[For immediate release]

EVA ANNOUNCES FY2012 INTERIM RESULTS

****** ******

Turnover Growth Continued but Profit Affected by Initial Investment Costs in New Automobile Component Business

Highlights

- Turnover continued to grow by 32.9% to approximately HK$1,168,036,000
- Gross profit margin decreased to 20.5%, affected by OA customers' temporary shift to lower end products for sales to emerging countries
- Strong turnover growth offset reduction in gross profit margin, the amount of gross profit increased slightly to HK$239,902,000
- Construction of a new automobile component production base in Wuhan commenced in March 2012, signifies the Group's expansion into supplying automobile components on a large scale basis
- Net profit reduced to HK$40,201,000, mainly affected by the initial costs incurred in preparation for the launch of production of the new Wuhan production base
- Basic earnings per share was HK 2.3 cents
- Interim dividend of HK 0.7 cents per share declared

(Hong Kong, 21 August 2012) — **EVA Precision Industrial Holdings Limited** ("EVA" or the "Group''; stock code: 838) announces its interim results for the six months ended 30 June 2012 (the "Period").

Construction of Wuhan production base signifies the Group's next step forward into the automobile market

Since 2009, the Group has been engaging in a strategic transformation from previously focusing on just office automation ("OA") equipment to serving a diversity of products for the fast growing Chinese consumption market, with particular attention given to the huge automobile sector. As one of the milestone events in such transformation, the Group commenced the construction of a new production base in Wuhan in March 2012 which is targeted at providing component production and welding services to automobile brand names located in Wuhan and adjacent cities. Since the Group's business in automobile sector was only confined to the production of moulds in the past, the construction of the new Wuhan production base signifies the Group's expansion into supplying automobile components on a large scale basis, a business which is much more voluminous than just supplying moulds and underscores the Group's next step forward into the automobile market.

Currently, Wuhan is one of the major production hubs in China for automobiles. A number of international automobile brand names have established or are planning to establish production bases in Wuhan or its adjacent cities, which includes Dongfeng, Honda, Nissan, Citroen, Peugeot and General Motors. The Group is confident that by utilising its precision engineering and production management expertise obtained through nearly 20 years of experience in serving Japanese brand owners in the OA industry who are well known for their demanding quality requirements, the new Wuhan production base can stand out in the domestic automobile supply chain and eventually serve as a platform for the Group to achieve a quantum leap in revenue in the future.

The new Wuhan production base has a land area of approximately 166,000 square metres and its development is divided into phases. The construction of phase one of the Wuhan production base with a floor area of approximately 51,000 square metres, which commenced in March 2012, is scheduled for completion in 2013. Upon completion, the new Wuhan production base can open up a new phase of development for the benefits of the Group. However, during the Period, initial costs of approximately HK$27,159,000 were incurred in preparation for its launch of production, which included salaries for additional engineers and consumables and raw materials used for technology development and testing. Coupled with a general increase in labour and other costs in the manufacturing industry, the Group's net profit attributable to equity holders reduced by approximately 61.4% to HK$40,201,000 during the Period.

Strong turnover growth offset reduction in gross profit margin from OA business

During the Period, being cautious about the economic outlook in developed countries, the Group's customers in OA equipment business had temporarily shifted their short-term growth driver to lower end products for sales to emerging countries, which altered the type of orders received by the Group and adversely affected its profit margin since the Group used to target at supplying moulds and components for higher end products such as high resolution professional copiers. As a majority of the Group's revenue was still generated from the OA equipment sector during the Period, the Group's gross profit margin reduced from 27.1% to 20.5%. However, on the brighter side, revenue continued to grow by 32.9% to approximately HK$1,168,036,000, which offset the impact from margin reduction. As such, the amount of the Group's gross profit still increased slightly to approximately HK$239,902,000.

Despite the OA equipment customers' temporary shift to lower end products, it is undoubted that the launch of new higher end OA equipment is only delayed, but remains necessary due to technological advancement and replacement cycles of the equipment. On the other hand, the Group's strong revenue growth under a lackluster external environment at present is a clear evidence of the Group's increasingly solid relationship with its customers and the on-going trend for them to concentrate a growing percentage of their purchases on the Group. As such, the Group is most likely to become the major beneficiary when new series of higher end OA equipment launch, which is just a matter of time.

Strong financial position and adhering to the dividend payout policy of 30% of net profit

During the Period, the Group continued to devote substantial efforts on maintaining a healthy balance sheet. The Group's cash conversion cycle (defined as the total sum of inventory and debtors' turnover days less creditors' turnover days) improved from 52 days in FY2011 to 41 days in 1H2012. The improvement in cash conversion cycle was primarily caused by the Group's conscious effort to control inventories and streamline working capital requirement. Net debt-to-equity ratio remained very low at only 1%, which has a strong appeal to existing and target customers looking for manufacturing partners as financial stability has become one of the key criteria for supplier selection particularly under the unstable economic environment at present.

As always, the Group is committed to maximising shareholders' value. Since its listing in 2005, the Group has always been adhering to a dividend payout at 30% to 35% of net profit, and 1H2012 is no exception. Interim dividend of HK0.7 cents per ordinary share, totaling HK$12,227,000, was declared for the Period.

Mr. Zhang Hwo Jie, Chairman of EVA, said, "Despite a general expectation for slower growth in the near term, China's automobile market is still in its ascending channel and far from saturation. With an increasing demand for higher end and sophisticated products from Chinese customers, China's automobile market is most likely to face a structural adjustment from previously focusing on low cost vehicles to vehicles with higher quality and performance. Whilst our precision engineering expertise accumulated through nearly 20 years of experience in serving Japanese equipment makers which are well known for their demanding quality requirements may be better than required for low cost vehicles, the shift in demand to higher quality vehicles opened up a doorway for the Group to enter into this huge but still expanding market. Going forward, we expect our investment in automobile business today will translate into a quantum leap in our profitability in the future. Meanwhile, our net debt-to-equity ratio remains at a very low level, with cash position strong enough to fund our investment."

"Last but not the least, turnover from our traditional OA business is still on a growth track, generating healthy cash flows for our new automobile business. Although our profitability from OA business was temporarily affected by the short-term shift to lower end products by our customers, we are optimistic that there will be a resurgence in our profitability when new series of higher end OA equipment launch, which is just a matter of time as OA equipment is subject to regular replacement." **Mr. Zhang concluded**.

~ End ~

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 through automated technologies such as laser welding.

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.

Before 2010, the Group primarily focused on serving the office automation ("OA") equipment industry. Whilst the OA equipment industry is expected to continue providing substantial growth momentum to the Group, the Group is also making conscious effort for developing into the fast growing China domestic market, with particular attention given to the huge automobile sector. To this end, the Group's production facilities in Chongqing and Wuhan are destined for serving the automobile market. For more information, please visit http://www.eva-group.com.

For more information:

EVA Precision Industrial Holdings Limited

Francis Wong	+852 2620 6488	Email: franciswong@eva-group.com
Fax:	+852 2191 9978	

Strategic Financial Relations Limited

Cindy Lung	+852 2864 4867 / 9282 4640	Email: cindy.lung@sprg.com.hk
Tiffany Cheung	+852 2864 4817 / 9288 3940	Email: tiffany.cheung@sprg.com.hk
Rebecca Yu	+852 2114 4862 / 5661 1985	Email : rebecca.yu@sprg.com.hk
Fax:	+852 2804 2789 / 2527 1196	