

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

(Incorporated with limited liability in the Cayman Islands)

(Stock Code: 838)

**DISCLOSEABLE TRANSACTION:
ACQUISITION OF LAND USE RIGHTS
IN WEIHAI, SHANDONG PROVINCE**

ACQUISITION OF LAND USE RIGHTS

On 22 January 2018, EVA Weihai, a wholly-owned subsidiary of the Company, became the successful bidder for the land use rights in respect of the Lands at the Total Consideration of RMB141,547,700 through the Public Bidding.

The Lands are located in Weihai, Shandong Province, the PRC. The Group intends to develop the Lands as an industrial park for office automation equipment.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements but is not required to be approved by the shareholders of the Company.

INTRODUCTION

In the Voluntary Announcement, it was disclosed, among other things, that (a) the Group was invited by Samsung Printing Solutions to set up manufacturing facilities in Weihai to serve its enlarged production demand there; and (b) with a view to establishing production facilities in Weihai, the Company had entered into a non-binding memorandum of understanding (“**MOU**”) with the Management Committee of Weihai Torch High Technology Industrial Development Zone* (威海火炬高技术产业开发区管委会) (“**Committee**”) and the Company would establish R&D and production facilities for office automation equipment business in the Weihai Torch High Technology Industrial Development Zone.

EVA Weihai, a wholly-owned subsidiary of the Company, participated in the Public Bidding for the land use rights in respect of the Lands, which are located in the Technology City, Weihai.

DETAILS OF THE ACQUISITION

The Board is pleased to announce that on 22 January 2018, Weihai Land Resources Bureau issued an announcement confirming that EVA Weihai succeeded in bidding for the land use rights in respect of the Lands. Set out below are the principal terms of the Acquisition:

Parties	:	(i) Weihai Land Resources Bureau, as transferor (ii) EVA Weihai, as successful bidder
Location of the Lands	:	the Technology City
Site area of each piece of the Lands	:	Land A: approximately 64,502 square meters Land B: approximately 128,247 square meters Land C: approximately 156,239 square meters
Total site area of the Lands	:	Approximately 348,988 square meters
Term of land use rights	:	50 years from the date on which the relevant Land is handed over to EVA Weihai by the transferor
Use of the Lands:	:	Industrial
Consideration:	:	Land A: RMB26,607,100 Land B: RMB52,132,500 Land C: RMB62,808,100
Total Consideration	:	RMB141,547,700
Deposits paid	:	Land A: RMB5,330,000 Land B: RMB10,500,000 Land C: RMB12,600,000

Entering into the Agreements : According to the guideline published by Weihai Land Resources Bureau, the Agreements have to be entered into after the government approvals relating to, among others, the project development plan on the Lands and environmental assessment have been completed, and such approvals are required to be obtained within six months or nine months, depending on whether the project is subject to approvals by the relevant PRC governmental authority at the municipal or provincial level. Further announcement(s) in relation to the Agreements will be made by the Company in due course.

FURTHER INFORMATION ON THE TOTAL CONSIDERATION

The Total Consideration for the Acquisition is RMB141,547,700 payable in cash, which represents the aggregate bid prices submitted by EVA Weihai through the Public Bidding. In determining the consideration for each piece of the Lands, the Group considered its location, which is close to the manufacturing facilities of Samsung Printing Solutions in Weihai, its suitability (being land for industrial use) for building the Group's production facilities for office automation equipment, and the minimum bidding prices prescribed by the Weihai Land Resources Bureau.

EVA Weihai has paid a total deposit of RMB28,430,000, which will be applied towards partial settlement of the Total Consideration. The time for payment of the balance of the Total Consideration in the amount of RMB113,117,700 will be specified in the Agreements and will be either (i) within 60 days after the signing of the relevant Agreement(s) or (ii) within 60 days after the signing of the relevant Agreement(s) for payment of 50% of the consideration and a period not exceeding one year after the signing of the relevant Agreement(s) for the balance in which case interest is payable at the interest rate published by the People's Bank of China. The Total Consideration will be funded by the internal resources of the Group.

INFORMATION ON THE PARTIES

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the provision of precision manufacturing services, focusing on the production of moulds and components and automated assembly services with high quality standard and dimensional accuracy.

EVA Weihai is a company established under the laws of the PRC whose scope of business includes, among other things, research, design, development and production of precision moulds and components for multi-functional office automation equipment.

The Weihai Land Resources Bureau, a PRC governmental authority, is responsible for, among other things, the management and operation of state-owned land in Weihai. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Weihai Land Resources Bureau is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the Voluntary Announcement, Samsung Printing Solutions had been a customer of EVA Precision Industrial (Suzhou) Limited* (億和精密工業(蘇州)有限公司) (the “**Suzhou Subsidiary**”), a wholly-owned subsidiary of the Company, since 2012. Samsung Printing Solutions moved the production of its office automation products from Suzhou and consolidated such production in its manufacturing facilities in Weihai, following its acquisition by Hewlett-Packard in September 2016. At present, the Suzhou Subsidiary continues to serve other reputable office automation equipment brand names, which include Canon, Fuji Xerox, Konica Minolta and Ricoh.

The Voluntary Announcement further disclosed that the Group had been invited by Samsung Printing Solutions to set up manufacturing facilities in Weihai to serve its growing office automation equipment production demands there and the Company had entered into the MOU with the Committee. With a view to establishing R&D and production facilities for office automation equipment business in the Weihai Torch High Technology Industrial Development Zone as disclosed in the Voluntary Announcement, the Group participated in the Public Bidding for the Lands.

The Lands are within close proximity to the manufacturing facilities of Samsung Printing Solutions in Weihai. The Company plans to develop the Lands into an industrial park for the manufacture of office automation products to serve Samsung Printing Solutions and other potential customers. As disclosed in the Voluntary Announcement, the production volume of Samsung Printing Solutions in Weihai increased significantly after the acquisition by Hewlett-Packard and accordingly, the potential sales volume of the Group to Samsung Printing Solutions in Weihai is expected to be significantly higher than that previously made by the Suzhou Subsidiary to Samsung Printing Solutions in Suzhou. Therefore, the Directors are of the view that the planned production facilities in Weihai will be advantageous for the Group to grow its business as they can enable the Group to serve Samsung Printing Solutions in a more efficient manner. Phase one of the Group’s new industrial park (with a total floor area of approximately 75,000 square meters) on the Lands is tentatively scheduled for completion in the second half of 2019.

After taking into account the factors set out above, the Directors considered that the terms of the Acquisition are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratios in respect of the Acquisition exceeded 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to the notification and announcement requirements but is not required to be approved by the shareholders of the Company.

DEFINITIONS

In this announcement, the following terms have the meanings set forth below unless the context requires otherwise:

“Acquisition”	the acquisition of the land use rights of the Lands by EVA Weihai through the Public Bidding
“Agreements”	collectively, the land use rights transfer agreements in relation to Land A, Land B and Land C respectively, to be entered into between Weihai Land Resources Bureau, as transferor, and EVA Weihai, as transferee, and “Agreement” means any one of them
“Board”	the board of Directors
“Company”	EVA Precision Industrial Holdings Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“EVA Weihai”	EVA Precision Industrial (Weihai) Limited* (億和精密工業(威海)有限公司), a wholly-owned subsidiary of the Company established in the PRC
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land A”	the parcel of land located at East Shuangchuang Road* (雙創路東) and South Shendao Road* (沈島路南), the Technology City, with an area of approximately 64,502 square meters
“Land B”	the parcel of land located at East Shuangchuang Road* (雙創路東) and South Yangtinghe Road* (羊亭河路南), the Technology City, with an area of approximately 128,247 square meters

“Land C”	the parcel of land located at East Shuangdao East Road* (雙島東路東) and South Yangtinghe Road* (羊亭河路南), the Technology City, with an area of approximately 156,239 square meters
“Lands”	Land A, Land B and Land C and “Land” means any one of them
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macao Special Administrative Region
“Public Bidding”	the public bidding process in relation to, among other things, the Lands, held by the Weihai Public Resources Exchange Centre* (威海市公共資源交易中心) from 23 December 2017 to 22 January 2018
“RMB”	Renminbi, the lawful currency of the PRC
“Samsung Printing Solutions”	the office automation equipment divisions of Samsung Electronics, which was acquired by Hewlett-Packard in September 2016 as disclosed in the Voluntary Announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technology City”	the Shuangdao Wan Technology City located in the Weihai Torch High Technology Industrial Development Zone* (威海火炬高技術產業開發區雙島灣科技城)
“Total Consideration”	the total consideration for the Acquisition
“Voluntary Announcement”	the voluntary announcement of the Company dated 26 July 2017
“Weihai”	Weihai City, Shangdong Province, the PRC

“Weihai Land Resources
Bureau”

the Weihai Land Resources Bureau* (威海市國土資源局)

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

Hong Kong, 22 January 2018

As at the date of this announcement, the Board comprises three executive directors, being Mr. Zhang Hwo Jie (Chairman), Mr. Zhang Jian Hua (Vice Chairman), Mr. Zhang Yaohua (Chief Executive Officer) and three independent non-executive directors, being Mr. Choy Tak Ho, Mr. Leung Tai Chiu and Mr. Lam Hiu Lo.

* *For ease of reference, the names of the PRC established companies or entities (if any) and the PRC laws and regulations (if any) have generally been included in this announcement in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.*