

*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)

**(1) DISCLOSEABLE TRANSACTION: DISPOSAL OF 21% EQUITY INTERESTS IN SHENZHEN KEBEN PRECISION MOULDS LIMITED ON A STANDALONE BASIS**

**(2) DISCLOSEABLE TRANSACTION: DISPOSAL OF 21% EQUITY INTERESTS IN SHENZHEN KEBEN PRECISION MOULDS LIMITED AND 51% EQUITY INTERESTS IN HONGKONG FOR BOON PRECISE INDUSTRIAL CO., LIMITED ON AN AGGREGATE BASIS**

**AND**

**(3) DISCLOSEABLE TRANSACTION: DISPOSAL OF 21% EQUITY INTERESTS IN SHENZHEN HUANGMING WANGHE METALS LIMITED**

**THE AGREEMENTS**

On 4 July 2017 (after trading hours), the following equity transfer agreements in relation to the disposals of the equity interests in the indirect non-wholly-owned subsidiaries of the Company were entered into between the Group and the relevant purchasers:

- (a) Agreement A, pursuant to which the PRC Vendor agreed to sell 21% of the equity interests in Disposal Company A to Purchaser A at the cash consideration of HK\$7,712,691;
- (b) Agreement B, pursuant to which the HK Vendor agreed to sell 51% of the equity interests in Disposal Company B to Purchaser B at the cash consideration of HK\$1,539,100; and
- (c) Agreement C, pursuant to which the PRC Vendor agreed to sell 21% of the equity interests in Disposal Company C to Purchaser C at the cash consideration of HK\$5,412,536.

**LISTING RULES IMPLICATIONS**

Disposal Company A and Disposal Company B, on an aggregate basis, are the insignificant subsidiaries of the Company. Disposal Company C is an insignificant subsidiary of the Company.

Agreement A, on a standalone basis, constitutes a discloseable transaction of the Company.

Agreement B, on a standalone basis, does not constitute a notifiable transaction of the Company.

As Agreement A and Agreement B are entered into by the Group with parties connected or otherwise associated with one another, namely Purchaser A and Purchaser B are brothers, Agreement A and Agreement B are required to be aggregated for the purpose of classification of the transactions. On an aggregate basis, Agreement A and Agreement B constitute a disclosable transaction of the Company.

Agreement C constitutes a discloseable transaction of the Company.

A discloseable transaction is subject to the notification and announcement requirements but is not required to be approved by the Shareholders.

## **1. INTRODUCTION**

The Board announces that on 4 July 2017 (after trading hours), the following equity transfer agreements in relation to the disposals of the equity interests in the non-wholly-owned subsidiaries of the Company were entered into between the Group and the relevant purchasers:

- (a) Agreement A, pursuant to which the PRC Vendor agreed to sell 21% of the equity interests in Disposal Company A to Purchaser A;
- (b) Agreement B, pursuant to which the HK Vendor agreed to sell 51% of the equity interests in Disposal Company B to Purchaser B; and
- (c) Agreement C, pursuant to which the PRC Vendor agreed to sell 21% of the equity interests in Disposal Company C to Purchaser C.

More information on the Agreements are set out below.

## **2. AGREEMENT A**

Set out below is a summary of the principal terms of Agreement A.

### **2.1 Date**

4 July 2017 (after trading hours).

## **2.2 Parties**

Vendor: PRC Vendor

Purchaser: Purchaser A

## **2.3 Assets to be disposed of**

The assets to be disposed of by the PRC Vendor is Sale Equity A, being 21% of the equity interests in Disposal Company A.

As at the Announcement Date, Disposal Company A is an indirect non-wholly-owned subsidiary of the Company. Upon completion of the transfer of Sale Equity A, the equity interests of the PRC Vendor in Disposal Company A will be reduced from 51% to 30% and, as a result, Disposal Company A will cease to be a subsidiary of the Company and its financial results will cease to be consolidated into the financial statements of the Group. Please refer to the subsection headed “2.5 Information on Disposal Company A” for more information on Disposal Company A.

## **2.4 Consideration and related information**

Sale Equity A shall be disposed of at Consideration A (i.e. HK\$7,712,691 in cash). Consideration A is determined after arm’s length negotiation between the PRC Vendor and Purchaser A with reference to the financial status of Disposal Company A at the time of negotiation.

Consideration A shall be payable as described below:

- (a) 50% shall be payable within one month after Agreement A has become effective; and
- (b) the remaining 50% shall be payable within one year after Agreement A has become effective.

Agreement A has become effective on 4 July 2017.

## **2.5 Information on Disposal Company A**

Set out below is certain information on Disposal Company A as at the Announcement Date:

Place of establishment : PRC

Registered and paid up capital : RMB15,000,000

Principal business	:	Manufacturing of metal stamping moulds and components
Operation period	:	No limit
Shareholders	:	PRC Vendor as to 51% Purchaser A as to 19.6% Purchaser B as to 19.6% Mr. Wang Kesi (王克斯) as to 9.8% ( <i>Note: Mr. Wang is the brother-in-law of Purchaser A and Purchaser B</i> )

Set out below is the audited financial information of Disposal Company A for the two financial years ended 31 December 2015 and 2016 respectively extracted from its financial statements prepared in accordance with the PRC Accounting Standards:

	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax and extraordinary items	14,250	5,331
Profit after tax and extraordinary items	12,084	4,914
	<b>As at 31 December 2015</b>	<b>As at 31 December 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	83,293	83,155
Total liabilities	51,366	46,314
Net assets	31,927	36,841

### **3. AGREEMENT B**

#### **3.1 Date**

4 July 2017 (after trading hours).

#### **3.2 Parties**

Vendor: HK Vendor

Purchaser: Purchaser B

### **3.3 Assets to be disposed of**

The assets to be disposed of by the HK Vendor is Sale Equity B, being 51% of the equity interests in Disposal Company B.

As at the Announcement Date, Disposal Company B is an indirect non-wholly-owned subsidiary of the Company. Upon completion of the transfer of Sale Equity B, the Group will cease to have any equity interests in Disposal Company B and, as a result, Disposal Company B will cease to be a subsidiary of the Group and its financial results will cease to be consolidated into the financial statements of the Group. Please refer to the subsection headed “3.5 Information on Disposal Company B” for more information on Disposal Company B.

### **3.4 Consideration and related information**

Sale Equity B shall be disposed of at Consideration B (i.e. HK\$1,539,100 in cash). Consideration B is determined after arm’s length negotiation between the HK Vendor and Purchaser B with reference to the financial status of Disposal Company B at the time of negotiation.

Consideration B shall be payable as described below:

- (a) 50% shall be payable within one month after Agreement B has become effective; and
- (b) the remaining 50% shall be payable within one year after Agreement B has become effective.

Agreement B has become effective on 4 July 2017.

### **3.5 Information on Disposal Company B**

Set out below is certain information on Disposal Company B as at the Announcement Date:

Place of incorporation	:	Hong Kong
Issued capital	:	HK\$10,000 which had been fully paid up
Principal business	:	Sales of metal stamping moulds and components
Shareholders	:	HK Vendor as to 51% Purchaser B as to 49%

Set out below is the audited financial information of Disposal Company B for the two financial years ended 31 December 2015 and 2016 respectively extracted from its financial statements prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax and extraordinary items	1,911	598
Profit after tax and extraordinary items	1,596	499
	<b>As at 31 December 2015</b>	<b>As at 31 December 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	14,528	11,021
Total liabilities	9,459	9,653
Net assets	5,069	1,368

#### **4. AGREEMENT C**

##### **4.1 Date**

4 July 2017 (after trading hours).

##### **4.2 Parties**

Vendor: PRC Vendor

Purchaser: Purchaser C

##### **4.3 Assets to be disposed of**

The assets to be disposed of by the PRC Vendor is Sale Equity C, being 21% of the equity interests in Disposal Company C.

As at the Announcement Date, Disposal Company C is an indirect non-wholly-owned subsidiary of the Company. Upon completion of the transfer of Sale Equity C, the equity interests of the PRC Vendor in Disposal Company C will be reduced from 51% to 30% and, as a result, Disposal Company C will cease to be a subsidiary of the Group and its financial results will cease to be consolidated into the financial statements of the Group. Please refer to the subsection headed “4.5 Information on Disposal Company C” for more information on Disposal Company C.

#### 4.4 Consideration and related information

Sale Equity C shall be disposed of at Consideration C (i.e. HK\$5,412,536 in cash). Consideration C is determined after arm's length negotiation between the PRC Vendor and Purchaser C with reference to the financial status of Disposal Company C at the time of negotiation.

Consideration C shall be payable as described below:

- (a) 50% shall be payable within one month after Agreement C has become effective; and
- (b) the remaining 50% shall be payable within one year after Agreement C has become effective.

Agreement C has become effective on 4 July 2017.

#### 4.5 Information on Disposal Company C

Set out below is certain information on Disposal Company C as at the Announcement Date:

Place of establishment	:	PRC
Registered and paid up capital	:	RMB21,000,000
Principal business	:	Trading of metal materials
Operation period	:	6 May 2011 to 6 May 2031
Shareholders	:	PRC Vendor as to 51% Purchaser C as to 41.65% Mr. Deng Anhua (鄧安華) as to 7.35%

As at the Announcement Date, Disposal Company C has three wholly-owned subsidiaries, namely (i) Shenzhen Quanye Wanghe Technology Limited\* (深圳市全燁旺和科技有限公司); (ii) Suzhou Huangming Metals Limited\* (蘇州煌銘五金有限公司); and (iii) Chongqing Huangming Technology Limited\* (重慶市煌銘科技有限公司). Each of the subsidiaries of Disposal Company C was established in the PRC and carries out the business of trading of metal materials.

Set out below is the consolidated financial information of Disposal Company C together with its subsidiaries for the two financial years ended 31 December 2015 and 2016 respectively:

	<b>For the year ended</b> <b>31 December 2015</b> <i>HK\$'000</i>	<b>For the year ended</b> <b>31 December 2016</b> <i>HK\$'000</i>
Profit before tax and extraordinary items	1,934	5,489
Profit after tax and extraordinary items	1,539	4,080
	<b>As at</b> <b>31 December 2015</b> <i>HK\$'000</i>	<b>As at</b> <b>31 December 2016</b> <i>HK\$'000</i>
Total assets	41,661	57,730
Total liabilities	18,907	31,689
Net assets	22,754	26,041

## **5. INFORMATION ON THE GROUP AND THE PARTIES TO THE AGREEMENTS**

### **5.1 The Group and the vendors**

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

The PRC Vendor is a company established in the PRC and a wholly-owned subsidiary of the Company. As at the Announcement Date, the PRC Vendor is principally engaged in the manufacturing of metal stamping moulds and components.

The HK Vendor is a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company. As at the Announcement Date, the HK Vendor is an investment holding company.

### **5.2 Purchaser A**

Purchaser A is a PRC citizen, a 19.6% shareholder of Disposal Company A as at the Announcement Date and a brother of Purchaser B. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Purchaser A is an Independent Third Party.



### **5.3 Purchaser B**

Purchaser B is a PRC citizen, a 19.6% shareholder of Disposal Company A, a 49% shareholder of Disposal Company B as at the Announcement Date and a brother of Purchaser A. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Purchaser B is an Independent Third Party.

### **5.4 Purchaser C**

Purchaser C is a PRC citizen, a 41.65% shareholder of Disposal Company C as at the Announcement Date and a brother of Mr. Deng Anhua (鄧安華), a 7.35% shareholder of Disposal Company C. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, (i) Purchaser C is an Independent Third Party and (ii) Purchaser C is not connected with Purchaser A or Purchaser B or otherwise associated with Purchaser A or Purchaser B.

## **6. GAIN OR LOSS EXPECTED TO ACCRUE TO THE GROUP**

### **6.1 Agreement A**

Based on Consideration A and after deduction of the currently estimated taxes, professional fees and other expenses attributable to the transactions contemplated by Agreement A, it is expected that an unaudited loss of approximately HK\$24,000 calculated by reference to the audited net asset value of Sale Equity A as at 31 December 2016 will be accrued to the Group.

### **6.2 Agreement B**

Based on Consideration B and after deduction of the currently estimated taxes, professional fees and other expenses attributable to the transactions contemplated by Agreement B, it is expected that an unaudited gain of approximately HK\$841,000 calculated by reference to the audited net asset value of Sale Equity B as at 31 December 2016 will be accrued to the Group.

### **6.3 Agreement C**

Based on Consideration C and after deduction of the currently estimated taxes, professional fees and other expenses attributable to the transactions contemplated by Agreement C, it is expected that an unaudited loss of approximately HK\$56,000 calculated by reference to the net asset value of Sale Equity C as at 31 December 2016 will be accrued to the Group.

#### **6.4 Recognition of the gain or loss in the Company's income statement**

Since the gain or loss expected to accrue to the Group as disclosed in subsections 6.1 to 6.3 are calculated by reference to the audited financial figures of the Group as at 31 December 2016 whereas the recognition of the gain or loss from the disposals pursuant to the Agreements in the income statement of the Group for the year ending 31 December 2017 will be by reference to the unaudited financial figures of the Group as at 30 June 2017 as required by the applicable accounting principles, the Company expects the gain or loss to be recognized in the income statement of the Group for the year ending 31 December 2017 to be different from those disclosed above.

#### **7. INTENDED USE OF PROCEEDS**

As at the Announcement Date, the Group intended to apply the aggregated proceeds from the disposals pursuant to the Agreements (i.e. HK\$14,664,327) as general working capital.

#### **8. REASONS FOR ENTERING INTO THE AGREEMENTS**

##### **In relation to the disposals contemplated by Agreement A and Agreement B**

It is the Group's present strategy to serve higher profile customers with large scale operations. The disposals of the Company's interests in Disposal Company A and Disposal Company B, both of which target smaller customers and which is not the business focus of the Group, will help the Group focusing on its primary customers when opportunities arise.

##### **In relation to the disposal contemplated by Agreement C**

Since mid-2016, it has been the strategy of the Group to reduce its investment and management involvement in various non-core businesses which are not aligned with the expertise or development focus of the Group. Accordingly, the reduction of the Group's shareholding interests in Disposal Company C from 51% to 30% is in line with such strategy.

After taking into account the factors set out above and the terms of each of the Agreements, the Directors (including all the independent non-executive Directors) consider that the terms of each of the Agreements are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **9. IMPLICATIONS UNDER THE LISTING RULES**

### **9.1 Agreement A and Agreement B**

As one of the applicable percentage ratios in respect of Agreement A, on a standalone basis, exceeded 5% but are less than 25%, Agreement A constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but is not required to be approved by the Shareholders.

As none of the applicable percentage ratios in respect of Agreement B, on a standalone basis, exceeded 5%, Agreement B does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As Agreement A and Agreement B are entered into by the Group with parties connected or otherwise associated with one another (namely, Purchaser A and Purchaser B are brothers) concurrently, Agreement A and Agreement B are required to be aggregated for the purpose of classification of the transactions pursuant to Rule 14.22 of the Listing Rules. Since one or more of the applicable percentage ratios in respect of Agreement A and Agreement B, on an aggregate basis, exceeded 5% but are still less than 25%, Agreement A and Agreement B together, therefore, constitute a disclosable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, Agreement A and Agreement B, on an aggregate basis, are subject to the notification and announcement requirements but are not required to be approved by the Shareholders.

Notwithstanding that Purchaser A is a substantial shareholder of a subsidiary of the Company (namely, Disposal Company A) and Purchaser B is a substantial shareholder of two subsidiaries of the Company (namely, Disposal Company A and Disposal Company B), each of Purchaser A and Purchaser B is not a connected person of the Company pursuant to Rule 14A.09 of the Listing Rules since Disposal Company A and Disposal Company B, on an aggregate basis, are the insignificant subsidiaries of the Company.

### **9.2 Agreement C**

As one of the applicable percentage ratios in respect of Agreement C exceeded 5% but are less than 25%, Agreement C constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but is not required to be approved by the Shareholders.

Notwithstanding that Purchaser C is a substantial shareholder of a subsidiary of the Company (namely, Disposal Company C) both on a standalone basis and on the basis of aggregating with his associate (namely, Mr. Deng Anhua (鄧安華), who is Purchaser C's

brother and a 7.35% shareholder of Disposal Company C), Purchaser C is not a connected person of the Company pursuant to Rule 14A.09 of the Listing Rules since Disposal Company C is an insignificant subsidiary of the Company.

## DEFINITIONS

“Agreement A”	the equity transfer agreement in relation to Sale Equity A dated 4 July 2017 and entered into between the PRC Vendor as vendor and Purchaser A as purchaser
“Agreement B”	the equity transfer agreement in relation to Sale Equity B dated 4 July 2017 and entered into between the HK Vendor as vendor and Purchaser B as purchaser
“Agreement C”	the equity transfer agreement in relation to Sale Equity C dated 4 July 2017 and entered into between the PRC Vendor as vendor and Purchaser C as purchaser
“Agreements”	Agreement A, Agreement B and Agreement C
“Announcement Date”	the date of this announcement, being 4 July 2017
“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
“connected person”	has the meaning given to it under the Listing Rules
“Consideration A”	the consideration of HK\$7,712,691 in cash payable by Purchaser A for the acquisition of Sale Equity A under Agreement A
“Consideration B”	the consideration of HK\$1,539,100 in cash payable by Purchaser B for the acquisition of Sale Equity B under Agreement B
“Consideration C”	the consideration of HK\$5,412,536 in cash payable by Purchaser C for the acquisition of Sale Equity C under Agreement C
“Director(s)”	director(s) of the Company from time to time
“Disposal Company A”	Shenzhen Keben Precision Moulds Limited* (深圳市科本精密模具有限公司), a company established in the PRC

“Disposal Company B”	Hongkong For Boon Precise Industrial Co., Limited 香港科本精密實業有限公司, a company incorporated in Hong Kong with limited liability
“Disposal Company C”	Shenzhen Huangming Wanghe Metals Limited* (深圳市煌銘旺和五金有限公司), a company established in the PRC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HK Vendor”	EVA Group Limited, a company incorporated in Hong Kong with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region
“Independent Third Party”	a third party independent of, and not connected with the Company and its connected persons
“insignificant subsidiary”	has the meaning given to it under Rule 14A.09 of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning given to it under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macao Special Administrative Region
“PRC Accounting Standards”	中國企業會計準則 (Accounting Standards for Business Enterprises) as promulgated by the Ministry of Finance of the PRC
“PRC Vendor”	Yihe Precision Hardware (Shenzhen) Co., Ltd.* (億和精密金屬製品(深圳)有限公司), a company established in the PRC with limited liability
“Purchaser A”	Mr. Jiang Chunlin (蔣春林)
“Purchaser B”	Mr. Jiang Chunhua (蔣春華)
“Purchaser C”	Mr. Deng Anquan (鄧安全)
“RMB”	Renminbi, the lawful currency of the PRC

“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Sale Equity A”	21% of the equity interests in Disposal Company A owned by the PRC Vendor as at the Announcement Date
“Sale Equity B”	5,100 ordinary shares in Disposal Company B representing 51% of the equity interests in Disposal Company B owned by the HK Vendor as at the Announcement Date
“Sale Equity C”	21% of the equity interests in Disposal Company C owned by the PRC Vendor as at the Announcement Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning given to it under the Listing Rules

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

Hong Kong, 4 July 2017

*As at the Announcement Date, 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 identification purpose only*