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## **EVA Precision Industrial Holdings Limited**

**億和精密工業控股有限公司**

*(Incorporated with limited liability in Cayman Islands)*

(Stock Code: 838)

### **PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING**

**Placing Agent**



#### **PLACING OF EXISTING SHARES**

On 9 July 2010, the Company, the Vendor, the Controlling Shareholders and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent agreed to place up to an aggregate of 100 million Placing Shares (comprised of 80 million existing Shares under the Top-up Placing and 20 million existing Shares under the Vendor Placing) at the Placing Price. The Placing Shares will be placed to not less than six independent professional institutional investors and other investors who are Independent Third Parties.

The Placing Shares represents (i) approximately 15.1% of the existing issued share capital of the Company of 662,391,200 Shares at the date of this announcement; and (ii) approximately 13.5% of the issued share capital of the Company of 742,391,200 Shares as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

The Placing Price represents (i) a discount of 11.3% to the closing price of HK\$4.06 per Share as quoted on the Stock Exchange on 9 July 2010, being the last trading day immediately before the entering into of the Placing Agreement and the Subscription Agreement; and (ii) a discount of approximately 7.7% to the average of the closing prices of approximately HK\$3.90 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 9 July 2010.

The Placing Price was arrived at after arm's length negotiations between the Company, the Vendor, the Controlling Shareholders and the Placing Agent with reference to the market condition and the performance of the Shares. The Directors (including independent non-executive Directors) consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **SUBSCRIPTION OF NEW SHARES**

Pursuant to the Placing, on 9 July 2010, the Vendor also entered into the Subscription Agreement with the Company pursuant to which the Vendor agreed to subscribe for 80 million Subscription Shares at the Subscription Price. The Subscription is conditional upon (i) the completion of the Placing; and (ii) the granting of approval for the listing of and permission to deal in all of the Subscription Shares by the Listing Committee of the Stock Exchange. An application will be made to the Listing Committee of the Stock Exchange for the granting of approval for the listing of and permission to deal in all of the Subscription Shares.

The Subscription Shares represent approximately 10.8% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Subscription Shares are to be issued under the General Mandate.

The net proceeds of the Subscription of approximately HK\$276,074,000 will be applied by the Company to be used for the continuing expansion of the existing business and potential acquisition opportunities.

The shareholding of the Vendor will decrease from approximately 51.4% to approximately 36.3% immediately after completion of the Placing and will increase to approximately 43.2% immediately after completion of the Subscription.

### **RESUMPTION OF TRADING**

At the request of the Company, trading of the Shares on the Stock Exchange has been suspended with effect from 2:30 p.m. on 9 July 2010 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 12 July 2010.

**As the Placing and Subscription are subject to the fulfillment of a number of conditions and may or may not proceed to completion, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares of the Company.**

## **PLACING AGREEMENT**

### **Date:**

9 July 2010

### **Parties:**

The Company, the Vendor, the Controlling Shareholders and the Placing Agent

### **The Placing Agent:**

CLSA Limited. To the best knowledge and belief of the Directors, having made all reasonable enquiries, the Placing Agent is an Independent Third Party.

### **The Placees:**

Under the Placing Agreement, the Placing Agent has agreed to procure purchasers on a best efforts basis to purchase the Placing Shares at the Placing Price. The Placing Shares will be placed to not less than six Placees who and whose respective ultimate beneficial owners are Independent Third Parties of the Company.

### **Number of Placing Shares:**

100 million Placing Shares. The Placing Shares represents (i) approximately 15.1% of the existing issued share capital of the Company of 662,391,200 Shares as at the date of this announcement; and (ii) approximately 13.5% of the issued share capital of the Company of 742,391,200 Shares as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

### **Placing Price:**

The Placing Price of HK\$3.60 per Placing Share (exclusive of stamp duty, brokerage (if any), Stock Exchange trading fees and SFC transaction levy, which shall be borne by the purchasers) represents:

- (i) a discount of 11.3% to the closing price of HK\$4.06 per Share as quoted on the Stock Exchange on 9 July 2010, being the last trading day immediately before the entering into of the Placing Agreement and the Subscription Agreement; and
- (ii) a discount of approximately 7.7% to the average of the closing prices of approximately HK\$3.90 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 9 July 2010.

The Placing Price was arrived at after arm's length negotiations between the Company, the Vendor, the Controlling Shareholders and the Placing Agent with reference to the market condition and the performance of the Shares. The Directors (including independent non-executive Directors) consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

**Rights to the Placing Shares:**

The Placing Shares will be sold free of any Encumbrance, and rank pari passu with all other issued Shares as at the Closing Date in all respects, including the right to receive all dividends declared, made or paid on or after the Closing Date.

**Termination events:**

The Placing Agent may after consultation with the Vendor (to the extent that the same is reasonably practicable) terminate the Placing Agreement without liability to the Vendor, the Controlling Shareholders or the Company by giving notice to the Vendor if at any time on or prior to the Closing Date:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing;
- (b) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Vendor, the Company or the Controlling Shareholders of any other provision of the Placing Agreement; or
- (c) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

## **Lock-up Undertakings:**

Pursuant to the Placing Agreement, among others, the following undertakings were made:

- (a) each of the Vendor and the Controlling Shareholders undertakes to the Placing Agent that (except for the sale of the Placing Shares pursuant to the Placing Agreement) for the period commencing from the date of the Placing Agreement and ending three months from the Closing Date, it will not, directly or indirectly or conditionally or unconditionally, and will procure that none of its associates or companies controlled by it or any nominee or trustee holding in trust for it (the “**Intermediaries**”) shall, directly or indirectly or conditionally or unconditionally, offer for sale, sell, transfer, contract to sell or otherwise dispose of (including without limitation by the creation of any option, rights, interests, warrant to purchase or otherwise transfer or dispose of, or any Encumbrance over), or announce any intention to dispose of, any Shares or any interest therein (including any interest in a company which, directly or indirectly, holds any such Shares or other securities of the Company) or any other securities of the Company which are of the same class as, or convertible or exchangeable for, or which carry a right to subscribe, purchase or acquire, or represent the right to receive, any such Shares, or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such Shares, in respect of which it is a beneficial owner (directly or indirectly and whether or not such Shares are held through any of its Intermediaries) and/or which are registered in its name or the name of any of its Intermediaries, unless the prior written consent of the Placing Agent to any such disposal or grant shall have been obtained; and
- (b) the Company undertakes that it will not and will procure that none of its subsidiaries will, and the Controlling Shareholders undertake to procure that no member of the Group will, issue or agree to allot or issue any Shares (other than pursuant to (i) options outstanding under any existing share option schemes or (ii) the warrants issued to investors as set out in the Company’s announcement on 22 March 2010; (iii) any scrip dividend scheme or (iv) the Subscription Agreement) or other securities or grant or agree to grant any options (other than options granted pursuant to the Share Option Scheme), warrants or other rights to subscribe for shares or other securities or to repurchase any securities of the Company, for the period commencing from the date of the Placing Agreement and ending three months from the Closing Date unless with the prior written consent of the Placing Agent.

## **Completion of the Placing:**

Completion of the Placing shall take place on the Closing Date.

## **SUBSCRIPTION AGREEMENT**

### **Date:**

9 July 2010

### **Parties:**

The Company as the issuer and the Vendor as the subscriber

### **Number of Subscription Shares:**

80 million Subscription Shares. The Subscription Shares represent 12.1% of the existing issued share capital of the Company and approximately 10.8% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

### **Subscription Price:**

HK\$3.60 per Subscription Share, which is equivalent to the Placing Price. In line with market practice, the Company will bear all costs and expenses of the Subscription and will reimburse the Vendor all costs and expenses incurred by the Vendor in respect of the Top-up Placing because it is the fund raising conducted by the Company. Based on the estimated expenses for the Top-up Placing and the Subscription, the net subscription price is approximately HK\$3.45 per Subscription Share.

### **Rights to the Subscription Shares:**

The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares, including the right to receive all dividends and distributions declared, paid or made on or after the date of allotment.

### **General Mandate to issue the Subscription Shares:**

The Subscription Shares are to be issued under the General Mandate. Under the General Mandate, up to 132,127,240 Shares, representing 20.0% of the issued Shares as at the date of the annual general meeting of the Company held on 13 May 2010, may be issued and allotted by the Company. As at 13 May 2010, the date of the passing of the resolution to grant the General Mandate, the issued share capital of the Company was 660,636,200 Shares. As at the date of this announcement, the General Mandate has not been exercised at all. Accordingly, the maximum number of Shares which can be issued and allotted pursuant to the General Mandate is 132,127,240 Shares.

**Conditions of the Subscription:**

The Subscription is conditional upon the following conditions having been fulfilled:

- (i) the completion of the Placing pursuant to the Placing Agreement; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in all of the Subscription Shares.

The Subscription Agreement has not provided for the right of the parties to waive the above conditions. If such conditions are not fulfilled within 14 days after the date of the Placing Agreement, the Company and the Vendor will, subject to compliance with the Listing Rules, takes all necessary steps so that completion of the Subscription can take place as soon as practicable thereafter.

**Completion of the Subscription:**

Subject to the above, completion of the Subscription shall take place within two Business Days upon which the last of the conditions stated above shall have been satisfied, provided that it shall take place on a date no later than a date falling 14 days after the date of the Subscription Agreement. If completion of the Subscription takes place more than 14 days after the Placing Agreement, the Subscription would not fall within the exemption under Rule 14A.31(3)(d) of the Listing Rules and would be subject to the relevant requirements of the Listing Rules regarding connected transactions.

**Application for listing:**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, all of the Subscription Shares.

## CHANGES OF SHAREHOLDING STRUCTURE AS A RESULT OF THE PLACING AND THE SUBSCRIPTION

The changes of the shareholding structure of the Company as a result of the Placing and the Subscription, assuming all the Placing Shares are sold in full, are as follows:

<b>Shareholder</b>	<b>Shareholding at the date of this announcement and immediately before completion of the Placing and the Subscription</b>	<b>Shareholding immediately after completion of the Placing but before completion of the Subscription</b>	<b>Shareholding immediately after completion of the Placing and the Subscription</b>
<i>Substantial Shareholder</i>			
Vendor (Note 1)	340,740,000 Shares (approximately 51.4%)	240,740,000 Shares (approximately 36.3%)	320,740,000 Shares (approximately 43.2%)
Directors (Note 2)	19,804,000 Shares (approximately 3.0%)	19,804,000 Shares (approximately 3.0%)	19,804,000 Shares (approximately 2.7%)
<i>Public Shareholders</i>			
The Placees	–	100,000,000 Shares (approximately 15.1%)	100,000,000 Shares (approximately 13.5%)
Public Shareholders other than the Placees	301,847,200 Shares (approximately 45.6%)	301,847,200 Shares (approximately 45.6%)	301,847,200 Shares (approximately 40.6%)
Total	662,391,200 Shares (100%)	662,391,200 Shares (100%)	742,391,200 Shares (100%)

*Note:*

1. The Vendor is owned as to 36% by Mr. Zhang Hwo Jie, 33% by Mr. Zhang Yaohua and 31% by Mr. Zhang Jian Hua, all of them are executive Directors.
2. Including the Shares held by the Directors and their respective associates but excluding the Shares held by Mr. Zhang Hwo Jie, Mr. Zhang Yaohua and Mr. Zhang Jian Hua through the Vendor as set out above.



## **REASONS FOR THE TOP-UP PLACING AND THE SUBSCRIPTION**

The Board considers that it is beneficial to the Company and the Shareholders as a whole to raise capital by way of the Placing and the Subscription as it will broaden the capital and shareholder base of the Company and thereby increasing the liquidity of the Shares. The net proceeds of the Subscription of approximately HK\$276,074,000 will be applied by the Company to be used for the continuing expansion of the existing business and potential acquisition opportunities.

The Directors (including independent non-executive Directors) consider that the Placing Agreement and the Subscription Agreement are entered into upon normal commercial terms following arm's length negotiations among the Company, the Vendor, the Controlling Shareholders (where applicable) and the Placing Agent (where applicable) and that the terms of the Placing Agreement and the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

On 22 March 2010, the Company entered into the warrant subscription agreements with various subscribers thereto for the issue of 52,000,000 units of unlisted warrants at the issue price of HK\$0.02 per warrant, each carries rights to the holder thereof to subscribe for one new Share at an initial subscription price of HK\$2.03 per Share exercisable within 12 months from the date of issue of the warrants. The warrants were duly issued pursuant to the terms of the said warrant subscription agreements on 22 April 2010. Assuming the full exercise of the subscription rights attaching to the warrants, the total funds to be raised will be approximately HK\$105,560,000. It is intended that the funds so raised be applied as general working capital and as funds for future development of the Group. As at the date of this announcement, none of the warrants has been exercised.

Save as disclosed above, the Company had not raised any funds on any issue of equity securities in the 12 months immediately preceding the date of this announcement other than the issue of Shares pursuant to the exercise of options granted under the Share Option Scheme.

## **GENERAL INFORMATION**

The Group is principally engaged in (i) the design and fabrication of precision metal stamping and plastic injection moulds and (ii) manufacturing of precision metal stamping and plastic injection components and lathing products.

## **RESUMPTION OF TRADING**

At the request of the Company, trading of the Shares on the Stock Exchange has been suspended with effect from 2:30 p.m. on 9 July 2010 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 12 July 2010.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday, Sunday and public holidays in Hong Kong) on which licensed banks generally are open for business in Hong Kong
“Closing Date”	14 July 2010, or such later date as the Vendor and the Placing Agent may agree in writing
“Company”	EVA Precision Industrial Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and for the purposes of this announcement, refers to Zhang Hwo Jie, Zhang Yaohua and Zhang Jian Hua, being the ultimate beneficial owners of the Vendor
“Directors”	directors of the Company
“Encumbrance”	a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or any other type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by the Shareholders by a resolution passed at the annual general meeting of the Company held on 13 May 2010
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administration Region of the PRC

“Independent Third Party(ies)”	a party(ies) who is/are independent of and is/are not connected with any of the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any institutional, corporate or individual investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing”	Top-up Placing and Vendor Placing
“Placing Agent”	CLSA Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities within the meaning of the SFO
“Placing Agreement”	the conditional placing agreement dated 9 July 2010 entered into by and among the Vendor, the Company, the Controlling Shareholders and the Placing Agent in relation to the Placing
“Placing Price”	HK\$3.60 per Placing Share
“Placing Shares”	an aggregate of up to 100 million existing Shares (constituted by 80 million existing Shares according to Top-up Placing and 20 million existing Shares according to Vendor Placing) to be placed by the Placing Agent pursuant to the Placing Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571)
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme of the Company in force as at the date of the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	the subscription for the Subscription Shares by the Vendor pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 9 July 2010 entered into between the Vendor and the Company in respect of the Subscription
“Subscription Price”	HK\$3.60 per Subscription Share
“Subscription Shares”	80 million Shares for which the Vendor has conditionally agreed to subscribe pursuant to the Subscription Agreement
“Top-up Placing”	the placing of an aggregate of up to 80 million existing Shares beneficially owned by the Vendor at the Placing Price pursuant to the terms of the Placing Agreement, such number of Shares for which the Vendor will subscribe pursuant to the terms of the Subscription Agreement
“Vendor”	Prosper Empire Limited, a company incorporated under the laws of British Virgin Islands with limited liability and wholly owned by the Controlling Shareholders, a substantial Shareholder
“Vendor Placing”	the placing of an aggregate of up to 20 million existing Shares beneficially owned by the Vendor at the Placing Price pursuant to the terms of the Placing Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 9 July 2010

*As at the date of this announcement, the Board comprises four executive directors, being Mr. Zhang Hwo Jie (Chairman), Mr. Zhang Jian Hua (Vice Chairman), Mr. Zhang Yaohua (Chief Executive Officer) and Mr. Nomo Kenshiro and three independent non-executive directors, being Dr. Lui Sun Wing, Mr. Choy Tak Ho and Mr. Leung Tai Chiu.*