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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 EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



RHB OSK Securities Hong Kong Limited

PLACING OF EXISTING SHARES

On 15 January 2015 (after the trading hours), the Company, the Vendor and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best effort basis, up to an aggregate of 70,000,000 Placing Shares at the Placing Price. The Placing Shares will be placed to not less than six independent professional, institutional or individual investors who and whose respective ultimate beneficial owners are Independent Third Parties and are independent of, and not acting in concert with, the Vendor.

70,000,000 Placing Shares represent (i) approximately 4.16% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.99% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription (assuming 70,000,000 Placing Shares are successfully placed under the Placing).

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

SUBSCRIPTION OF NEW SHARES

On 15 January 2015 (after trading hours), the Vendor also entered into the Subscription Agreement with the Company pursuant to which the Vendor agreed to subscribe for up to an aggregate of 70,000,000 Subscription Shares at the Subscription Price. The Subscription is conditional upon (i) the completion of the Placing; (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, all of the Subscription Shares (and such listing and permission not subsequently revoked prior to completion of the Subscription); and (iii) the Executive granting the Waiver to the Vendor.

The actual number of Subscription Shares will be the same as the number of the Placing Shares successfully placed under the Placing. 70,000,000 Subscription Shares represent 4.16% of the issued share capital of the Company as at the date of this announcement and approximately 3.99% of the issued share capital of the Company as enlarged by the allotment and issue of such Subscription Shares. The Subscription Shares will be issued under the General Mandate.

It is intended that the net proceeds of the Subscription of approximately HK\$131,000,000 will be applied by the Company for its continuing expansion of the existing business and general working capital purposes.

The shareholding of the Vendor in the Company will decrease from approximately 39.91% to approximately 35.75% immediately after completion of the Placing and will increase to approximately 38.31% immediately after completion of the Subscription.

PLACING AGREEMENT

Date:

15 January 2015 (after the trading hours)

Parties:

The Company, the Vendor and the Placing Agent

The Placing Agent:

RHB OSK Securities Hong Kong 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 for the Placing Shares at the Placing Price on a best effort basis. The Placing Shares will be placed to not less than six Placees who and whose respective ultimate beneficial owners are Independent Third Parties and are independent of, and not acting in concert with, the Vendor.

Number of Placing Shares:

Up to an aggregate of 70,000,000 Placing Shares

70,000,000 Placing Shares represent (i) approximately 4.16% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.99% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription (assuming 70,000,000 Placing Shares are successfully placed under the Placing).

Placing Price:

The Placing Price of HK\$1.94 per Placing Share (exclusive of stamp duty, brokerage (if any), Stock Exchange trading fees and SFC transaction levy) represents:

- (i) a discount of 7.18% to the closing price of HK\$2.09 per Share as quoted on the Stock Exchange on 15 January 2015, being the trading day on which of the Placing Agreement and the Subscription Agreement were entered into;
- (ii) a discount of approximately 4.90% to the average of the closing prices of approximately HK\$2.04 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 15 January 2015; and
- (iii) a discount of approximately 1.37% to the average of the closing prices of approximately HK\$1.967 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 15 January 2015.

The Placing Price was arrived at after arm's length negotiations between the Company, the Vendor and the Placing Agent with reference to the market condition and the recent performance of the Shares. The Directors (including independent non-executive Directors) consider that the Placing Price and the terms of the Placing Agreement to be 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 Company and the Vendor terminate the Placing Agreement without liability to the Company and the Vendor by giving notice in writing to the Vendor if at any time from the date of the Placing Agreement up 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; or
- (b) any material breach of any of the representations and warranties of the Company and the Vendor set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises after the date of the Placing Agreement and prior to the Closing Date 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 Company or the Vendor of any other provision of the Placing Agreement; or
- (c) there has been any material adverse change in the financial position of the Company since the date of the Placing Agreement which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

Completion of the Placing:

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

SUBSCRIPTION AGREEMENT**Date:**

15 January 2015 (after the trading hours)

Parties:

The Company as the issuer and the Vendor as the subscriber

Number of Subscription Shares:

Up to an aggregate of 70,000,000 Subscription Shares

70,000,000 Subscription Shares represent 4.16% of the issued share capital of the Company as at the date of this announcement and approximately 3.99% of the issued share capital of the Company as enlarged by the allotment and issue of such Subscription Shares. The actual number of Subscription Shares will be the same as the number of the Placing Shares successfully placed under the Placing.

Subscription Price:

HK\$1.94 per Subscription Share, which is the same as 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 Placing. Based on the estimated expenses for the Placing and the Subscription, the net subscription price is approximately HK\$1.87 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 335,954,760 Shares, representing 20% of the Shares in issue as at the date of the annual general meeting of the Company held on 21 May 2014, may be allotted and issued by the Company. As at the date of this announcement, no Share has been allotted and issued pursuant to the General Mandate.

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;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, all of the Subscription Shares (and such listing and permission not subsequently revoked prior to completion of the Subscription); and
- (iii) the Executive granting the Waiver to the Vendor.

The Subscription Agreement has not provided for the right of the Company or the Vendor to waive the above conditions in the event that they cannot be satisfied. If any of the conditions cannot be fulfilled, the Subscription will not proceed.

Completion of the Subscription:

Completion of the Subscription shall take place after the date upon which the conditions set out above have been fulfilled and in any event within 14 days from the date of the Subscription Agreement.

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.

Application for the Waiver:

Application will be made by the Vendor to the Executive for the Waiver.

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 are as follows (assuming 70,000,000 Placing Shares are successfully placed under the Placing, no Shares will be repurchased and no other Shares will be issued):

	Before completion of the Placing and the Subscription		After completion of the Placing but before completion of the Subscription		After completion of the Placing and the Subscription	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Concert Parties Group						
The Vendor (Note 1)	671,750,000	39.91%	601,750,000	35.75%	671,750,000	38.31%
Zhang Hwo Jie	15,692,000	0.93%	15,692,000	0.93%	15,692,000	0.90%
Zhang Jian Hua	664,000	0.04%	664,000	0.04%	664,000	0.04%
Zhang Yaohua and his spouse (Note 2)	10,288,000	0.61%	10,288,000	0.61%	10,288,000	0.59%
Billion Fortune Group Limited (Note 2)	5,648,000	0.34%	5,648,000	0.34%	5,648,000	0.32%
Subtotal	704,042,000	41.83%	634,042,000	37.67%	704,042,000	40.16%
Directors (other than those who are members of the Concert Parties Group)						
Leung Tai Chiu	4,600,000	0.27%	4,600,000	0.27%	4,600,000	0.26%
Public Shareholders						
Placees	–	–	70,000,000	4.16%	70,000,000	3.99%
Other public shareholders	974,705,800	57.90%	974,705,800	57.90%	974,705,800	55.59%
Total	1,683,347,800	100%	1,683,347,800	100%	1,753,347,800	100%

Note:

1. The Vendor is owned as to 38% by Mr. Zhang Hwo Jie, 29% by Mr. Zhang Jian Hua and 33% by Mr. Zhang Yaohua, all of them are executive Directors.
2. Mr Zhang Yaohua and his spouse are the beneficial owners of 10,132,000 Shares and 156,000 Shares, respectively, and Mr. Zhang Yaohua also holds 5,648,000 Shares through Billion Fortune Group Limited (which is owned as to 100% by Mr. Zhang Yaohua)

REASONS FOR THE 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. It is intended that the net proceeds of the Subscription of approximately HK\$131,000,000 will be applied by the Company for its continuing expansion of the existing business and general working capital purposes.

The Directors (including independent non-executive Directors) consider that the Placing Agreement and the Subscription Agreement are entered into on normal commercial terms following arm's length negotiations among the Company, the Vendor 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.

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 the provision of precision manufacturing services in China, focusing on the production of moulds and components with high quality standard and dimensional accuracy.

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
“Closing Date”	20 January 2015, or such other date as the Company, 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
“Concert Parties Group”	The Vendor and parties acting concert with it
“Directors”	directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC
“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 21 May 2014
“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 not an associate(s) of any director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or individual investor(s) procured by or on behalf of the Placing Agent to purchase any of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	RHB OSK Securities Hong Kong 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 placing agreement dated 15 January 2015 entered into by and among the Company, the Vendor, and the Placing Agent in relation to the Placing
“Placing Price”	HK\$1.94 per Placing Share

“Placing Shares”	up to an aggregate of 70,000,000 existing Shares to be placed by the Placing Agent on a best effort basis 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 15 January 2015 entered into between the Company and the Vendor in respect of the Subscription
“Subscription Price”	HK\$1.94 per Subscription Share
“Subscription Shares”	up to an aggregate of 70,000,000 Shares for which the Vendor has conditionally agreed to subscribe pursuant to the Subscription Agreement
“Vendor”	Prosper Empire Limited, a company incorporated under the laws of British Virgin Islands with limited liability, owned as to 38% by Mr. Zhang Hwo Jie, 29% by Mr. Zhang Jian Hua, and 33% by Mr. Zhang Yaohua, and a substantial Shareholder
“Waiver”	a waiver from the obligation to make a general offer for all the issued Shares not already owned by the Concert Parties Group which may otherwise arise from the Placing and the Subscription pursuant to Note 6 on dispensations from Rule 26 of the Code on Takeovers and Mergers in Hong Kong
“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, 15 January 2015

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) and 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.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in the document misleading.