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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 the Cayman Islands)

(Stock Code: 838)

PLACING OF NON-LISTED WARRANTS AND RESUMPTION OF TRADING

The Directors are pleased to announce that on 22 March 2010, the Warrant Subscription Agreements were entered into between the Company and each of the Subscribers whereby the Company agreed to issue and the Subscribers agreed to subscribe for 52,000,000 Warrants in aggregate at the Warrant Issue Price of HK\$0.02 per Warrant.

The Warrants entitle the Subscribers to subscribe for 52,000,000 New Shares in aggregate at an initial subscription price of HK\$2.03 per New Share (subject to adjustment) for a period of 12 months commencing from (and inclusive of) the date of issue of the Warrants. Each Warrant carries the right to subscribe for one New Share.

It is expected that all the proceeds from the Warrant Subscription, being HK\$1,040,000, will be used for payment of the costs and expenses in connection with the Warrant Subscription. Assuming the full exercise of the subscription rights attaching to the Warrants at the initial subscription price of HK\$2.03 per New Share, the total funds to be raised is 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.

The New Shares to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants will be issued under the General Mandate. The Warrant Subscription is not subject to Shareholders' approval.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange were suspended from 2:30 p.m. on 22 March 2010 at the request of the Company pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 23 March 2010.

The Directors are pleased to announce that on 22 March 2010, the Warrant Subscription Agreements were entered into between the Company and each of the Subscribers whereby the Company agreed to issue and the Subscribers agreed to subscribe for 52,000,000 Warrants in aggregate at the Warrant Issue Price of HK\$0.02 per Warrant.

THE WARRANT SUBSCRIPTION AGREEMENTS

Date: 22 March 2010

Parties: (i) The Company; and

(ii) The Subscribers, seven in total, who are corporate or individual investors. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Subscribers and its ultimate beneficial owner(s) is an Independent Third Party. Immediately upon the exercise of the subscription rights attached to the Warrants, none of the Subscribers will become a substantial shareholder (as defined in the Listing Rules) of the Company.

Conditions: Completion of the Warrant Subscription Agreement is subject to the fulfillment of the following conditions:

- (i) if required, the Listing Committee of the Stock Exchange having approved the issue of the Warrants either unconditionally or subject to such conditions to which both the Company and the Subscribers shall reasonably accept and the satisfaction of such conditions; and
- (ii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the New Shares either unconditionally or subject to such conditions to which both the Company and the Subscribers shall reasonably accept.

In the event that any of the above conditions is not fulfilled on or before 5:00 p.m. on 30 April 2010 (or such later date as may be agreed between the Company and the Subscribers), the Warrant Subscription Agreements and all rights and obligations thereunder shall cease and terminate and neither of the parties to the Warrant Subscription Agreements shall have any claim against the other for costs, damages, compensation or otherwise except for any antecedent breach.

Completion: Completion shall take place on the second Business Day after the date on which the conditions above are fulfilled (or such other date as the Company and the Subscribers may agree).

PRINCIPLE TERMS OF THE WARRANTS

Number of Warrants: 52,000,000 Warrants, which will be issued to the Subscribers upon Completion in registered form and constituted by a deed poll. The Warrants rank pari passu in all respects among themselves.

Warrant Issue Price: HK\$0.02 per Warrant.

Number of New Shares issuable upon full exercise: Each Warrant carries the right to subscribe for one New Share. Upon full exercise of the subscription rights attached to the Warrants, 52,000,000 New Shares will be issued which represent approximately 8.36% of the Company's existing issued share capital and approximately 7.71% of the Company's issued share capital as enlarged by the allotment and issue of all of the New Shares, assuming no Shares are further issued or repurchased.

Subscription price and right: The Warrants will carry the right to subscribe for New Shares at the initial subscription price of HK\$2.03 per New Share, subject to adjustments for subdivision or consolidation of Shares.

The initial subscription price represents:

- (i) a discount of approximately 1.93% to the closing price of HK\$2.07 per Share as quoted on the Stock Exchange on 22 March 2010, the date of the Warrant Subscription Agreements; and
- (ii) a premium of approximately 2.01% to the average closing price of HK\$1.99 per Share as quoted on the Stock Exchange for the last 5 trading days of the Shares immediately before and including the date of the Warrant Subscription Agreements.

The subscription price was determined after arm's length negotiations between the Company and the Subscribers. The Board is of the opinion that the subscription price are fair, reasonable and in the best interest of the Company and the Shareholders.

- Exercise Period: 12 months from (and inclusive of) the date of issue of the Warrants.
- Transferability: The Warrants are transferable in integral multiples of 200,000 Warrants provided that no transfer of Warrants to connected persons (as defined in the Listing Rules) shall be allowed without the prior approval of the Company and the Stock Exchange.
- Listing: No application will be made for the listing of the Warrants on the Stock Exchange or any other exchange, but application will be made for the listing of, and permission to deal in, the New Shares on the Stock Exchange.
- Ranking of the New Shares: The New Shares, when issued and fully paid up, will rank pari passu in all respects with the Shares in issue at the time when the subscription rights attached to the Warrant(s) concerned are duly exercised.

USE OF PROCEEDS AND REASONS FOR THE WARRANT PLACING

It is expected that all the proceeds from the Warrant Subscription, being HK\$1,040,000, will be used for payment of costs and expenses in connection with the Warrant Subscription. Assuming the full exercise of the subscription rights attaching to the Warrants at the initial subscription price of HK\$2.03 per New Share, the total funds to be raised is 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. The net price to the Company of each Warrant, which is calculated by dividing the aggregate net proceeds from the Warrant Subscription and the exercise of the subscription rights attaching to the Warrants at the initial subscription price of HK\$2.03 per New Share by the total number of the Warrant, is approximately HK\$2.03.

The Board considers that the Warrant Subscription Agreements were entered into on normal commercial terms after arm's length negotiations between the Company and the Subscribers and that the terms of the Warrant Subscription Agreements (including the Warrant Issue Price and subscription price of the Warrants) are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned. The Board also considers that the transactions contemplated under the Warrant Subscription Agreements will strengthen the financial position (in particular, the working capital and cash flow position) of the Group.

GENERAL MANDATE TO ISSUE NEW SHARES

The New Shares will be issued pursuant to the General Mandate. Immediately prior to entering into the Warrant Subscription Agreement, the General Mandate had not been utilized, thus the maximum number of new Shares which could be issued under the General Mandate was 130,332,400 Shares (20% of the aggregate nominal amount of the total issued share capital of the Company of 651,662,000 Shares on 10 June 2009). The Warrant Subscription is not subject to Shareholders' approval.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The Company has not carried out any equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 622,068,000 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the full exercise of the subscription rights attaching to the Warrants (assuming that there will be no further changes in the issued share capital of the Company prior to such exercise) are as follows:

	As at the date of this announcement		Immediately after the full exercise of the subscription rights attaching to Warrants	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Shareholders				
<i>Substantial Shareholder</i>				
Prosper Empire Limited (<i>Note 1</i>)	361,500,000	58.11%	361,500,000	53.63%
<i>Directors (Note 2)</i>	18,866,000	3.03%	18,866,000	2.80%
<i>Public Shareholders</i>				
The Subscribers	0	0	52,000,000	7.71%
Public Shareholders other than the Subscribers	<u>241,702,000</u>	<u>38.86%</u>	<u>241,702,000</u>	<u>35.86%</u>
Total	<u>622,068,000</u>	<u>100%</u>	<u>674,068,000</u>	<u>100%</u>

Notes:

1. Prosper Empire Limited 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 (as defined under the Listing Rules) but excluding the Shares held by Mr. Zhang Hwo Jie, Mr. Zhang Yaohua and Mr. Zhang Jian Hua through Prosper Empire Limited as set out above.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 15.02(1) of the Listing Rules, the New Shares to be issued on exercise of the Warrants must not, when aggregated with all other equity securities remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued. Options granted under share option schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit. As at the date of this announcement, there are no securities with subscription rights outstanding and not yet exercised. Assuming (i) full exercise of the subscription rights attaching to the Warrants; and (ii) no Shares are further issued and repurchased, the 52,000,000 New Shares to be issued representing (i) approximately 8.36% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 7.71% of the issued share capital of the Company as enlarged by the allotment and issue of all of the New Shares. Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange were suspended from 2:30 p.m. on 22 March 2010 at the request of the Company pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 23 March 2010.

GENERAL

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.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, shall have the meanings ascribed to them below:

“Board”	the board of Directors
“Business Day”	any day (excluding Saturday) on which banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	EVA Precision Industrial Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange
“Completion”	completion of the Warrant Subscription
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 10 June 2009 to allot and issue new Shares which is subject to the limit up to 20% of the issued share capital of the Company as at the date of passing the resolution at the said general meeting (i.e. 130,332,400 Shares)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	Independent third party (ies) which is/are not connected persons (as defined under the Listing Rules) of the Company and is independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	new Share(s) which may fall to be allotted and issued at the initial subscription price of HK\$2.03 (subject to adjustment) upon the exercise of the subscription rights attached to the Warrants
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the subscribers of the Warrants under the Warrant Subscription Agreements, all are Independent Third Parties
“Warrant(s)”	52,000,000 unit(s) of unlisted warrants to be issued by the Company at the Warrant Issue Price per Warrant in registered form and constituted by a deed poll, each carries rights to the holders thereof to subscribe for one New Share at an initial subscription price of HK\$2.03 per New Share (subject to adjustment)
“Warrant Issue Price”	HK\$0.02 per unit of Warrant
“Warrant Subscription”	subscription of the Warrants at the Warrant Issue Price pursuant to the Warrant Subscription Agreements
“Warrant Subscription Agreements”	the conditional subscription agreements dated 22 March 2010 and entered into between the Company and each of the Subscribers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	Per cent.

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

Hong Kong, 22 March 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.