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EYANG HOLDINGS (GROUP) CO., LIMITED

宇陽控股（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 117)

(1) MAJOR AND CONNECTED TRANSACTION PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTEREST IN EYCOM;

(2) POSSIBLE CONTINUING CONNECTED TRANSACTIONS

(a) LEASING OF PREMISES; AND

(b) PURCHASE OF MLCC; AND

(3) RESUMPTION OF TRADING

The Disposal

On 4 September 2009 (after trading hours), Eyang Shenzhen, an indirect wholly-owned subsidiary of the Company as the vendor, and, Weichuang Investment as the purchaser, entered into the Disposal Agreement. Pursuant to the Disposal Agreement, Eyang Shenzhen has conditionally agreed to sell and Weichuang Investment has conditionally agreed to purchase, the entire equity interest in Eycom, a wholly-owned subsidiary of Eyang Shenzhen and is principally responsible for the mobile phone business of the Group as at the date of this announcement, for the Initial Consideration of RMB3,444,850.85, subject to the adjustment as detailed below.

The Continuing Connected Transactions

Upon Completion, Eycom will cease to be a subsidiary of the Company and will be a connected person of the Group under Chapter 14A of the Listing Rules. As such, it is also proposed that (a) Eycom and Eycom Dongguan Branch, as lessees, and Eyang Shenzhen and Eyang Dongguan, as lessors, terminate the Existing Leasing Agreements and enter into the New Leasing Agreements in relation to the Property; and (b) Eycom and Eyang Shenzhen enter into the Purchase Agreement in relation to the purchase of MLCC.

Listing Rules implications

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Given that Mr. Chen Weirong, Ms. Shuang Mei and Mr. Liao Jie, who, in aggregate, owned 85% of the registered capital of Weichuang Investment, are the Controlling Shareholders and the executive Directors, Weichuang Investment is the connected person under Chapter 14A of the Listing Rules. As such, the Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders at the EGM by poll. All of the Controlling Shareholders including Mr. Chen Weirong, Mr. Shuang Mei and Mr. Liao Jie and their respective associates shall abstain from voting in relation to the Disposal at the EGM.

The Independent Board Committee will be established to provide recommendation to the Independent Shareholders in connection with the Disposal. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the terms of the Disposal Agreement.

A circular containing, among others, further details of the Disposal Agreement, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the fairness and reasonableness of the terms of the Disposal Agreement and a notice of the EGM will be despatched to the Shareholders as soon as practicable in accordance with requirements of the Listing Rules.

In addition, the entering into of the New Leasing Agreements and the Purchase Agreement constitute the continuing connected transactions under the Listing Rule 14A.34 and are only subject to the reporting and announcement requirements and are exempt from the Independent Shareholders' approval under Chapter 14A of the Listing Rules.

Resumption of trading

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Monday, 7 September 2009, pending release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on Wednesday, 9 September 2009.

THE DISPOSAL

The Disposal Agreement

Date:

4 September 2009

Parties:

Vendor : Eyang Shenzhen, being the indirect wholly-owned subsidiary of the Company

Purchaser : Weichuang Investment

Weichuang Investment is beneficially owned as to Mr. Chen Weirong by 55%, Ms. Shuang Mei by 18%, Mr. Liao Jie by 12%, Mr. Xu Chuncheng by 8% and Mr. Luo Jun by 7%. Given that Mr. Chen Weirong, Ms. Shuang Mei and Mr. Liao Jie are the Controlling Shareholders and executive Directors, Weichuang Investment is the connected person under Chapter 14A of the Listing Rules.

In addition, Mr. Xu Chuncheng is the chief financial officer of the Company whereas Mr. Luo Jun is the general manager of sales center of Eycom. To the best knowledge, information and belief of the Directors and having made all reasonable enquiry, both Mr. Xu Chuncheng and Mr. Luo Jun are Independent Third Parties.

Subject of the Disposal

Pursuant to the Disposal Agreement, Eyang Shenzhen agreed to dispose of the entire equity interest in Eycom to Weichuang Investment subject to the terms and conditions set out therein.

Consideration

The Initial Consideration is RMB3,444,850.85. Such Initial Consideration was determined after arm's length negotiations between Eyang Shenzhen and Weichuang Investment and arrived at on normal commercial terms with reference to the unaudited net assets value of Eycom as at 30 June 2009 prepared in accordance with IFRS, which was approximately RMB23,444,850.85, and after the payment of dividend of RMB20,000,000 (the "Dividend") of Eycom to its relevant shareholders. As advised by the Directors, the Dividend has already been paid as at the date of this announcement.

The Initial Consideration is payable by Weichuang Investment to Eyang Shenzhen in cash upon Completion.

Pursuant to the terms and conditions of the Disposal Agreement, such Initial Consideration is also subject to adjustment set out below:

At appropriate time following Completion but in any event should be no later than the date on which the Company should publish its audited financial results for the year ending 31 December 2009 according to the requirements of the Listing Rules, parties to the Disposal Agreement should ascertain in writing the net assets value of Eycom as at the date of Completion audited by qualified accountants (the "Audited NAV") in accordance with IFRS. Should the Audited NAV be higher than the Initial Consideration, the Consideration payable by Weichuang Investment should be increased by the amount equivalent to the difference between the Audited NAV and the Initial Consideration and the said difference should be paid by Weichuang Investment within the five Business Days from the date on which the Audited NAV being ascertained in writing by parties thereto. If the Audited NAV is lower than the Initial Consideration, the Consideration should be equal to the Initial Consideration.

Conditions precedent

Completion of the Disposal shall be conditional upon the following conditions:

- (1) The Disposal Agreement being duly signed by the parties thereto;
- (2) the passing of an ordinary resolution by the Independent Shareholders at the EGM approving the entering into of the Disposal Agreement and performance of the Disposal thereunder;
and

- (3) the obtaining of all necessary approvals in connection with the entering into of the Disposal Agreement and performance of the Disposal thereunder by the relevant shareholders, shareholder's meeting and/or the board of directors of Eycom, Eyang Shenzhen and Weichuang Investment respectively.

As at the date of this announcement, the conditions precedent of (1) & (3) have been satisfied. Should the satisfaction of all of the above conditions precedent not occur on or before 31 December 2009 (or such later date as Weichuang Investment and Eycom may agree in writing), the Disposal Agreement shall terminate and neither party shall have any liability to the other except for antecedent breaches of the Disposal Agreement.

Completion

Completion should take place forthwith on the date on which all the conditions precedent set out above are fulfilled.

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

Background

As at the date of this announcement, (a) Eycom has leased one premise from Eyang Dongguan; (b) Eycom Dongguan Branch has leased one premise from Eyang Dongguan; and (c) Eycom has leased one premise from Eyang Shenzhen. These premises have been leased for production of mobile phones and office use for an aggregate monthly rental of RMB72,244 under the Existing Leasing Agreements. In addition, as MLCC products produced by the Group are essential parts of the production of mobile phones by Eycom, Eycom has sourced MLCC products from the Group from time to time. The transaction value regarding the Eycom's purchase of MLCC products produced by the Group for the three years ended 31 December 2008 was approximately RMB4,976,000, RMB4,237,000 and RMB3,590,000 respectively.

Upon Completion, Eycom will cease to be a subsidiary of the Company and will become a connected person of the Group under Chapter 14A of the Listing Rules. As such, it is also proposed that:

- (i) Eycom and Eycom Dongguan Branch, as lessees, and Eyang Shenzhen and Eyang Dongguan, as lessors, terminate the Existing Leasing Agreements and enter into the New Lease Agreements in relation to the Property; and

- (ii) Eycom and Eyang Shenzhen enter into the Purchase Agreement in relation to the purchase of MLCC.

Details of the New Leasing Agreements and the Purchase Agreement are set out below.

(1) The New Leasing Agreements

Date

4 September 2009

The date on which the New Leasing Agreements become effective will be the date of Completion.

Parties

Lessors : Eyang Shenzhen and Eyang Dongguan

Lessees : Eycom and Eycom Dongguan Branch

Terms

From the date of Completion to 31 December 2011

Rental and settlement

The New Leasing Agreements will become effective from the date of Completion at an aggregate monthly rental of RMB72,244. The rental settlement date will be on or before the 15th day of each month and be settled in cash.

Annual caps

The annual caps under the New Leasing Agreements for the three years ending 31 December 2011 are set out below:

	For the year ending 31 December		
	2009	2010	2011
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Total rental	216,732	866,928	866,928
	<i>(note)</i>		

Note: the proposed annual cap for the year ending 31 December 2009 accounts for the estimated aggregate rental for the three months ending 31 December 2009 assuming that the New Leasing Agreements will become effective in October 2009.

The rentals under the New Leasing Agreements were arrived at after arm's length negotiations between parties to the agreements with reference to (a) the rentals under the Existing Leasing Agreements; and (b) the rental per square meter offered by the Group to the independent parties in the same building and the adjacent building is same to the rental per square meter under the New Leasing Agreements. As such, the Directors, including the independent non-executive Directors, are of the view that the annual caps of the New Leasing Agreements are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

(2) The Purchase Agreement

Date

4 September 2009

The date on which the Purchase Agreement becomes effective will be the date of Completion.

Parties

Supplier : Eyang Shenzhen

Purchaser : Eycom

Terms

From the date of Completion to 31 December 2011

Pricing and settlement

- (i) Transactions under the Purchase Agreement would be conducted on normal commercial terms and the pricing for MLCC products required by Eycom will be agreed from time to time between Eyang Shenzhen and Eycom with reference to the specifications of the relevant products (including, but not limited to, its size, capacitance and voltage) and also the prevailing market prices at the relevant time. The terms of sales to be offered by Eyang Shenzhen to the Eycom under the Purchase Agreement should be no less favourable than those offered by Eyang Shenzhen to its independent customers;
- (ii) Upon agreement on the specifications of each purchasing order by parties to the agreement, Eyang Shenzhen and Eycom agree to review the prevailing market prices of products. Should there be fluctuation in prevailing market price of the relevant MLCC products, parties to the agreement agree to adjust the price, based on the pricing principle as set out in (i) above, accordingly; and
- (iii) The settlement date for the relevant transactions of each month will be on the 10th Business Day of the following month. Upon the confirmation of the total transaction amount for the previous month on the settlement date and the prices as agreed by both parties, Eycom should settle the agreed transaction value within one Business Day following the settlement date.

Annual caps

The annual caps under the Purchase Agreement for the three years ending 31 December 2011 are set out below:

	For the year ending 31 December		
	2009	2010	2011
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Annual caps	743,900	2,705,400	2,447,700
	<i>(note)</i>		

Note: the proposed annual cap for the year ending 31 December 2009 accounts for the estimated transaction value for the three months ending 31 December 2009 assuming that the Purchase Agreement will become effective in October 2009.

The annual caps under the Purchase Agreement were arrived at after arm's length negotiations between parties to the agreement and taking into account (a) the transaction value of previous Eycom's purchase of MLCC produced by the Group for the three years ended 31 December 2008; (b) the terms of previous purchase which are similar to the terms of the Purchase Agreement; and (c) the possible decrease in production of mobile phones volume in the future should the current intensified competition and disorder in the PRC mobile phone market not be improved significantly. Based on the above, the Directors, including the independent non-executive Directors, are of the view that the annual caps of the Purchase Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

INFORMATION ON THE GROUP, WEICHUANG INVESTMENT AND EYCOM

The Company was incorporated in the Cayman Islands with limited liability and its shares are listed on the main board of the Stock Exchange. As at the date hereof, the Group is principally engaged in the manufacture and sale of the MLCC and mobile phones.

Weichuang Investment was incorporated on 29 May 2009 with a registered capital of RMB10 million in the PRC. Based on its business license, the business scope of Weichuang Investment includes project and equity investment; development and sales of battery, electronic material, electronic devices and other related products as well as export and import businesses.

Eycom is a limited liability company incorporated under the laws of the PRC on 24 March 2004, and an indirect wholly-owned subsidiary of the Company. As at the date hereof, Eycom is principally engaged in the manufacture and sale of mobile phones.

Set out below is the unaudited financial information of Eycom for the two years ended 31 December 2008 and the six months ended 30 June 2009 prepared in accordance with the IFRS:

	For the year ended		For the
	31 December		six months
	2007	2008	ended
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	30 June
			2009
			<i>(RMB'000)</i>
Net (loss)/profit before tax	34,834	(8,773)	(10,703)
Net (loss)/profit after tax	34,696	(9,531)	(10,703)

	As at 31 December		As at
	2007	2008	30 June
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	2009
			<i>(RMB'000)</i>
Net assets	43,679	34,148	23,445

As at 30 June 2009, the unaudited total assets of Eycom amounted to approximately RMB144.3 million, of which approximately RMB139.7 million was current assets and approximately RMB4.6 million was non-current assets, which mainly include machinery for the production of mobile phones. Among the said current assets of approximately RMB139.7 million, approximately RMB58.8 million was cash and cash equivalent, accounted for approximately 42.1% of the total current assets.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE DISPOSAL AGREEMENT, THE NEW LEASING AGREEMENTS AND THE PURCHASE AGREEMENT

The Disposal

As at the date of this announcement, the Group is principally engaged in the manufacture and sale of the MLCC and mobile phones. Eycom, an indirectly wholly-owned subsidiary of the Company, is principally responsible for the mobile phone business of the Group and is engaged in the production and sale of mobile phones as at the date hereof. Since 2008, various PRC mobile phone producers have entered into the mobile phone market which intensified the market competition. Furthermore, the business conducts of various mobile phone producers in the PRC resulted in the disorderly market competition, among others, by way of flooding counterfeit mobile phones into the PRC market. Under such circumstance together with the financial crisis in 2008, for the year ended 31 December 2008, the revenue derived from the mobile phones business decreased by approximately 10.6% to approximately RMB545.2 million and the relevant segment results recorded a loss of approximately RMB8.5 million during the corresponding period.

On the other hand, despite the worsening financial and economic environment in 2008, the Group's another business, namely, MLCC business, achieved an increase in sales by approximately 5% and the relevant segment results were approximately RMB37.7 million in 2008. However, as a result of, among others, the slumping performance of the mobile phone business, the overall revenue of the Group nevertheless decreased from approximately RMB835.7 million in 2007 to approximately RMB780.0 million in 2008, whereas the net profit of the Group decreased from approximately RMB68.4 million in 2007 to approximately RMB11.3 million.

During the first half of 2009, the mobile phone business still suffered from the intensified market competition in the PRC. As such, based on the unaudited interim results of the Group, the sale of mobile phones of the Group continued to fall to RMB181.9 million for the six months ended 30 June 2009, representing a decrease of approximately 29.0% from approximately RMB256.3 million during the corresponding period in 2008. The loss incurred from the mobile phone business in the first half of 2009 reached to approximately RMB10.7 million, representing an increase of approximately 234.4% from the loss of approximately RMB3.2 million in the same period in 2008. Though, during the same period, the MLCC business of the Group still recorded growth in the revenue to approximately RMB130.9 million, whereas the relevant segment results were RMB22.0 million as compared with RMB24.8 million in the corresponding period in 2008, the Group's overall revenue and net profits for the six months ended 30 June 2009 decreased to approximately RMB310.2 million and RMB5.2 million respectively, principally as a result of the declining performance of the mobile phone business.

Having considered that (a) the declining performance of the mobile phone business in 2008 and the first half of 2009; (b) the aforementioned competition in the PRC mobile phone market which, the Directors consider that, may not be eased in the foreseeable future; and (c) the fact that the continuing loss as incurred from the mobile phone business may undermine the performance of the MLCC business which in turn may affect the overall business performance of the Group, the Directors consider that the entering into of the Disposal Agreement provides an opportunity to the Group to exit such mobile phone market and also enables the Group to focus its resource into the development of the growing MLCC business.

As the Initial Consideration was determined with reference to the unaudited net assets value of Eycom as at 30 June 2009 after the Dividend, and subject to adjustment (as detailed in the paragraph headed "Consideration" under the section headed "The Disposal" above) based on the Audited NAV when available, the Directors expect that (a) no gain or loss on disposal is expected to accrue to the Company if the Audited NAV is either equivalent to or higher than the Initial Consideration; or (b) a gain on disposal of the amount equivalent to the difference between the Audited NAV and the Initial Consideration is to be accrued to the Company if the Audited NAV is lower than the Initial Consideration. In addition, as Eycom has been loss making for the year ended 31 December 2008 and six months ended 30 June 2009, the Directors anticipate that the Disposal should improve the recurring earnings of the Group subsequent to Completion.

In view of the above and having considered the terms of the Disposal Agreement, which are arrived at after arm's length negotiations and on normal commercial terms, the Directors (excluding the independent non-executive Directors whose view will be made after taking into account the advice of the independent financial adviser to be appointed in this regard) are of the view that the terms of the Disposal Agreement are fair and reasonable and the entering into the Disposal Agreement is in the interests of the Group and the Independent Shareholders as a whole.

The New Leasing Agreements and the Purchase Agreement

Given that Eycom and Eycom Dongguan Branch have leased the Property from the Group since 2008 and Eycom has purchased MLCC products from the Group since 2005 respectively, the New Leasing Agreements and the Purchase Agreement can ensure the smooth continuance in operation of Eycom upon Completion.

The New Leasing Agreements and the Purchase Agreement are arrived at after arm's length negotiations and on normal commercial terms, the Directors are of the view that the terms of the New Leasing Agreements and the Purchase Agreement are fair and reasonable and the entering into the New Leasing Agreements and the Purchase Agreement are the ordinary course of business and in the interest of the Group and the Shareholders as a whole.

INTENDED USE OF PROCEEDS

The Group intends to apply all the sale proceeds from the Disposal as general working capital.

LISTING RULES IMPLICATIONS

The Disposal

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Given that Mr. Chen Weirong, Ms. Shuang Mei and Mr. Liao Jie, who, in aggregate, owned 85% of the registered capital of Weichuang Investment, are Controlling Shareholders and the executive Directors, Weichuang Investment is the connected person under Chapter 14A of the Listing Rules. As such, the Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders at the EGM by poll. All of the Controlling Shareholders including Mr. Chen Weirong, Ms. Shuang Mei and Mr. Liao Jie and their respective associates shall abstain from voting in relation to the Disposal at the EGM.

The Independent Board Committee will be established to provide recommendation to the Independent Shareholders in connection with the Disposal. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the terms of the Disposal Agreement.

A circular containing, among others, further details of the Disposal Agreement, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the fairness and reasonableness of the terms of the Disposal Agreement and a notice of the EGM will be despatched to the Shareholders as soon as practicable in accordance with requirements of the Listing Rules.

The Continuing Connected Transactions

Given that (i) Weichuang Investment is a connected person under Chapter 14A of the Listing Rules; and (ii) the maximum annual cap of the Continuing Connected Transactions amounts to RMB3,572,328, being the sum of the maximum annual cap of RMB866,928 under the New Leasing Agreements and the maximum annual cap of RMB2,705,400 under the Purchase Agreement, which falls below 2.5% of the applicable percentage ratios (other than the profits ratio) as defined in Listing Rule 14A.34(1), the entering into of the New Lease Agreements and the Purchase Agreement constitute the continuing connected transactions under the Listing Rule 14A.34 and are only subject to the reporting and announcement requirements and are exempt from the Independent Shareholders' approval under Chapter 14A of the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Monday, 7 September 2009, pending release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on Wednesday, 9 September 2009.

DEFINITIONS

In this announcement, the following expressions have the respective meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“Business Day”	any day on which banks are open in Hong Kong and the PRC for general banking business (other than Saturdays)

“Company”	EYANG Holdings (Group) Co., Limited (stock code: 117), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange
“Completion”	the Disposal Agreement becomes effective and the beneficial interest in Eycom is transferred by Eyang Shenzhen to Weichuang Investment in accordance with the terms and conditions of the Disposal Agreement
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the total purchase price payable by Weichuang Investment to Eyang Shenzhen for the Disposal and is subject to the terms and conditions of the Disposal Agreement
“Continuing Connected Transactions”	the proposed transactions pursuant to the Purchase Agreement and the New Leasing Agreements
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refer to Mr. Chen Weirong and the parties who entered into the concert party agreements with Mr. Chen Weirong are indirectly holding shares of the Company consisting of Ms. Shuang Mei, Mr. Zhang Zhilin, Mr. Liao Jie, Mr. Cheng Wusheng, Mr. Zhou Penghong and Mr. Luo Chaoen as at the date of this announcement
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the entire equity interest of Eycom by Eyang Shenzhen to Weichuang investment pursuant to the Disposal Agreement
“Disposal Agreement”	the agreement entered into between Eyang Shenzhen and Weichuang Investment on 4 September 2009 in relation to the Disposal
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve the Disposal Agreement and the Disposal contemplated thereunder

“Existing Leasing Agreements”	the leasing contract in relation to a premise with an area of 804 square metres entered into between Eycom as a lessee and Eyang Dongguan as a lessor and the lease contract in relation to a premise with an area of 3,384 square metres and entered into between Eycom Dongguan Branch as a lessee and Eyang Dongguan as a lessor; the leasing contract in relation to a premise with an area of 445 square metres and entered into between Eycom as a lessee and Eyang Shenzhen as a lessor
“Eyang Dongguan”	東莞市宇陽科技發展有限公司 (Dongguan Eyang Technology Development Co., Ltd.*), a limited liability company incorporated under the laws of the PRC on 22 March 2001, and an indirect wholly-owned subsidiary of the Company
“Eyang Shenzhen”	深圳市宇陽科技發展有限公司 (Eyang Technology Development Co., Ltd.*), a wholly foreign owned enterprise, incorporated under the laws of PRC on 22 February 2001, and an indirect wholly-owned subsidiary of the Company
“Eycom”	深圳市億通科技有限公司 (Eycom Technology Co., Ltd.*), a limited liability company incorporated under the laws of the PRC on 24 March 2004, and an indirect wholly-owned subsidiary of the Company as at the date hereof
“Eycom Dongguan Branch”	深圳市億通科技有限公司東莞分公司 (Eycom Technology Co., Ltd., Dongguan Branch*), a branch of Eycom
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising Mr. Pan Wei, Mr. Liu Huanbin and Mr. Chu Kin Wang, Peleus, all of them being independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the Disposal
“Independent Shareholders”	the Shareholders other than those who are required to abstain from voting at the EGM under the Listing Rules

“Independent Third Party(ies)”	any party which is independent of and not connected with any of the Directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“IFRS”	International Financial Reporting Standards
“Initial Consideration”	RMB3,444,850.85
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MLCC”	multi-layer ceramic capacitor, which the Group is engaged in the manufacture and sale of
“New Leasing Agreements”	the new lease contract to be effective upon Completion in relation to a premise with an area of 804 square metres entered into between Eycom as a lessee and Eyang Dongguan as a lessor; the new lease contract to be effective upon Completion in relation to a premise with an area of 3,384 square metres and entered into between Eycom Dongguan Branch as a lessee and Eyang Dongguan as a lessor; the new lease contract to be effective upon Completion in relation to a premise with an area of 445 square metres and entered into between Eycom as a lessee and Eyang Shenzhen as a lessor
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property”	(1) a premise of approximately 804 square metres located at 東莞市鳳崗鎮三聯村石壁坑地段1#廠房 (No.1 Factory Building, Shibikeng Sector, Sanlian Village, Fenggang Town, Dongguan City*) and owned by Eyang Dongguan; (2) a premise of approximately 3,384 square metres located at 東莞市鳳崗鎮三聯村石壁坑地段1#廠房 (No.1 Factory Building, Shibikeng Sector, Sanlian Village, Fenggang Town, Dongguan City*) and owned by Eyang Dongguan; (3) a premise of approximately 445 square metres located at 深圳市南山區高新技術產業園北區朗山二號路齊民道3號 (No.3 Qimin Road, Langshan Road No.2, North Sector, Shenzhen Nanshan Hi-Tech Industries Park*) and owned by Eyang Shenzhen

“Purchase Agreement”	an agreement entered into between Eycom and Eyang Shenzhen in relation to the purchase of MLCC products and to be effective upon Completion
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Weichuang Investment”	深圳市偉創投資有限公司 (Shenzhen Weichuang Investment Co., Ltd*), a limited liability company established on 29 May 2009 with a registered capital of RMB10 million in the PRC. Based on its business license, the business scope of Weichuang Investment includes project and equity investment; development and sales of battery, electronic material, electronic devices and other related products as well as export and import businesses

By order of the Board
EYANG Holdings (Group) Co., Limited
Chen Weirong
Chairman

Hong Kong, 8 September 2009

As at the date of this announcement, the Board comprised Mr. Chen Weirong, Ms. Shuang Mei and Mr. Liao Jie as executive Directors, Mr. Cheng Wusheng, Mr. Li Heqiu, Mr. Zhang Zhilin and Mr. Chen Hao as non-executive Directors and Mr. Pan Wei, Mr. Liu Huanbin and Mr. Chu Kin Wang, Peleus as independent non-executive Directors.

This announcement is published on the websites of the Company (www.szeyang.com) and the Stock Exchange (www.hkex.com.hk).

** For identification purposes only*