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EVA Precision Industrial Holdings Limited
億和精密工業控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 00838)

VOLUNTARY ANNOUNCEMENT
ACQUISITION OF 100% EQUITY INTEREST IN
AN AUTOMOBILE MOULDS MANUFACTURER IN PRC

This is a voluntary announcement made by the Company for the purpose of providing information on the Group to the Shareholders.

The Board is pleased to announce that the Purchaser, a wholly-owned subsidiary of the Company, has entered into the Agreements pursuant to which the Purchaser has agreed to acquire an aggregate of 100% of the equity interest in the Target Company at the aggregate consideration of RMB61,020,092. Upon registration of the transfers of the equity interest contemplated under the Agreements at the relevant Administration of Industry and Commerce, the Company will, through the Purchaser, own 100% of the equity interest in the Target Company and the Target Company will become a wholly-owned subsidiary of the Company.

The Target Company is principally engaged in the development, manufacture and sale of moulds for automobiles. The Acquisitions were executed as part of the Group's strategic plan to expand from its previous focus on just office automation equipment to devoting more resources on the fast growing China domestic market, in particular the automotive sector, as disclosed in the Group's 2010 annual report dated 30 March 2011.

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A. THE AGREEMENTS

The Board is pleased to announce that the Purchaser, a wholly-owned subsidiary of the Company, has entered into the following agreements:

- (a) the First Agreement dated 27 July 2011 with DSI as vendor in respect of 27.92% of the equity interest in the Target Company at a consideration of RMB11,370,000;

- (b) the Second Agreement dated 28 July 2011 with Chongqing Steel Group as vendor in respect of 41.89% of the equity interest in the Target Company at a consideration of RMB28,110,000; and
- (c) the Third Agreement dated 28 July 2011 with Chongqing Investment as vendor in respect of 30.19% of the equity interest in the Target Company at a consideration of RMB21,540,092.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Vendors and their respective ultimate beneficial owners are third parties independent of, and not connected with, the Company and its connected persons.

The principal terms of the Agreements are summarised below:

1. The First Agreement

(a) Assets to be acquired by the Group

27.92% of the equity interest in the Target Company.

(b) Consideration

The consideration for the sale and purchase of 27.92% equity interest in the Target Company under the First Agreement was RMB11,370,000 and will be paid by the Purchaser in cash within 10 working days after the change of the owner of the 27.92% of the equity interest in the Target Company from DSI to the Purchaser has been completed at the relevant Administration of Industry and Commerce.

The consideration was determined through arm's length negotiations between the Purchaser and DSI and was based on approximately 27.92% of the net asset value of the Target Company as at 31 December 2010. The consideration will be funded by the Group's internal resources.

If there being improper economic issues on the part of the Target Company 3 months before the date of the First Agreement, the Purchaser has the right to deduct 27.92% of the actual economic loss caused to the Target Company from the consideration. The improper economic issues include but not limited to repayment of debts prior to their maturities, transfer of assets at low price, taxation risks resulting from failure to conduct accounting affairs in accordance with the relevant rules, and the Target Company has debts other than as shown in the financial statements of the Target Company.

2. The Second Agreement and the Third Agreement

Save and except for the parties involved, the percentage of the equity interest in the Target Company which is the subject of the relevant Agreement and the amount of consideration, the principal terms of the Second Agreement and the Third Agreement are the same and are summarised below:

(a) Assets to be acquired by the Group

41.89% and 30.19% of the equity interest in the Target Company under the Second Agreement and the Third Agreement respectively.

(b) Consideration

The consideration for the sale and purchase of 41.89% and 30.19% of the equity interest in the Target Company under the Second Agreement and the Third Agreement was RMB28,110,000 and RMB21,540,092 respectively and have already been paid by the Purchaser in cash in accordance with the relevant Agreement.

The consideration was determined through auctions on Chongqing United Assets and Equity Exchange (重慶聯合產權交易所), an open trading platform for state-owned and other assets in Chongqing, the PRC. The consideration was funded by the Group's internal resources.

(c) Profits and losses before completion

The profits and losses arise during the period from the reference date to the completion will be borne by the Target Company. The reference date is 28 July 2011 under both the Second Agreement and the Third Agreement.

Upon registration of the transfers of the equity interest contemplated under the Agreements at the relevant Administration of Industry and Commerce, the Company will, through the Purchaser, own 100% of the equity interest in the Target Company and the Target Company will become a wholly-owned subsidiary of the Company.

B. INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC and is principally engaged in the development, manufacture and sale of moulds for automobiles. The registered capital of the Target Company is RMB66.25 million which has been fully paid up. The operating term of the Target Company is 20 years commenced on 14 March 2006 and ending on 14 March 2026.

Set out below is the financial information of the Target Company for the years ended 31 December 2009 and 2010 and the six months ended 30 June 2011 respectively which were prepared in accordance with the PRC accounting standards:

	Year ended 31 December 2009 <i>Audited</i> <i>(approximate amount in HK\$)</i>	Year ended 31 December 2010 <i>Audited</i> <i>(approximate amount in HK\$)</i>	Six months ended 30 June 2011 <i>Unaudited</i> <i>(approximate amount in HK\$)</i>
Total assets	94,475,703	93,505,419	99,449,510
Net loss for the year/period	(1,140,802)	(9,925,664)	(3,031,105)

According to the unaudited management accounts of the Target Company prepared in accordance with the PRC accounting standards, its net asset value as at 30 June 2011 was approximately HK\$37,157,546.

C. INFORMATION ON THE GROUP AND THE VENDORS

The Group is principally engaged in the provision of precision manufacturing services in China, focusing on the production of moulds and components with high quality standard and dimensional accuracy. The Group is a vertically-integrated precision manufacturing service provider covering mainly (i) design and fabrication of precision metal stamping and plastic injection moulds; (ii) manufacture 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.

DSI is a company established in the PRC principally engaged in the design and manufacture of moulds and components for automobile products.

Chongqing Steel Group is a state-owned enterprise established in the PRC principally engaged in, among others, sale and production of metal materials and mechanical products.

Chongqing Investment is a state-owned company established in the PRC principally engaged in direct investments in high and new technology projects in China and the provision of related investment and management consultancy services.

D. REASONS AND BENEFITS FOR THE ACQUISITIONS

As disclosed in the Company's 2010 annual report dated 30 March 2011, the Group is strategically expanding from its previous focus on just office automation equipment to devoting more resources on the fast growing China domestic market, with particular attention given to the huge automotive sector. The Acquisitions were executed as part of this strategic plan of the Group, with a view to strengthening the business foundation of the Group in the automotive sector and providing a platform for the expansion of the Group's business in Chongqing and other regions in western China.

Currently, Chongqing is one of the major production hubs in China for automobiles. A number of international automobile brand names have established production bases in Chongqing or its adjacent cities, which includes Ford, Mazda, Suzuki, Isuzu and Volvo. Some of these are existing customers of the Target Company, whilst others are its target customers. The Directors are confident that by acquiring the Target Company, and by combining the precision engineering expertise of the Group for products with high dimensional accuracy requirements which is also necessary for high quality automobile products and the existing engineering expertise of the Target Company, the Target Company can successfully serve as a platform for the Group to obtain businesses from the existing and target customers of the Target Company.

The acquisition of the Target Company can also facilitate the expansion of the Group geographically since the Group has no production base in the western region of China prior to the Acquisitions.

Having taken into account the above reasons and benefits, the Board considers that the terms of the Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meaning:

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| “Acquisitions” | means the acquisitions of an aggregate of 100% equity interest in the Target Company by the Purchaser pursuant to the Agreements; |
| “Agreements” | means the First Agreement, the Second Agreement and the Third Agreement and “Agreement” means any of them; |
| “Board” | means the board of Directors; |
| “Chongqing Investment” | means Chongqing Kaichuang High Technology Venture Investment Company Limited* (重慶開創高新技術創業投資有限公司), a state-owned company established in the PRC; |

“Chongqing Steel Group”	means Chongqing Iron and Steel Group Company Limited* (重慶鋼鐵(集團)有限責任公司), a state-owned enterprise established in the PRC;
“Company”	means EVA Precision Industrial Holdings Limited, a company incorporated in the Cayman Islands whose shares are listed on The Stock Exchange of Hong Kong Limited;
“connected persons”	has the meaning ascribed to it under the Listing Rules;
“Directors”	means the directors of the Company;
“DSI”	means DSI Digidie Systems (Chongqing) Ltd.* (DSI數碼模系統(重慶)有限公司), a company established in the PRC;
“First Agreement”	means the equity transfer agreement dated 27 July 2011 entered into between DSI and the Purchaser in relation to the sale and purchase of 27.92% equity interest in the Target Company;
“Group”	means the Company and its subsidiaries;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	means the People’s Republic of China and, for the purposes of this announcement only, excludes Hong Kong, Macau Special Administration Region and Taiwan;
“Purchaser”	means 億和精密金屬製品(深圳)有限公司 (Yihe Precision Hardware (Shenzhen) Co., Ltd.*) a company incorporated in the PRC and a wholly-owned subsidiary of the Company;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Second Agreement”	means the equity transfer agreement dated 28 July 2011 entered into between Chongqing Steel Group and the Purchaser in relation to the sale and purchase of 41.89% equity interest in the Target Company;

“Shareholders”	means the shareholders of the Company;
“Target Company”	means 重慶數碼模車身模具有限公司 (Chongqing Digidie Auto Body Ltd.*), a company established in the PRC;
“Third Agreement”	means the equity transfer agreement dated 28 July 2011 entered into between Chongqing Investment and the Purchaser in relation to the sale and purchase of 30.19% equity interest in the Target Company;
“Vendors”	DSI, Chongqing Steel Group and Chongqing Investment; and
“%”	means percentage.

By Order of the Board
EVA Precision Industrial Holdings Limited
Zhang Hwo Jie
Chairman

Hong Kong, 5 August 2011

As at the date of this announcement, the Board comprises:

Executive Directors: Mr. Zhang Hwo Jie (Chairman), Mr. Zhang Jian Hua (Vice Chairman), Mr. Zhang Yaohua (Chief Executive Officer) and Mr. Nomo Kenshiro

Independent Non-executive Directors: Dr. Lui Sun Wing, Mr. Choy Tak Ho and Mr. Leung Tai Chiu

* *For identification purpose only*