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**EVA Precision Industrial Holdings Limited**  
**億和精密工業控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 838)

**EXPLANATION RELATING TO THE ANNOUNCEMENT**  
**DATED 1 NOVEMBER 2010**

This announcement is made by EVA Precision Industrial Holdings Limited (the “**Company**”) to provide information relating to our announcements dated 13 August 2010 and 1 November 2010. Terms used herein shall have the same meanings as those defined in the announcements unless the context otherwise specified.

As described in our announcement dated 13 August 2010, EVA Limited, a subsidiary of the Company, executed a bank facility letter issued by Bank of China (Hong Kong) Limited on 13 August 2010 with various terms and conditions which included, among others, an undertaking by the Controlling Shareholders to maintain not less than 41% interest in the issued share capital of the Company (the “**Original Covenant**”). However, the Original Covenant failed to take into account the dilutive instruments which were already in place on 13 August 2010 (which included employee share options and warrants as described in our announcement dated 22 March 2010). Should all employee share options and warrants be exercised and converted into ordinary shares of the Company, the shareholding of the Controlling Shareholders will be diluted to less than 41%, even though the number of shares held by the Controlling Shareholders remains unchanged.

As at 4 November 2010, the total number of shares held by the Controlling Shareholders was 336,684,000 shares, representing approximately 41.7% of the total number of 807,355,900 outstanding ordinary shares of the Company on the same date. Assuming all employee share options and warrants are exercised and converted into ordinary shares of the Company, the total number of the Company’s ordinary shares, on a fully diluted basis, will increase to 836,352,000 shares and the shareholding percentage of the Controlling Shareholders will be diluted to approximately 40.3%, which is below the 41% requirement imposed by BOC, even though the number of shares held by the Controlling Shareholders remains unchanged.

Foreseeing a possible breach of the Original Covenant, the Company negotiated with BOC to rectify the Original Covenant in advance and BOC agreed to change the Controlling Shareholders' shareholding requirement from 41% to 35%. An announcement about the change was made on 1 November 2010 pursuant to the disclosure requirements under Rule 13.18 of the Listing Rules.

The Company wishes to clarify that the change in the Controlling Shareholders' shareholding requirement from 41% to 35% by BOC, which was described in our announcement dated 1 November 2010, was solely for the purpose of rectifying the Original Covenant and is not related to any sale of the Company's shares by the Controlling Shareholders.

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

Hong Kong, 4 November 2010

*As at the date of this announcement, the board comprises four executive directors, being Mr. Zhang Hwo Jie (Chairman), Mr. Zhang Jian Hua (Vice Chairman), Mr. Zhang Yaohua (Chief Executive Officer) and Mr. Nomo Kenshiro and three independent non-executive directors, being Dr. Lui Sun Wing, Mr. Choy Tak Ho and Mr. Leung Tai Chiu.*