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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)

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

**Placing Agent**



On 3 March 2011, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent conditionally agreed to place on a best efforts basis, as agent for the Company, up to 47,342,000 Placing Shares to the Placee(s) at a price of HK\$6.25 per Placing Share.

The 47,342,000 Placing Shares under the Placing represent (i) approximately 5.71% of the existing issued share capital of the Company of 828,757,900 Shares as at the date of this announcement; and (ii) approximately 5.40% of the Company's issued share capital of 876,099,900 Shares as enlarged by the Placing Shares.

On the assumption that all Placing Shares are fully placed, the gross proceeds arising from the Placing will be HK\$295,887,500 and the net proceeds arising from the Placing will amount to approximately HK\$283,800,000 which is intended to be used for funding continuous business expansion and potential acquisition opportunities. The net proceeds raised per Placing Share upon the completion of the Placing will be approximately HK\$6.00 per Placing Share.

#### **GENERAL MANDATE**

The Placing Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM.

## **RESUMPTION OF TRADING**

At the request of the Company, trading of the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 3 March 2011 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 4 March 2011.

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **THE PLACING AGREEMENT**

**Date:** 3 March 2011

**Issuer:** The Company

**Placing Agent:** The Placing Agent

The Placing Agent has been appointed to procure on a best efforts basis Placee(s) to subscribe for the Placing Shares at the Placing Price during the Placing Period.

The Placing Agent will receive a placing commission based on the gross proceeds of the Placing. The Directors are of the view that the placing commission payable to the Placing Agent pursuant to the Placing Agreement is at normal market rate and was arrived at after arm's length negotiations between the Company and the Placing Agent, and therefore it is fair and reasonable.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

### **Placee(s)**

The Company has been advised by the Placing Agent that there will be one Placee. Based on enquiries made by the Company, the Placee is Janus Capital Management LLC. Janus Capital Management LLC is a subsidiary of Janus Capital Group Inc., which is listed on the New York Stock Exchange, and is an asset management firm. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Janus Capital Management LLC, as investment manager of discretionary funds, is an Independent Third Party.

### **Placing Shares**

The 47,342,000 Placing Shares under the Placing represent (i) approximately 5.71% of the existing issued share capital of the Company of 828,757,900 Shares as at the date of this announcement; and (ii) approximately 5.40% of the Company's issued share capital of 876,099,900 Shares as enlarged by the Placing Shares. The Placing Shares have an aggregate nominal value of HK\$4,734,200.

## **Ranking of Placing Shares**

The Placing Shares will be issued and allotted 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 or payable or distribution made or proposed to be made at any time by reference to a record date falling on or after the Closing Date.

## **Placing Price**

The Placing Price of HK\$6.25 represents:

- (i) the closing price of HK\$6.25 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 3.65% to the average closing price of HK\$6.03 per Share for the last 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 4.52% to the average closing price of HK\$5.98 per Share for the last 10 consecutive trading days up to and including the Last Trading Day.

After deduction of relevant expenses of Placing, the net placing price per Placing Share is HK\$6.00.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

## **General Mandate**

The Placing Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the issued share capital of the Company as at the date of the AGM, (i.e. 132,127,240 Shares, representing 20% of 660,636,200 Shares in issue as at the date of the AGM). Up to the date of this announcement, a total of 80,000,000 Shares have been allotted and issued under the General Mandate, utilizing approximately 60.55% of the General Mandate in aggregate. The 47,342,000 Placing Shares to be allotted and issued will further utilize approximately 35.83% of the General Mandate. The Placing is not subject to Shareholders' approval.

## **Conditions of the Placing**

Completion of the Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares to be issued.

In the event that the condition of the Placing is not fulfilled in full on or before the Long Stop Date, the Placing Agent may terminate the Placing Agreement and neither the Company nor the Placing Agent shall have any obligations and liabilities under the Placing Agreement (save and except any liability for antecedent breaches and provided that the Company shall remain liable for the payment of any costs, charges and expenses as agreed under the Placing Agreement).

### **Termination**

The Placing Agent may after consultation with the Company (to the extent that the same is reasonably practicable) terminate the Placing Agreement without liability to the Company by giving notice to the Company 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 Company 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.

### **Completion of the Placing**

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

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

### **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Board considers that the Placing represents a good opportunity to raise capital for future business developments. The Directors consider that the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

On the assumption that all Placing Shares are fully placed, the gross proceeds arising from the Placing will be HK\$295,887,500 and the net proceeds arising from the Placing will amount to approximately HK\$283,800,000 which is intended to be used for funding continuous business expansion and potential acquisition opportunities.

The net proceeds raised per Placing Share upon the completion of the Placing will be approximately HK\$6.00 per Placing Share.

## EFFECTS ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structure of the Company immediately before and after the completion of the Placing is set out below:

	As at the date of this announcement		Immediately after completion of the Placing assuming all Placing Shares are fully placed, allotted and issued (Note 5)	
	No. of Shares	Approx. percentage	No. of Shares	Approx. percentage
Prosper Empire Limited (Note 1)	320,740,000	38.70%	320,740,000	36.61%
Directors (Note 2)	18,774,000	2.27%	18,774,000	2.14%
Placee	–	0.00% (Note 3)	47,986,000 (Note 4)	5.48%
Other public shareholders	<u>489,243,900</u>	<u>59.03%</u>	<u>488,599,900</u>	<u>55.77%</u>
	<u><u>828,757,900</u></u>	<u><u>100%</u></u>	<u><u>876,099,900</u></u>	<u><u>100%</u></u>

Note:

- Prosper Empire Limited is owned as to 38% by Mr. Zhang Hwo Jie, 33% by Mr. Zhang Yaohua and 29% by Mr. Zhang Jian Hua, all of whom are executive Directors.
- 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 Prosper Empire Limited as set out above.
- This placee has purchased 644,000 Shares on market on 2 March 2011 which is yet to be completed as at the date of this announcement.
- This represents the Placing Shares and the 644,000 Shares referred to in the note above.
- This does not include any Shares which may be issued pursuant to the exercise of options under the Share Option Scheme or the exercise of subscription rights attaching to the Warrants.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
22 March 2010	Subscription of Warrants	HK\$106,600,000 (assuming full exercise of the subscription rights attaching to the Warrants)	As general working capital and as funds for future development of the Group	Utilized as intended
9 July 2010	Top-up placing and subscription	HK\$276,074,000	For the continuing expansion of the existing business and for potential acquisition opportunities	Being utilized as intended

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

The Group is principally engaged in the design and fabrication of metal stamping and plastic injection moulds and manufacturing of metal stamping and plastic injection components and lathing components.

### RESUMPTION OF TRADING

At the request of the Company, trading of the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 3 March 2011 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 4 March 2011.

## TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meaning:

“AGM”	the annual general meeting of the Company held on 13 May 2010
“Board”	board of Directors
“Business Day(s)”	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”	the date on which the Placing Shares will be allotted and issued to the Placee in exchange for the payment of the net proceeds of the Placing to the Company, which shall be the date falling two Business Days after the date on which the conditions of the Placing Agreement are fulfilled, but in any event no later than the Long Stop Date unless otherwise agreed between the Company and the Placing Agent
“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 Main Board of the Stock Exchange
“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 Director by resolution of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Parties”	a party which is not a connected person (as defined under the Listing Rules) of the Company and is independent of the Company and its connected persons
“Last Trading Day”	2 March 2011, being the last trading day for the Shares before the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the day falling 12 days after the date of the Placing Agreement
“Placee(s)”	any professional, institutional or other investor procured by or on behalf of the Placing Agent to subscribe for any Placing Shares pursuant to the terms of the Placing Agreement
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement
“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 Securities and Futures Ordinance (Cap. 571)
“Placing Agreement”	the conditional placing agreement dated 3 March 2011 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	means the period commencing upon the date of the Placing Agreement and terminating at completion on the Closing Date, unless terminated earlier pursuant to the Placing Agreement
“Placing Price”	HK\$6.25 per Placing Share
“Placing Shares(s)”	up to 47,342,000 new Shares to be allotted and issued by the Company and placed through the Placing Agent pursuant to the terms and conditions of the Placing Agreement
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company in force as at the date of the Placing Agreement



“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrants”	the 52,000,000 units of unlisted warrants issued by the Company in March 2010
“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, 4 March 2011

*As at the date of this announcement, the Board 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.*