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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)

CONTINUING CONNECTED TRANSACTIONS

BACKGROUND

Reference is made to the announcement made by the Company dated i) 28 August 2012 in respect of the leasing agreements and MLCC purchase agreement entered into between the Company's indirect wholly owned subsidiaries and the connected persons; and ii) 23 May 2014 in respect of, among other things, the premises leasing agreement entered into between the Company's indirect wholly owned subsidiary and a connected person. Upon expiry of the Old Leasing Agreements and Old Purchase Agreement, the Company's indirect wholly owned subsidiaries have entered into the New Leasing Agreements and New Purchase Agreement with the connected persons for a two years term ended 31 December 2016.

NEW LEASING AGREEMENTS

Set out below is a summary of the principal terms of the leasing agreements into which the Company's indirect wholly owned subsidiaries and the connected persons have entered:

Dongguan Leasing Agreement (I)

Date: 1 January 2015

Parties: (Lessor) Eyang Dongguan
(Lessee) Eycm Dongguang Branch

Terms: from 1 January 2015 to 31 December 2016

Dongguan Leasing Agreement (II)

Date: 1 January 2015

Parties: (Lessor) Eyang Dongguan
(Lessee) Eycm

Terms: from 1 January 2015 to 31 December 2016

Second Anhui Leasing Agreement

Date: 1 January 2015

Parties: (Lessor) Anhui Jineyang
(Lessee) Anhui Eycom

Terms: from 1 January 2015 to 31 December 2016

Shenzhen Leasing Agreement

Date: 1 January 2015

Parties: (Lessor) Eyang Shenzhen
(Lessee) Eycom

Terms: from 1 January 2015 to 31 December 2016

Historical Transactions and Proposed Annual Cap

The historical annual amount of rental the Company's indirect wholly owned subsidiaries received from the Eycom and Anhui Eycom for the three years ended 31 December 2012, 2013 and 2014 under the Old Leasing Agreements and First Anhui Lease Agreement are set out below:

	For the year ended 31 December		
	2012	2013	2014
	(RMB)	(RMB)	(RMB)
Total rental received	1,993,000	2,129,000	2,120,000

The proposed annual cap for the total transaction amount under the New Lease Agreements and First Anhui Lease Agreement for each of the two financial years ended 31 December 2016 are:

	For the year ended 31 December	
	2015	2016
	(RMB)	(RMB)
Annual cap	2,625,000	2,625,000

Pricing Principles

The rent was determined after arm's length negotiations with reference to (a) the rentals under the Old Leasing Agreements and First Anhui Leasing Agreement; and (b) the rental offered by the Group to the independent third parties in the same properties and/or the

prevailing market rate of the adjacent comparable properties.

NEW PURCHASE AGREEMENT

The principal terms of the New Purchase Agreement are summarised as below:

Date: 1 January 2015
Parties: (Supplier) Eyang Shenzhen
(Purchaser) Eycom
Terms: From 1 January 2015 to 31 December 2016

Historical Transactions and Proposed Annual Cap

Set out below are the historical annual amounts under the Old Purchase Agreement for the past three financial years ended 31 December 2014:

	For the year ended 31 December		
	2012	2013	2014
	(RMB)	(RMB)	(RMB)
Total sales amount	4,438,000	5,913,000	4,500,000

The proposed annual cap for the total transaction amount under the New Purchase Agreement for each of the two financial years ended 31 December 2016 are:

	For the year ended 31 December	
	2015	2016
	(RMB)	(RMB)
Annual cap	11,000,000	12,000,000

Pricing Principles

The prices for MLCC products which Eyang Shenzhen sells to Eycom shall be agreed on arm's length negotiations from time to time with reference to the specifications of the relevant products and the prevailing market prices at the relevant time.

REASONS FOR THE TRANSACTIONS

Eycom, a wholly-owned subsidiary of Eyang Shenzhen until Eyang Shenzhen disposed of

the company in October 2009, and its subsidiaries have leased the properties owned by the Company's subsidiaries since 2008 for its office use and mobile phones production. By entering into the New Leasing Agreements, Eycom could maintain a stable operation and production environment for its existing business plan. On the other hand, the Company would enjoy a reasonable return on the excessive space it has in its properties.

MLCC products are the essential components for Eycom's phones production, the New Purchase Agreement allows Eycom to have reliable supplies of the components to cope with the changing market. Given the surge of sales of mobile data devices of which mobile phones account for the majority in mainland China, the proposed increase in the annual cap could cope with the expansion of Eycom's mobile phones production in the coming two years.

As the New Leasing Agreements and New Purchase Agreement are entered into in the usual and ordinary course of business of the Company and the terms have been negotiated on an arm's length basis and on normal commercial terms, the Directors consider that the transactions and the proposed annual caps for the transactions under the New Leasing Agreements and New Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Mr. Chen Weirong is interested in 55% of issued share capital of Eyang Investment Group which in turn hold 35% of issued share capital of Eycom. Eycom indirectly wholly owns Anhui Eycom. Therefore, both Eycom and Anhui Eycom are the associates of Mr. Chen Weirong. As Mr. Chen Weirong, the Controlling Shareholder and executive director of the Company, is a connected person of the Company under Rule 14A of the Listing Rules, the New Leasing Agreements and New Purchase Agreement are therefore regarded as continuing connected transactions under Rule 14A of the Listing Rules. Mr. Chen Weirong has abstained from voting at the board meeting held to approve the New Leasing Agreements and New Purchase Agreement.

As each of the applicable percentage ratios (other than the profits ratio) in respect of the aggregated annual transaction amount under the First Anhui Leasing Agreement, New Lease Agreements and New Purchase Agreements is more than 0.1% but less than 5%, the transactions contemplated hereabove will be subject to the reporting and announcement requirements and exempt from the independent shareholders' approval requirement as set out in Rule 14A.76(2) of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“Anhui Jineyang”	安徽金宇陽電子科技有限公司(Anhui Jineyang Electronic Technology Co., Ltd.*), a limited liability company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Anhui Eycom”	安徽世紀億通數碼科技有限公司(Anhui Century Eycom Digital Technology Co., Ltd.*), a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of Eycom
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of 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
“connected person(s)”	has the meaning ascribed to it in the Listing Rule
“Director(s)”	means the director(s) of the Company
“Dongguan Leasing Agreement (I)”	the lease contract entered into between Eyang Dongguang and Eycom Dongguang Branch with a term from 1 January 2015 to 31 December 2016 in relation to a premises of approximately 4,894 square meters of the Dongguang Plant
“Dongguan Leasing Agreement (II)”	the lease contract entered into between Eyang Dongguang and Eycom with a term from 1 January 2015 to 31 December 2016 in relation to a premises of approximately 576 square meters of

the Dongguang Plant

“Dongguang Plant”

the production plant located at 東莞市鳳崗鎮永盛大街宇陽科技園 B 廠房 (Plant B of EYANG Technology Park, Yonsheng Road, Fenggang Town, Dongguan City*)

“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

“Eycom Dongguang 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

“Eyang Investment Group”

深圳市宇陽投資集團有限公司 (Shenzhen Eyang Investment Group Limited*), formerly known as 深圳市偉創投資有限公司(Shenzhen Weichuang Investment Co., Ltd*), a limited liability company established in PRC of which its 55% equity interest is held by Mr. Chen Weirong, the controlling shareholder as well as the Director of the Company

“Eyang Shenzhen”

深圳市宇陽科技發展有限公司 (Shenzhen Eyang Technology Development Co., Ltd.*), a wholly foreign owned enterprise, incorporated under the laws of PRC and an indirect wholly-owned subsidiary of the Company

“First Anhui Leasing Agreement”

the lease contract entered into between Anhui Jieyang and Anhui Eycom with a term from 1 June 2014 to 31 December 2016 in relation to a premises of approximately 1,450 square meters owned by Anhui Jineyang and located at 中國滁州市經濟技術開發區花園西路 200 號廠房 C (Factory C, No. 200, Garden West Road, Economic and Technological Development Zone, Chuzhou, the PRC*)

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MLCC”	multi-layer ceramic capacitor of which the Group is engaged in the manufacture and sale
“New Leasing Agreements”	collectively, Dongguan Leasing Agreement (I), Dongguan Leasing Agreement (II), Second Anhui Leasing Agreement and Shenzhen Leasing Agreement
“New Purchase Agreement”	an agreement entered into on 1 January 2015 between Eyang Shenzhen and Eycom in relation to the purchase of MLCC products for a term of two years ended 31 December 2016
“Old Leasing Agreements”	the leasing agreement entered into i) on 1 January 2012 between Eyang Shenzhen and Eycom in relation to a number of premises with a term ended 31 December 2014; and ii) on 1 August 2012 between Eyang Donguang and Eycom in relation to a number of premises with a term ended 31 December 2014
“Old 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
“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

“Second Anhui Leasing Agreement”	the lease contract entered into on 1 January 2015 between Anhui Jieyang and Anhui Eycom with a term from 1 January 2015 to 31 December 2016 in relation to a factory premise of approximately 1,190 square meters and located at 中國滁州市經濟技術開發區花園西路 200 號廠房 C (Factory C, No. 200, Garden West Road, Economic and Technological Development Zone, Chuzhou, the PRC*)
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Leasing Agreement”	the lease contract entered into on 1 January 2015 between Eyang Shenzhen and Eycom with a term from 1 January 2015 to 31 December 2016 in relation to a premises of approximately 285 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 EYANG Building 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

** For identification purpose only*

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

Hong Kong, 1 January 2015

As at the date of this announcement, the Board comprises Mr. Chen Weirong, Mr. Jing Wenping and Mr. Wang Ye as Executive Directors, Mr. Cheng Wusheng, Mr. Zhang Zhilin and Mr. Chen Hao as Non-executive Directors and Mr. Pan Wei, Mr. Liu Huanbin, Mr. Chu Kin Wang, Peleus, Mr. Liang Rong and Mr. Mak Ka Wing, Patrick as Independent Non-executive Directors.