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EVA PRECISION INDUSTRIAL HOLDINGS LIMITED **億和精密工業控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 838)

GENERAL DISCLOSURE UNDER RULE 13.18 OF THE LISTING RULES

On 5 June 2006, EVA Precision Industrial Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) obtained a syndicated loan facility by entering into various loan facility agreements (the “Facility Agreements”) with DBS Bank (Hong Kong) Limited and Hang Seng Bank Limited as the joint coordinating arrangers. Pursuant to the Facility Agreements, the following specific performance obligations are imposed on the executive directors and controlling shareholders of the Company, namely, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua (“Zhang’s Brothers”) throughout the life of the syndicated loan facility: (i) Zhang’s Brothers shall at all times beneficially own, directly or indirectly, an aggregate of at least 51% of the issued share capital of the Company and remain as its largest shareholders and shall procure that such shareholdings shall remain unencumbered except to the extent required under the Facility Agreements; (ii) Zhang’s Brothers shall at all times remain, directly or indirectly, the largest shareholders of EVA Precision Industrial (Suzhou) Limited, a subsidiary of the Company, and shall procure that such shareholdings shall remain unencumbered, except to the extent required under the Facility Agreements, in particular, the pledge of the entire share capital of EVA Precision Industrial (Suzhou) Limited and EVA Precision Industrial (Eastern China) Limited, its immediate holding company, to the relevant lenders pursuant to the Facility Agreements; (iii) Zhang’s Brothers shall maintain management control over the Group and shall be actively involved in the business of the Group and (iv) Mr. Zhang Hwo Jie shall remain as the chairman of the Company.

This announcement is made in compliance with the disclosure requirements under Rule 13.18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The directors of EVA Precision Industrial Holdings Limited (the “Company”) make the following disclosures in compliance with Rule 13.18 of the Listing Rules.

Pursuant to a syndicated loan facility arranged by DBS Bank (Hong Kong) Limited and Hang Seng Bank Limited as the joint coordinating arrangers and accepted by the Company and EVA Precision Industrial (Suzhou) Limited as the borrowers, a syndicated loan facility amounting to HK\$120,000,000 was made available to the Group with a repayment term of four years commencing from the date of first utilisation of the syndicated loan facility. The following specific performance obligations are imposed on the executive directors and controlling shareholders of the Company, namely, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua (“Zhang’s Brothers”) throughout the life of the syndicated loan facility: (i) Zhang’s Brothers shall at all times beneficially own, directly or indirectly, an aggregate of at least 51% of the issued share capital of the Company and remain as its largest shareholders and shall procure that such shareholdings shall

remain unencumbered except to the extent required under the syndicated loan facility; (ii) Zhang's Brothers shall at all times remain, directly or indirectly, the largest shareholders of EVA Precision Industrial (Suzhou) Limited, a subsidiary of the Company, and shall procure that such shareholdings shall remain unencumbered, except to the extent required under the syndicated loan facility, in particular, the pledge of the entire share capital of EVA Precision Industrial (Suzhou) Limited and EVA Precision Industrial (Eastern China) Limited, its immediate holding company, to the relevant lenders pursuant to the syndicated loan facility; (iii) Zhang's Brothers shall maintain management control over the Group and shall be actively involved in the business of the Group and (iv) Mr. Zhang Hwo Jie shall remain as the chairman of the Company. The purpose of the syndicated loan facility is to finance the payment of land cost, factory construction costs and equipment purchase costs in connection with the establishment of a production plant located in Suzhou, Jiangsu Province, the People's Republic of China, which is currently operated by EVA Precision Industrial (Suzhou) Limited.

A breach of the aforesaid obligations will constitute an event of default under the syndicated loan facility which may result in the cancellation of all or any part of the commitments under the syndicated loan facility and all borrowed amounts outstanding becoming immediately due and payable.

As at the date of this announcement, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua own 36%, 31% and 33% respectively of the entire issued share capital of Prosper Empire Limited, which in turn owns 65% of the issued share capital of the Company. In addition, Mr. Zhang Jian Hua personally owns approximately another 0.47% of the issued share capital of the Company.

This announcement is made in compliance with the disclosure requirement under Rule 13.18 of the Listing Rules. In accordance with the Listing Rules, similar disclosure will also be included in the subsequent interim and annual reports of the Company for so long as the aforesaid specific performance obligations continue to exist.

By order of the board of directors of
EVA PRECISION INDUSTRIAL HOLDINGS LIMITED
ZHANG HWO JIE
Chairman

Hong Kong, 5 June 2006

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.

*Please also refer to the published version of this announcement in
The Standard and Hong Kong Economic Journal.*