



Zhang Hwo Jie
Chairman

On behalf of the Board of Directors (the "Directors"), I am pleased to present to you the first annual report of EVA Precision Industrial Holdings Limited (the "Company") and together with its subsidiaries (collectively known the "Group"), after its listing on the Main Board of The Stock Exchange of Hong Kong Limited on 11 May 2005. During the year under review, the Group's turnover and profit achieved satisfactory growth. Turnover amounted to approximately HK\$485,023,000, representing an increase of 63.4% as compared with the previous year. Profit attributable to equity holders of the Company grew by 26.5% over that of the previous year to reach approximately HK\$83,215,000. Our continued commitment to offering premium and integrated services that exceed our customers' requirements and expectations was what underlined our success.

To share our satisfactory results with and reward our supportive shareholders, a final dividend of HK2.6 cents per ordinary share will be proposed. The Group pledges to be mindful in striking a balance between meeting investors' expectation for financial returns and the prevailing financial situation of the Group. Together with the payment of an interim dividend of HK1.8 cents per share and a special dividend of HK1.2 cents per share, the full year dividend for 2005 will amount to HK\$31,200,000. The overall dividend payout ratio of the Group is approximately 37.5%, which is consistent with the Group's annual dividend policy as promised during listing.

BUSINESS DEVELOPMENT

Year 2005 was a year of achievement and investment for us and a few noteworthy advances were made. The most notable was the listing of the Group. We devoted time and resources into the listing, a distinct achievement in our history, which laid a solid foundation for the Group's future expansion. Two months after listing, the new third factory building of our production complex in Shenzhen commenced commercial operation. This factory building serves as the production base for design and manufacture of plastic

injection moulds, and plastic injection components manufacturing and assembly services. The horizontal expansion into plastics injection moulds and component manufacturing business is crucial and meaningful for the Group's transformation into a comprehensive service provider. It will also provide the Group with the momentum to sustain growth in the coming years.

The Group is always actively exploring opportunities to gain market share. Spotting vast potential in the Yangtze Delta region where more and more of the Group's existing customers or targeted customers have established or are about to establish production plants, the Group had started construction of a new plant in Suzhou in 2005 to capture mushrooming business opportunities in the region. This strategic move will enable the Group to strengthen relationships' with existing customers and forge new business relationships. The construction of the first phase of the Suzhou plant was completed in January 2006 and thereafter the Suzhou plant commenced trial production. The Group believes that, supported by its enlarged production capacities in Shenzhen and Suzhou, it will be able to expand business coverage in Southern and Eastern China and achieve greater economies of scale.

PROSPECTS

Positioning itself as a vertically integrated precision metal and plastic moulds and products manufacturing services provider, the Group takes pride in being able to provide its customers with premium one-stop service. The Group will further enhance its capability in offering integrated assembly services.

Looking ahead, taking into account that the demand for moulds is growing in the local market as well as among existing customers and other multi-national manufacturers for use in their factories outside Hong Kong and the PRC, we see rosy prospects for the mould industry. With a view to capturing such business opportunities, a mould research and development centre will be established to expand the production capacity and enhance the technical expertise for the manufacture of moulds. The construction of the mould research and development centre will commence in the second half of 2006 and is expected to be completed in 2007. At the same time, production capacity for the manufacturing of precision metal stamping and plastic injection components will also be enhanced in order to cope with the increasing orders from our customers.

At the same time as we celebrate the Group's achievements during the year, on behalf of the Directors, I also want to take this opportunity to express sincere thanks to all our shareholders, customers, business partners and employees for their unwavering support, which has made the Group's continuous success possible. We promise to dedicate our best to providing customers with services and goods of the highest quality, thereby maximizing returns to our shareholders.

Zhang Hwo Jie

Chairman

Hong Kong, 24 April 2006