

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.



宇陽控股(集團)有限公司
EYANG HOLDINGS (GROUP) CO., LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 117)

CONTINUING CONNECTED TRANSACTIONS

CONNECTED TRANSACTIONS

On 1 January 2012, Eyang Dongguang and Eycom entered into the Extended Leasing Agreements to extend the leases of two premises which have been occupied by Eycom and Eycom Dongguang Branch respectively since the Completion for a term from 1 January 2012 to 31 July 2012. On 1 January 2012 Eyang Shenzhen and Eycom also entered into (i) the Expanded Leasing Agreement to include additional office space to cope with the growing needs of Eycom; and (ii) the New Purchase Agreement with Eyang Shenzhen to purchase MLCC products from Eyang Shenzhen for a three years term ended 31 December 2014 to ensure a stable and continuous supply of the essential parts of its mobile phone production so as to cope with the rising production needs. Following the expiry of the Extended Leasing Agreements, Eycom Dongguang Branch entered into the Revised Leasing Agreements with Eyang Dongguang on 1 August 2012 to lease more factory space with a term from 1 August 2012 to 31 December 2014.

BREACH OF THE LISTING RULES

Due to an oversight, the Company fails to notify the Stock Exchange of the Extended Leasing Agreements, the Expanded Leasing Agreement, the Revised Leasing Agreements and the New Purchase Agreement which are classified as continuing connected transactions pursuant to Rule 14A.14 of the Listing Rules and make the relevant required announcement pursuant to Rule 14A.47 of the Listing Rules. Accordingly, such failure by the Company constitutes a breach of the Listing Rules.

CONNECTED TRANSACTIONS

Reference is made to the Company's announcement dated 8 September 2009 (the

“**Announcement**”) regarding the leasing agreements and purchase agreement into which Eycom and Eycom Dongguang Branch had entered with Eyang Shenzhen and Eyang Dongguang respectively. On the date of the Announcement, Eycom and Eycom Dongguang Branch, both were connected persons pursuant to Chapter 14A of the Listing Rules upon the completion of sale of Eycom by Eyang Shenzhen to Weichuang Investment in accordance with the Disposal Agreement, entered into the Previous Leasing Agreements and the Previous Purchase Agreement. Under the Previous Leasing Agreements, Eycom and Eycom Dongguang Branch leased three premises from Eyang Shenzhen and Eyang Dongguang for mobile phone production purpose and office use for a term from the Completion to 31 December 2011. Under the Previous Purchase Agreement, Eycom purchased MLCC products from Eyang Shenzhen on normal commercial terms for a term from the Completion to 31 December 2011.

On 1 January 2012, Eyang Dongguang and Eycom entered into the Extended Leasing Agreements to extend the leases of two premises which have been occupied by Eycom and Eycom Dongguang Branch respectively since the Completion for a term from 1 January 2012 to 31 July 2012. On 1 January 2012 Eyang Shenzhen and Eycom also entered into (i) the Expanded Leasing Agreement to include additional office space to cope with the growing needs of Eycom; and (ii) the New Purchase Agreement with Eyang Shenzhen to purchase MLCC products from Eyang Shenzhen for a three years term ended 31 December 2014 to ensure a stable and continuous supply of the essential parts of its mobile phone production so as to cope with the rising production needs. Following the expiry of the Extended Leasing Agreements, Eycom Dongguang Branch entered into the Revised Leasing Agreements with Eyang Dongguang on 1 August 2012 to lease more factory space with a term from 1 August 2012 to 31 December 2014.

BREACH OF THE LISTING RULES

Due to an oversight, the Company fails to notify the Stock Exchange of the Extended Leasing Agreements, the Expanded Leasing Agreement, the Revised Leasing Agreements and the New Purchase Agreement which are classified as continuing connected transactions pursuant to Rule 14A.14 of the Listing Rules and make the relevant required announcement pursuant to Rule 14A.47 of the Listing Rules. Accordingly, such failure by the Company constitutes a breach of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Set out below is a summary of the principal terms of the continuing connected transactions entered by Eyang Shenzhen, Eyang Dongguang, Eycom and Eycom Dongguang Branch:

(I) The Extended Leasing Agreements

Date: 1 January 2012

Parties: Lessor: Eyang Dongguang
Lesees: Eycom and Eycom Dongguang Branch
Terms: From 1 January 2012 to 31 July 2012

(II) The Expanded Leasing Agreement

Date: 1 January 2012
Parties: Lessor: Eyang Shenzhen
Lessee: Eycom
Terms: From 1 January 2012 to 31 December 2014

(III) The Revised Leasing Agreements

Date: 1 August 2012
Parties: Lessor: Eyang Dongguang
Lessees: Eycom and Eycom Dongguang Branch
Terms: From 1 August 2012 to 31 December 2014

(IV) The New Purchase Agreement

Date: 1 January 2012
Parties: Supplier: Eyang Shenzhen
Purchaser: Eycom
Terms: From 1 January 2012 to 31 December 2014

HISTORICAL TRANSACTIONS

Set out below are the historical annual amounts of the previous continuing connected transactions for the three financial years ended 31 December 2011:

(1) The Previous Leasing Agreements

	For the year ended 31 December		
	2009	2010	2011
	(RMB)	(RMB)	(RMB)
Total rental	181,000	867,000	867,000

(2) The Previous Purchase Agreement

	For the year ended 31 December		
	2009	2010	2011
	(RMB)	(RMB)	(RMB)
Annual cap	657,000	2,660,000	2,119,000

PROPOSED ANNUAL CAPS AND PRICING BASIS

(1) The New Leasing Agreements

	For the year ended 31 December		
	2012 (RMB)	2013 (RMB)	2014 (RMB)
Total rental	1,993,000	2,129,000	2,129,000

The rentals under the New Leasing Agreements were determined on an arm's length basis with reference to (a) the rentals under the Previous Leasing Agreements; and (b) the rental per square meter offered by the Group to the independent third parties in the same properties and/or the adjacent similar properties.

(2) The New Purchase Agreement

	For the year ended 31 December		
	2012 (RMB)	2013 (RMB)	2014 (RMB)
Annual cap	6,000,000	8,000,000	11,000,000

The annual caps are determined with reference to the historical data as well as Eycom's management assessment on mobile phone product forecasts for the coming years.

Transactions under the New Purchase Agreement will 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 and the prevailing market prices at the relevant time. The terms of sales to be offered by Eyang Shenzhen to the Eycom under the New Purchase Agreement should be no less favourable than those offered by Eyang Shenzhen to its independent customers. Eyang Shenzhen and Eycom agree to review the prevailing market prices of products from time to time should there be fluctuation in prevailing market prices of the relevant MLCC products.

REASONS FOR THE CONTINUOUS CONNECTED TRANSACTIONS

Eycom was a wholly subsidiary of Eyang Shenzhen before the Disposal completed in October 2009. Eycom has leased the properties owned by Eyang Shenzhen and Eyang Dongguang since 2008 for its mobile phone production plant and office use. To renew and

“Board”	the board of the Directors
“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(s)”	has the meaning ascribed thereto under the Listing Rules
“Continuing Connected Transactions”	the transactions conducted pursuant to the New Leasing Agreements and the New Purchase Agreement
“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 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 of the entire equity interest of Eycom by Eyang Shenzhen to Weichuang investment
“Extended Leasing Agreements	the lease contract entered into between Eycom and Eyang Dongguang with a term from 1 January 2012 to 31 July 2012 in relation to a premises of approximately 804 square meters and the lease contract entered into between Eycom Dongguang and Eyang Dongguang with a term from 1 January 2012 to 31 July 2012 in relation to a premises of approximately 3,384 square meters of the Property

“Expanded Leasing Agreement”	the lease contract entered into between Eycom and Eyang Shenzhen with a term from 1 January 2012 to 31 December 2014 in relation to a premises of approximately 445 square meters on 8/F, a premises of approximately 445 square meters on 7/F and a premises of approximately 490.6 square meters on 6/F of the Property
“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 was an indirect wholly-owned subsidiary of the Company before the Completion
“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 Shareholder(s)”	any shareholder of the listed issuer that is not required to abstain from voting at a general meeting to approve a connected transaction under Rule 14A of the Listing Rules
“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”	collectively, the Extended Leasing Agreements, the Expanded Leasing Agreement and the Revised Leasing Agreements
“New Purchase Agreement”	an agreement entered into on 1 January 2012 between Eycom and Eyang Shenzhen in relation to the purchase of MLCC products for a term of three years ended 31 December 2014
“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
“Previous Leasing Agreements”	the lease contract entered into on 4 September 2009 i) between Eycom as a lessee and Eyang Dongguan as a lessor with effect upon Completion in relation to a premise with an area of 804 square metres; ii) between Eycom Dongguan Branch as a lessee and Eyang Dongguan as a lessor with effect upon Completion in relation to a premise with an area of 3,384 square metres; and iii) between Eycom as a lessee and Eyang Shenzhen as a lessor with effective upon Completion in relation to a premise with an area of 445 square metres
“Previous Purchase Agreement”	the agreement entered into on 4 September 2009 between Eycom and Eyang Shenzhen in relation to the purchase of MLCC products and with effect upon Completion
“Property”	(i) a premises of approximately 576 square metres, a premises of approximately 4,894 square metres, a premises of approximately 3,384 square meters and a premises of approximately 804 square metres, all are 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; (ii) a premises of approximately 445 square metres on 8/F, a premises of approximately 445 square metres on 7/F and a premises of approximately 490.6 on the 6/F, all are 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

“Revised Leasing Agreements”	the lease contract entered into between Eycom and Eyang Dongguang with a term from 1 August 2012 to 31 December 2014 in relation to a premises of approximately 576 square meters and the lease contract entered into between Eycom Dongguang Branch and Eyang Dongguang with a term from 1 August 2012 to 31 December 2014 in relation to a premises of approximately 4,894 square meters of the Property
“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, 28 August 2012

As at the date of this announcement, the Board comprises Mr. Chen Weirong, Mr. Liao Jie and Mr. Xu Chuncheng as Executive Directors; Ms. Shuang Mei, Mr. Cheng Wusheng, Mr. Zhang Zhilin and Mr. Chen Hao as Non-executive Directors; Mr. Pan Wei, Mr. Liu Huanbin and Mr. Chu Kin Wang, Peleus as Independent Non-executive Directors.

** For identification purposes only*