



To: Business Editor (For immediate release)

EVA PRECISION INDUSTRIAL HOLDINGS LIMITED

(Hong Kong Stock Code: 838)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

- Turnover increased 14.0% to HK\$1,084,982,000
- Net profit amounted to HK\$82,578,000
- Metal division continued to provide turnover growth
- Turnover of plastic division increased 58.9% to HK\$294,923,000
- Mould development centre commenced business operations which is expected to provide the momentum for the continuing development of the Group's business in the long term

(Hong Kong, 15 April 2009) – **EVA Precision Industrial Holdings Limited** (“EVA” or the “Group”) (Stock Code: 838) today announced its final result for the year ended 31 December 2008.

FINANCIAL RESULTS

During the year, EVA achieved a turnover of HK\$1,084,982,000 (For the year ended 31 December 2007: HK\$952,030,000), representing an increase of 14.0% as compared to last year. The increase in turnover was mainly attributable to the increase in sales of the Group's metal and plastic divisions.

Despite the outbreak of financial crisis, turnover of the Group's metal division continued to increase moderately by approximately 3.1% from approximately HK\$766,373,000 for the year ended 31 December 2007 to approximately HK\$790,059,000 for the year ended 31 December 2008. The continuous growth of the Group's metal division under tough economic environment was primarily caused by the on-going improvement in the Group's production management and its reputation among prominent international brand owners. The operating profit of the Group's metal division amounted to approximately HK\$79,421,000, representing a 43.3% decrease as compared to that of approximately HK\$140,105,000 for the year ended 31 December 2007. The decrease was mainly because (i) the proportion of revenue from the design and fabrication of metal stamping moulds to total turnover of the Group's metal division decreased from approximately 10.9% for the year ended 31 December 2007 to approximately 7.5% for the year ended 31 December 2008. As the profit margin from the design and fabrication of metal stamping moulds is higher than that from the manufacture of metal stamping components, the reduction in the proportion of revenue from design and fabrication of metal stamping moulds to total turnover of the Group's metal division had resulted in the decrease in its operating profit margin; (ii) the Group's mould development centre in Shenzhen had been newly completed during the year ended 31 December 2008, resulting in an initial loss



amounting to approximately HK\$9,816,000 of which approximately HK\$3,204,000 was charged to the Group's metal division and (iii) a general increase in various operating costs following the continuous expansion of the Group's scale and production capacity during the year ended 31 December 2008.

The Group's plastic division recorded an increase in turnover of 58.9% to HK\$294,923,000. The operating profit of the Group's plastic division for the year ended 31 December 2008 was approximately HK\$30,570,000, which decreased by approximately 3.2% as compared to that of approximately HK\$31,590,000 for the year ended 31 December 2007. The reasons for the decrease in operating profit of the Group's plastic division were similar to that of the metal division, in particular that (i) the proportion of revenue from design and fabrication of plastic injection moulds to total turnover of the Group's plastic division had decreased from approximately 17.9% for the year ended 31 December 2007 to approximately 12.1% for the year ended 31 December 2008, which diluted the overall profit margin of the Group's plastic division and (ii) initial loss incurred by the newly established mould development centre attributable to the Group's plastic division amounting to approximately HK\$6,612,000.

The Suzhou production plant also continued to expand. During the year, the Suzhou production plant of the Group recorded a turnover of HK\$181,369,000 and a net profit of HK\$20,577,000, representing an increase of 59.9% and 61.2% respectively as compared to last year. The Shenzhen (Shiyan) production plant of the Group recorded a turnover of HK\$901,870,000 and a net profit of HK\$71,817,000, representing an increase of 7.5% and a decrease of 49.1% respectively as compared to last year.

The Group's mould development centre was established in Shenzhen and under initial development stage during the year ended 31 December 2008. During the year, the newly established mould development centre generated turnover of approximately HK\$1,743,000 and incurred initial loss of approximately HK\$9,816,000.

Net profit amounted to HK\$82,578,000 (For the year ended 31 December 2007: HK\$153,856,000), representing a decrease of 46.3% as compared to last year.

The board of directors of the Group proposed a final dividend of HK2.2 cents per share. Together with the interim dividend of HK2 cents per share which was paid in October 2008, total payout ratio for the year ended 31 December 2008 was 34.9%.

OUTLOOK

Mr. Zhang Hwo Jie, Chairman of EVA, said, "During the year, the global situation underwent unexpected change. The financial tsunami, as triggered off by the sub-prime mortgage crisis in the United States, has posed a negative influence on global economy. Although the Group did not invest in any derivatives and therefore was kept off from the adverse impact created by the global financial tsunami, the office automation equipment market was inevitably hit and demand shrank which was expected to have a negative impact on



the Group's performance in near future.”

Mr. Zhang continued, “Under the current economic situation, the Group has taken strategies to maintain a stable development. Fortunately, the Group has not fully explored all business opportunities relating to the office automation equipment market up to date and therefore there are still ample opportunities for the expansion of the Group in this market. As such, despite the possible shrinkage in global demand for office automation equipment in the near term, it is still possible for the Group to maintain a stable growth should it be able to expand its share in this market, particularly under the existing situation where a majority of the Group's Japanese customers are becoming more cost conscious and will probably outsource more production to non-Japanese suppliers.”

“As part of the Group's plan to continuously improve its production management and quality with a view to strengthening its market share within the office automation equipment industry, the Group established a new mould development centre in Shenzhen during the year ended 31 December 2008. Under the Group's existing business model, the Group's customers normally require the Group to design and manufacture the relevant moulds prior to the mass production of metal stamping and plastic injection components. Accordingly, the manufacturing capability and quality standards for the production of moulds are crucial determinants for securing increased sale orders from customers for the production of metal stamping and plastic injection components. With an expanded mould production capability through the establishment of mould development centre, the Group will not only be able to manufacture more moulds for future component orders but an expanded mould production capability can also enable the Group to produce and sell moulds on a standalone basis to customers engaging not only in the office automation equipment industry, but also the automobile, home appliance and medical equipment industry. Therefore, although the mould development centre had incurred loss of approximately HK\$9,816,000 during its initial development stage in 2008, we believe the establishment of mould development centre can provide continuous momentum for the Group's future growth in the long term.”

Mr. Zhang said, “Another strategy for strengthening the Group's market share within the office automation equipment industry is to expand geographically. Under the just-in-time inventory management methodology adopted by a majority of the Group's Japanese customers, these Japanese customers will normally procure from suppliers located in the proximity of their manufacturing facilities for production and cost control purposes and therefore the Group's Shenzhen (Shiyan) production plant derives substantially all of its revenue from the Southern China region. To capture the business opportunities arising from the outsourcing of production from the Group's existing and new customers located in the Eastern China region, the Group continued to expand its Suzhou production plant. With the continuing expansion of the Group's Suzhou production plant, its turnover and profit increased by approximately 59.9% and 61.2% to approximately HK\$181,369,000 and HK\$20,577,000 respectively during the year ended 31 December 2008. Taking into account the huge potentials for the Group's business in the Eastern China region, the construction of phase two of the Group's Suzhou production plant with a planned construction area of



approximately 59,000 square metres is currently in progress, with completion targeted by end of 2009.”

“The Group’s existing Shenzhen (Shiyan) production plant is located in the eastern bank of the Pearl River Delta region. With a view to strengthening the Group’s foothold in the office automation equipment industry and at the same time developing businesses from new customers located in the western bank of the Pearl River Delta region, the Group is in the process of establishing a new production plant in Zhongshan, Guangdong Province, the PRC. The construction of the new Zhongshan production plant with a construction area of approximately 33,000 square metres is currently in progress and is expected to be completed by 2010.”

Mr. Zhang concluded, “Currently the Group is primarily serving as a mould and component supplier to reputable Japanese office automation equipment brand owners. Taking into account the outsourcing by Japanese brand owners to non-Japanese suppliers is still fairly new with a majority of the components used by the Group’s customers still being manufactured by suppliers with Japanese background, the Group’s market share within the office automation equipment market is still relatively small at this stage and we believe that there are still ample opportunities for the continuous expansion of the Group in this market. Therefore, in the near future, we will continue to focus a majority of our resources in the office automation equipment market and expects a substantial portion of our customer orders continues to come from office automation equipment brand owners. However, at the same time, the Group will continuously search for growth opportunities in other industries including the automobile, home appliance and medical equipment markets and take necessary actions to explore into these new markets if appropriate.”

-Ends-

About EVA Precision Industrial Holdings Limited (Stock Code: 838HK)

EVA is a vertically integrated one-stop provider of production services covering the design and manufacture of precision metal and plastic moulds, production of precision metal and plastic components and provision of assembly services.

The Group has established a client base of over 100 customers, which are mostly internationally renowned Japanese office automation equipment and consumer electronics brand owners such as Toshiba, Konica Minolta, Canon, Kyocera Mita, Fuji Xerox, Ricoh, Epson and Brother.



FINANCIAL HIGHLIGHTS

1. Income statement

	2008	2007
	HK\$'000	HK\$'000
Revenue	1,084,982	952,030
Cost of sales	(811,606)	(649,373)
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Gross profit	273,376	302,657
<i>Gross profit margin</i>	25.2%	31.8%
Other income	114	1,678
Selling and marketing costs	(56,719)	(55,481)
General and administrative expenses	(107,294)	(75,841)
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Operating profit	109,477	173,013
Finance income	2,022	1,488
Finance costs	(9,884)	(7,521)
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Profit before income tax	101,615	166,980
Income tax expense	(19,037)	(13,124)
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Net profit	82,578	153,856
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<i>Net profit margin</i>	7.6%	16.2%
Earnings per share - Basic	HK11.5 cents	HK22.5 cents
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2. Segment information

<u>By business segment</u>	2008		2007	
	HK\$'000		HK\$'000	
Turnover				
<u>Metal division</u>				
Design and fabrication of metal stamping moulds	59,574	5.5%	83,463	8.8%
Manufacturing of metal stamping components	617,788	56.9%	600,763	63.1%
Manufacturing of lathing components	82,392	7.6%	55,025	5.8%
Others (<i>Note 1</i>)	30,305	2.8%	27,122	2.8%
	<u>790,059</u>		<u>766,373</u>	
<u>Plastic division</u>				
Design and fabrication of plastic injection moulds	35,692	3.3%	33,319	3.5%
Manufacturing of plastic injection components	257,357	23.7%	151,150	15.9%
Others (<i>Note 1</i>)	1,874	0.2%	1,188	0.1%
	<u>294,923</u>		<u>185,657</u>	
Total	<u>1,084,982</u>		<u>952,030</u>	
Segment results				
Metal division	79,421		140,105	
Plastic division	<u>30,570</u>		<u>31,590</u>	
Operating profit	109,991		171,695	
Unallocated (expenses) income	(514)		1,318	
Finance income	2,022		1,488	
Finance costs	(9,884)		(7,521)	
Income tax expenses	<u>(19,037)</u>		<u>(13,124)</u>	
Net profit	<u>82,578</u>		<u>153,856</u>	

Note 1: Others mainly represented sales of scrap materials

By geographical location

	2008		2007	
	HK\$'000		HK\$'000	
Turnover				
Shenzhen (Shiyan) production plant	901,870		838,613	
Shenzhen mould development centre	1,743		-	
Suzhou production plant	181,369		113,417	
	<u>1,084,982</u>		<u>952,030</u>	
Net profit				
Shenzhen (Shiyan) production plant	71,817		141,090	
Shenzhen mould development centre	(9,816)		-	
Suzhou production plant	20,577		12,766	
	<u>82,578</u>		<u>153,856</u>	

Released by **EVA Precision Industrial Holdings Limited**. For further information, please contact:

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