



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 2007

- Turnover increased by 50% to HK\$426,196,000
- Net profit grew by 71% to HK\$69,282,000
- Metal division continued to provide turnover and profit growth
- Operating profit of plastic division increased by 358% to HK\$13,898,000
- New Suzhou Production Plant started to contribute profit to the Group
- Capacity expansion underway to capture business opportunities from the increasing outsourcing of high end manufacturing processes to China

(Hong Kong, 20 August 2007) – **EVA Precision Industrial Holdings Limited** (“EVA” or the “Group”) (Stock Code: 838), today announced its interim results for the six months ended 30 June 2007 (the “Period”).

FINANCIAL RESULTS

During the Period, EVA achieved a turnover of HK\$426,196,000 (For the six months ended 30 June 2006: HK\$283,745,000), representing an increase of 50% as compared to the same period of last year. The increase in turnover was mainly attributable to the significant increase in sales in both metal and plastic divisions of the Group. The turnover and operating profit of the Group’s long-established metal division increased to HK\$358,993,000 and HK\$67,203,000 respectively, representing a growth of 39.6% and 39.9% as compared to the same period of last year.

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 by 152.1% and 357.6% to HK\$67,203,000 and HK\$13,898,000 respectively.

The newly established Suzhou production plant, which commenced commercial operations in late 2006, also started to contribute profit to the Group. Turnover and net profit of the Group’s Suzhou production plant for the Period amounted to HK\$46,164,000 and HK\$6,264,000 respectively, as compared to a turnover of nil and a net loss of approximately HK\$3,419,000 for the six months ended 30 June 2006. During the Period, the long-established Shenzhen production plant of the Group recorded a turnover of HK\$380,032,000 and a



net profit of HK\$63,018,000, representing an increase of 33.9% and 43.8% respectively as compared to the same period of last year.

Overall gross profit of the Group amounted to HK\$138,942,000 and gross profit margin was 32.6% (For the six months ended 30 June 2006: 31.9%). Net profit amounted to HK\$69,282,000 (For the six months ended 30 June 2006: HK\$40,419,000), representing a robust growth of 71% as compared to the corresponding period of last year.

The board of directors of the Group proposed an interim dividend of HK3 cents per share for the period, representing a payout ratio of 31%.

OUTLOOK

Mr. Zhang Hwo Jie, Chairman of EVA, said, “China is now moving from the first phase of global outsourcing to the next. Whilst the first phase of global outsourcing was characterized by the shifting of labour intensive processes to China due to lower labor costs, the next phase is characterized by the transfer of complex processes and ultimately the entire manufacturing processes to China, leaving advanced countries such as the US or Japan to concentrate on developing cutting edge technologies, product innovation and most importantly, brand building. This structural shift offers high tech companies with solid track record, such as EVA, a golden opportunity.”

“Moulds, which are nicknamed “mother tools” by the Japanese, play a pivotal role in China’s next stage of industrial development. As consumer products become more and more sophisticated and product cycle becomes shorter and shorter, demand for consumer products with high precision and dimensional accuracy is rapidly increasing. For example, producing a product whose dimensions are precise to 1/100th of a millimeter requires a mould whose dimensions are precise to 1/1,000th of a millimeter.”

Mr. Zhang continued, “Since the quality of a mould has a decisive impact on the quality of a product, the mould engineering capability is the core technological competency within the supply chain. Since EVA started its business as a mould producer in 1993, it had accumulated more than 10 years of experience in mould engineering and is able to satisfy technological requirements imposed by the Japanese manufacturers, which are well-known to be demanding in quality standards. To further capitalize on its strengths, EVA is in the process of establishing a mould development centre in Shenzhen, which is targeted to commence operations in late 2007. The establishment of the mould development centre will double our production capacity for precision moulds, allowing the Group to benefit from the growth in outsourcing of high end manufacturing processes to China”.

“Following the capacity expansion for precision moulds, EVA will also enhance its component



manufacturing capabilities. In this connection, the Group plans to establish a new production base in Zhongshan and construct the second phase of its Suzhou production plant, both of which are targeted to be completed in the second half of 2008. The Group had already started the construction for the new Zhongshan production plant in July 2007 and the construction of the second phase of the Suzhou production plant will also commence soon.”

“The total estimated capital expenditure for the establishment of mould development centre, the new Zhongshan production plant and the second phase of the Suzhou production plant is approximately HK\$450 million. These projects will be funded by the net proceeds of approximately HK\$311 million received from a share placement arranged by Morgan Stanley in April 2007, whilst the remaining portion will be financed by internally generated cash and bank borrowings.”

Mr. Zhang concluded, “At present the Group principally serves the office automation equipment market. Currently the supply chain for office automation equipment market is fragmented and characterized by a large number of suppliers, each of them specializing either in mould production, metal component manufacturing, plastic component manufacturing or product assembly. Accordingly, it is a trend for major office automation equipment brand owners to consolidate their supplier base with a view to reducing the overall logistics costs and production lead time. The completion of the Group’s capacity expansion plan will strengthen its overall production capability, allowing the Group to provide vertically integrated one-stop production services from mould design, component production, assembly service, quality control to delivery of semi-finished products and therefore benefit from the process of supplier consolidation by major office automation equipment brand owners.”

	1H FY07	FY09	
Production capacity at period/year end	(Actual)	(Planned)	Change
Metal Stamping Mould (sets)	7,500	22,000	+193%
Plastic Injection Mould (sets)	900	3,015	+235%
Metal Stamping Component (tonnes)	42,900	112,055	+161%
Plastic Injection Component (million pieces)	100	237	+137%
Lathing Product (million pieces)	59	214	+263%

-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	
	2007	2006
	HK\$'000	HK\$'000
Sales	426,196	283,745
Cost of goods sold	(287,254)	(192,995)
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Gross profit	138,942	90,750
<i>Gross profit margin</i>	32.6%	31.9%
Other gains	1,014	3
Selling and distribution expenses	(21,871)	(16,119)
General and administrative expenses	(38,759)	(26,205)
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Operating profit	79,326	48,429
Finance income	791	651
Finance costs	(5,320)	(4,016)
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Profit before income tax	74,797	45,064
Income tax expense	(5,515)	(4,645)
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Net profit	69,282	40,419
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<i>Net profit margin</i>	16.3%	14.2%



2. Segment information

	Six months ended 30 June			
	2007 HK\$'000	%	2006 HK\$'000	%
<u>By business segment</u>				
Turnover				
<u>Metal division</u>				
Design and fabrication of metal stamping moulds	44,544	10.5%	25,967	9.2%
Manufacturing of metal stamping components and lathing products	301,976	70.9%	223,756	78.9%
Others (<i>Note 1</i>)	12,473	2.9%	7,371	2.6%
	<u>358,993</u>		<u>257,094</u>	
<u>Plastic division</u>				
Design and fabrication of plastic injection moulds	16,505	3.9%	5,781	2.0%
Manufacturing of plastic injection components	50,482	11.8%	20,870	7.3%
Others (<i>Note 1</i>)	216	-	-	-
	<u>67,203</u>		<u>26,651</u>	
Total	<u>426,196</u>		<u>283,745</u>	
Segment results				
Metal division	64,579		46,173	
Plastic division	<u>13,898</u>		<u>3,037</u>	
Operating profit	78,477		49,210	
Finance income	791		651	
Finance costs	(5,320)		(4,016)	
Income tax expenses	(5,515)		(4,645)	
Unallocated income (expenses)	<u>849</u>		<u>(781)</u>	
Net profit	<u>69,282</u>		<u>40,419</u>	

Note 1: Others mainly represented sales of scrap materials

	Six months ended 30 June	
	2007 HK\$'000	2006 HK\$'000
<u>By geographical location</u>		
Turnover		
Shenzhen operations	380,032	283,745
Suzhou operations	<u>46,164</u>	<u>-</u>
	<u>426,196</u>	<u>283,745</u>
Net profit		
Shenzhen operations	63,018	43,838
Suzhou operations	<u>6,264</u>	<u>(3,419)</u>
	<u>69,282</u>	<u>40,419</u>

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

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