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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)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the Group's profit for the year ended 31 December 2010 is expected to increase by not less than 800% as compared to the profit for the year ended 31 December 2009.

The information contained in this announcement is only based on the preliminary review of the unaudited management accounts of the Group for the year ended 31 December 2010, which is subject to the completion of the audit by the auditors of the Company.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by EVA Precision Industrial Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that based on the preliminary review of the unaudited management accounts of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2010, the Group's profit for the year ended 31 December 2010 is expected to increase by not less than 800% as compared to the profit for the year ended 31 December 2009.

The significant improvement in the Group's results was primarily attributable to the following reasons:

- 1) The Group experienced a strong growth in orders from customers in the office automation equipment, consumer electronics and automobile sectors. In particular, the Group's revenue from design and fabrication of metal stamping and plastic injection moulds recorded significant growth in the second half of 2010 following the completion of the moulds relating to the new office automation product as described in the Company's announcement dated 10 May 2010.
- 2) As described in the Company's interim report dated 16 August 2010, the Group had already recorded a strong improvement in profit margin during the six months ended 30 June 2010, which was driven by economy of scale following the increase in turnover and the consequential improvement in the utilisation rate of its production capacity. During the second half of 2010, the Group continued to enjoy economy of scale and derived a higher percentage of its revenue from higher margin mould products, which further enhanced its overall profit margin. As a result, the Group's profit for the year ended 31 December 2010 increased more than proportionately as compared to the increase in turnover.
- 3) As at 31 December 2010, the Group was in net cash position. The improvement in the Group's financial position resulted in finance costs saving.
- 4) The Group also benefitted from a decrease in the overall effective tax rate as one of the Company's major subsidiaries began to enjoy preferential tax rate in China for the year ended 31 December 2010 after obtaining "National High and New Technology Enterprise" status by end of 2009.

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By Order of the Board
EVA Precision Industrial Holdings Limited
Mr. Zhang Hwo Jie
Chairman

Hong Kong, 25 February 2011

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.