



To: Business Editor (For immediate release)

## **EVA PRECISION INDUSTRIAL HOLDINGS LIMITED**

(Hong Kong Stock Code: 838)

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008**

- Turnover increased 23.4% to HK\$526,007,000
- Net profit amounted to HK\$47,799,000
- Basic earnings per share decreased 38.9% to HK6.6 cents
- Metal division continued to provide turnover growth
- Operating profit of plastic division increased 41.9% to HK\$19,727,000
- Continuing capacity expansion to capture new business opportunities from increasing outsourcing of high-end manufacturing processes in China

(Hong Kong, 18 September 2008) – **EVA Precision Industrial Holdings Limited** (“EVA” or the “Group”) (Stock Code: 838), today announced its interim results for the six months ended 30 June 2008 (the “Period”).

#### **FINANCIAL RESULTS**

During the Period, EVA achieved a turnover of HK\$526,007,000 (For the six months ended 30 June 2007: HK\$426,196,000), representing an increase of 23.4% as compared to the same period of last year. The increase in turnover was mainly attributed to the increase in sales of the Group’s metal and plastic divisions.

With the continuous development of the Group’s production management and its reputation among prominent international manufacturers, turnover of the Group’s metal division increased to HK\$374,124,000, representing a 4.2% increase as compared to the same period of last year. The operating profit of the metal division decreased to HK\$44,692,000, representing a decline of 30.8% as compared to the corresponding period last year. The decrease was mainly attributed to: (i) the decrease in the proportion of revenue derived from the design and fabrication of metal stamping moulds to total turnover from approximately 10.5% for the six months ended 30 June 2007 to approximately 3.0% for the six months ended 30 June 2008. As moulds are the Group’s higher margin products, the decrease in the proportion of revenue derived from the design and fabrication of metal stamping moulds to total turnover had diluted the operating profit margin of the Group’s metal division; (ii) the Group’s mould development centre in Shenzhen was completed during the Period, resulting in an initial loss of approximately HK\$1,842,000 which was principally charged to the Group’s metal division and (iii) an increase in various operating costs following the continuous expansion of the Group’s scale and production capacity during the Period.



The Group's plastic division, which was established in early 2005 as part of the Group's plan to transform itself from a metal mould and component manufacturer into a vertically integrated one-stop production service provider covering both the metal and plastic components of office automation equipment, recorded an increase in turnover and operating profit of 126.0% and 41.9% to HK\$151,883,000 and HK\$19,727,000 respectively.

The Suzhou production plant, which commenced commercial operations in late 2006, also continued to expand. During the Period, the Suzhou production plant of the Group recorded a turnover of HK\$80,395,000 and a net profit of HK\$9,679,000, representing increase of 74.2% and 54.5% respectively, as compared to the same period last year. The Shenzhen production plant of the Group recorded a turnover of HK\$445,612,000 and a net profit of HK\$38,120,000, representing an increase of 17.3% and a decrease of 39.5%, respectively, as compared to the same period last year.

Net profit amounted to HK\$47,799,000 (For the six months ended 30 June 2007: HK\$69,282,000), representing a decrease of 31.0% as compared to the corresponding period last year.

The board of directors of the Group proposed an interim dividend of HK2 cents per share for the period, representing a payout ratio of 29.8%.

## **OUTLOOK**

**Mr. Zhang Hwo Jie, Chairman of EVA**, said, "During the Period, the Group continued its efforts to transform itself from a metal mould and component manufacturer to a fully integrated one-stop service provider. As part of the Group's expansion, the Group's mould development centre was completed and began its trial production during the Period. The additional mould production capacity enables the Group to increase the total number of moulds produced as well as sell moulds on a standalone basis to customers with overseas production plants."

Mr. Zhang continued, "The Group continued to expand the Suzhou production plant during the Period. The Suzhou production plant primarily serves various Japanese and other multinational manufacturers located in the Yangtze River Delta Region. With the continuing expansion of the Group's Suzhou production plant, its turnover and profit increased by approximately 74.2% and 54.5% to approximately HK\$80,395,000 and HK\$9,679,000, respectively, during the Period. 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. Completion of the plant is targeted for 2009 and is expected to strengthen the Group's market position in the Yangtze River Delta region."

"With a view to better serving the Group's existing customers and developing business 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 meters, commenced in 2007 and is expected to be completed by the first half of 2009. The establishment of a new production plant in Zhongshan, which is in the proximity of the Group's customers located in the western bank of the Pearl River Delta region, will not only reduce the transportation costs of the Group and its customers, but can also strengthen the Group's business relationship with its existing customers."

Mr. Zhang concluded, "Currently, the Group is primarily serving as a mould and component supplier to reputable Japanese manufacturers engaging in the production of office automation equipment which includes copiers, printers and multifunctional peripherals. Management believes there are ample opportunities for the continuous expansion of the Group in the office automation equipment market as the outsourcing by Japanese manufacturers to non-Japanese suppliers continues expanding. Meanwhile, the Group continuously searches for new growth opportunities in other industries including the automobile, home appliances and medical equipment markets. However, taking into consideration there are still ample opportunities for the expansion of the Group in the existing office automation equipment market and the substantial time that may be required for the successful establishment of solid business relationship with reputable brand owners in other industries, management will continue to focus the majority of its resources in the office automation equipment market. The Group expects a substantial portion of its customer orders will continue to come from office automation equipment brand owners in the near future. "

*-Ends-*

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

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 manufacturers such as Toshiba, Konica Minolta, Canon, Kyocera Mita, Fuji Xerox, Ricoh, Epson and Brother.



## FINANCIAL HIGHLIGHTS

### 1. Profit and loss accounts

	For the six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Revenue	526,007	426,196
Cost of goods sold	(378,631)	(287,254)
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Gross profit	147,376	138,942
<i>Gross profit margin</i>	28.0%	32.6%
Other gains	1,277	1,014
Selling and distribution expenses	(26,442)	(21,871)
General and administrative expenses	(57,792)	(38,759)
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Operating profit	64,419	79,326
Finance income	472	791
Finance costs	(5,017)	(5,320)
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Profit before income tax	59,874	74,797
Income tax expense	(12,075)	(5,515)
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Net profit	47,799	69,282
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<i>Net profit margin</i>	9.1%	16.3%
Earnings per share - Basic	HK6.6 cents	HK10.8 cents
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## 2. Segment information

	Six months ended 30 June			
	2008	%	2007	%
	HK\$'000		HK\$'000	
<b><u>By business segment</u></b>				
<b>Turnover</b>				
<b><u>Metal division</u></b>				
Design and fabrication of metal stamping moulds	15,920	3.0%	44,544	10.5%
Manufacturing of metal stamping components	300,132	57.1%	273,877	64.3%
Manufacturing of lathing components	43,434	8.3%	28,099	6.6%
Others ( <i>Note 1</i> )	14,638	2.8%	12,473	2.9%
	<u>374,124</u>		<u>358,993</u>	
<b><u>Plastic division</u></b>				
Design and fabrication of plastic injection moulds	18,645	3.5%	16,505	3.9%
Manufacturing of plastic injection components	131,479	25.0%	50,482	11.8%
Others ( <i>Note 1</i> )	1,759	0.3%	216	-
	<u>151,883</u>		<u>67,203</u>	
Total	<u>526,007</u>		<u>426,196</u>	
<b>Segment results</b>				
Metal division	44,692		64,579	
Plastic division	19,727		13,898	
Operating profit	64,419		78,477	
Finance income	472		791	
Finance costs	(5,017)		(5,320)	
Income tax expenses	(12,075)		(5,515)	
Unallocated income	-		849	
Net profit	<u>47,799</u>		<u>69,282</u>	

*Note 1: Others mainly represented sales of scrap materials*

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
<b><u>By geographical location</u></b>		
<b>Turnover</b>		
Shenzhen operations	445,612	380,032
Suzhou operations	80,395	46,164
	<u>526,007</u>	<u>426,196</u>
<b>Net profit</b>		
Shenzhen operations	38,120	63,018
Suzhou operations	9,679	6,264
	<u>47,799</u>	<u>69,282</u>

Released by **Elite Investor Relations Ltd.** for and on behalf of **EVA Precision Industrial Holdings Limited**. For further information, please contact:

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