



EVA ANNOUNCES FY2010 ANNUAL RESULTS

RECORD HIGHS IN BOTH REVENUE AND NET PROFIT

Highlights

- Revenue and net profit reached record highs at HK\$1.7 billion and HK\$303 million respectively (FY2009: HK\$1.0 billion and HK\$32 million respectively)
- Basic earnings per share was HK42.6 cents (FY 2009: HK4.8 cents)
- Gross and net profit margin returned to the normal level before financial tsunami
- Final dividend of HK5.0 cents (FY2009: HK0.81 cents) per share, together with an issue of bonus shares on the basis of 1 bonus share for every 1 existing share
- Huge success in the strategic shift from focusing on export to catering for the domestic market in China
- Completion of a new production base in Zhongshan to tap the domestic automobile and home appliance markets
- Continuous effort in upgrading quality of workforce to maintain pricing power and improve productivity
- Earthquake in Japan is likely to result in a slowdown of orders placed to us in the short-term but resurgent growth is likely when rebuilding and restocking start again in the aftermath

(Hong Kong, 30 March 2011) — **EVA Precision Industrial Holdings Limited** (“EVA” or the “Group”; stock code: 838) announces its annual results for the year ended 31 December 2011.

Turnover and net profit achieved record highs

The year of 2010 was another year of milestone events and achievements for the Group. We have completely recovered from the trauma of the financial tsunami in 2008/2009, and our business fundamentals have also improved by leaps and bounds.

Turnover and net profit attributable to shareholders recorded historical highs since the Group’s listing in Hong Kong and reached HK\$1.7 billion (FY2009: HK\$1.0 billion) and HK\$303 million (FY 2009: HK\$32 million), representing an increase of 66.0% and 860.3% respectively as compared to the last financial year.

Basic earnings per share was HK42.6 cents as compared to HK4.8 cents in FY2009. Final dividend per share of HK5.0 cents was declared. In addition to cash dividends, we are also proposing an issue of bonus shares on the basis of 1 bonus share for every 1 existing share.

Profit margin in FY2009 was negatively affected by under-utilization of production capacity. With the increase in turnover, utilization of production capacity resumed to a normal level, thus allowing us to benefit from economies of scale. As a result, net profit margin returned to normal level achieved before financial tsunami and reached 17.8% in FY2010 (FY2009: 3.1%).

Strategic move to penetrate domestic market met with huge success

In order to capitalize on China's consumption boom, the Group has initiated a strategic shift from its previous focus on just OA equipment destined for exports to cater for the domestic market in China. During the year, significant progress had been made in the development of new product lines which included consumer electronics, automobiles and sophisticated medical equipment, all of which are destined for the domestic market. Goods destined for the domestic market was 40% in FY2010, as compared to 27% in FY2009 and 20% in FY2008.

As part of this strategic move, we have completed a new production base in Zhongshan, Guangdong Province in December 2010, the purpose of which is to penetrate into the automobile and home appliance manufacturing hub located on the western bank of the Pearl River Delta region. In preparation for our future growth, we are also constructing a new factory building in our existing production base at Shiyan Town, Shenzhen, Guangdong Province. This factory building is due for completion towards the end of 2011. At the same time, the Group is also actively looking for appropriate merger and acquisition opportunities.

Upgrading quality of workforce to maintain pricing power and improve productivity

In order to improve our productivity and competitiveness, we have made conscious efforts to upgrade the quality of our workforce. The number of engineers employed by us increased from 1,091 people (representing 22% of our total workforce) as at 31 December 2009 to 1,618 people (representing 30% of our total workforce) as at 31 December 2010. Our total headcount (excluding engineers), however, was maintained at 3,830 people (2009: 3,883 people) despite a 66.0% increase in our total revenue this year. In addition, we have also started to replace labor intensive processes with robotic production lines so that we can maintain our cost advantage in the face of rising wage levels in China.

Earthquake in Japan is likely to result in a slowdown of orders placed to us in the short-term

At the time of this press release, the nuclear emission and massive power disruption in Japan resulting from the earthquake in Japan is still ongoing. Whilst we are not yet in a position to ascertain the final impact on the global economy, there is no denying that there will, at the very least, be a temporary slowdown in the Group's rapid business growth seen thus far. For example, as the components and mechanical modules sold to our customers' assembly plants require chips and other electronic parts to form the finished products, the disruption in the supply of chips and other electronic parts sourced from Japan is likely to result in a slowdown of orders placed to us.

Mr. Zhang Hwo Jie, Chairman of EVA, said, “Up until the recent catastrophic earthquake in Japan, our prospects had never been rosier. Our strategic move to cater for the domestic market in China has so far yielded very positive results and indeed served to reduce our previous over-reliance on the Japanese OA market. Our ability to provide a one-stop solution for those brand owners seeking to consolidate their supply chain also allows us to win much larger and longer ‘integrated orders’ from them.”

“Although the recent earthquake in Japan is likely to result in a slowdown in the Group’s growth track, we are optimistic that the impact is likely to be relatively short term. On a brighter note, history tells us there will most likely be a resurgent growth in business when rebuilding and restocking start again in the aftermath.” **Mr. Zhang concluded.**

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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.

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.

Whilst the office automation (“OA”) equipment industry is expected to continue providing substantial growth momentum to the Group, the Group is also making conscious effort for the consumer sector in China. In addition to the OA market, the Group has already made significant inroads into other 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>

For more information:

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