") equipment primarily destined for exports to catering for the Consumer Sector in China. In addition to the OA market, the Group has recently made significant inroads into new products lines including consumer electronics/durables, automobiles and sophisticated medical equipment, all of which are destined for the fast growing domestic consumption market in China.

For more information, please visit <http://www.eva-group.com>

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