

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in EYANG Holdings (Group) Co., Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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EYANG

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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial Adviser to the Company



**Independent Financial Adviser to Independent Board Committee and
Independent Shareholders**



Karl Thomson Financial Advisory Limited

A notice convening an extraordinary general meeting of the Company to be held at the conference room on 1/F of EYANG Building, No. 3 Qimin Road, Langshan Road No. 2, North of High and New Tech Zone, Nanshan District, Shenzhen, P.R.C. on Tuesday, 24 December 2013 at 11:00 a.m. is set out on pages 36 to 37 of this circular. A form of proxy for use at the extraordinary general meeting is also enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at www.szeyang.com.

Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

9 December 2013

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares from Original Owners by Shenzhen Weichang pursuant to the Share Purchase Agreement, and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day other than a Saturday or Sunday on which banks are generally open for business in Hong Kong throughout their normal business hours
“Chairman”	the chairman of the Board
“Company”	EYANG Holdings (Group) Co., Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the transactions in accordance with the terms and conditions of the Share Disposal Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal Consideration”	the aggregate consideration payable by the Original Owners to Shenzhen Weichang for the repurchase of the Sale Shares pursuant to the Share Disposal Agreement
“EGM”	the extraordinary general meeting of the Company to be convened on 24 December 2013 for the purpose of considering and, if thought fit, approving the Share Disposal Agreement (including the amendments to the Share Purchase Agreement) and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries

DEFINITIONS

“Karl Thomson”	Karl Thomson Financial Advisory Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Share Disposal Agreement and the transactions contemplated thereunder
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company formed by all the independent non-executive Directors to advise the Independent Shareholders on the terms and conditions of the Share Disposal Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than Mr. Chen, Mr. Liao, Ms. Shuang, Mr. Xu and Mr. Luo, and their respective associates
“Latest Practicable Date”	6 December 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“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 manufacturing and sale
“Mr. Chen”	Mr. Chen Weirong, a beneficial owner of the Controlling Shareholder of the Company and an executive Director, the Chairman
“Mr. Liao”	Mr. Liao Jie, one of the Original Owners and who was an executive Director within the 12 months preceding the Latest Practicable Date
“Mr. Luo”	Mr. Luo Jun, a general manager of the Target Company and a shareholder of Shenzhen Eyang Investment Group
“Mr. Xu”	Mr. Xu Chuncheng, who was an executive Director within the 12 months preceding the Latest Practicable Date

DEFINITIONS

“Ms. Shuang”	Ms. Shuang Mei, one of the Original Owners and who was a non-executive Director within the 12 months preceding the Latest Practicable Date
“Original Owners”	Shenzhen Eyang Investment Group, Ms. Shuang and Mr. Liao
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Previous Circular”	a circular dated 17 October 2012 issued by the Company containing, inter alia, details of the Share Purchase Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	being the entire equity interest in the Target Company
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Share Disposal Agreement”	the share disposal agreement dated 15 November 2013 entered into between Shenzhen Weichang as vendor and the Original Owners as purchasers in relation to the disposal of the entire equity interest of the Target Group by Shenzhen Weichang
“Share Option Scheme”	the share option scheme adopted by the Company on 30 November 2007
“Share Purchase Agreement”	the share purchase agreement dated 25 September 2012 entered into between Shenzhen Weichang as purchaser and the Original Owners as vendors in relation to the acquisition of the entire equity interest of the Target Group by Shenzhen Weichang
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Eyang Investment Group”	深圳市宇陽投資集團有限公司 (Shenzhen Eyang Investment Group Limited*), a company established in the PRC with limited liability, owned as to 55%, 18%, 12%, 8% and 7% respectively, by Mr. Chen, Ms. Shuang, Mr. Liao, Mr. Xu and Mr. Luo as at the Latest Practicable Date

DEFINITIONS

“Shenzhen Weichang”	深圳市威長新能源有限公司 (Shenzhen Weichang New Energy Co., Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shortfall”	the difference between the Guaranteed Profit and the 2012 Net Profit, multiplied by 4.5 (representing a price-to-earnings ratio of approximately 4.5 times, which formed the basis of the determination of the consideration under the Share Purchase Agreement as disclosed in the Previous Circular)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	深圳市宇陽能源有限公司 (Shenzhen Eyang Energy Company Limited*), a company established in the PRC with limited liability
“Target Group”	the Target Company and its subsidiaries
“Transaction”	the disposal of the Sale Shares by Shenzhen Weichang to the Original Owners pursuant to the Share Disposal Agreement and the transactions contemplated thereunder
“%”	per cent

* *The English translation is for identification purposes only*

For the purpose of illustration only, amounts denominated in RMB in this circular have been translated into HK\$ at the rate of RMB1 = HK\$1.27. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.



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)

Executive Directors:

Mr. Chen Weirong (*Chairman*)
Mr. Jing Wenping
Mr. Wang Ye

Non-executive Directors:

Mr. Cheng Wusheng
Mr. Zhang Zhilin
Mr. Chen Hao

Independent non-executive Directors:

Mr. Pan Wei
Mr. Liu Huanbin
Mr. Chu Kin Wang, Peleus
Mr. Liang Rong
Mr. Mak Ka Wing, Patrick

Registered and principal office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Unit A, 20/F,
Po Wah Commercial Centre
226 Hennessy Road
Wanchai
Hong Kong

9 December 2013

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 15 November 2013 in respect of the Share Disposal Agreement.

The purpose of this circular is to provide (i) further information in respect of the Transaction; (ii) the letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from Karl Thomson to the Independent Board Committee and the Independent Shareholders in respect of the Transaction; and (iv) a notice of the EGM at which an ordinary resolution will be proposed to consider and if thought fits, approve, inter alia, such matters.

LETTER FROM THE BOARD

BACKGROUND OF THE TRANSACTION

Reference is made to an announcement dated 25 September 2012 of the Company and the Previous Circular in respect of the Share Purchase Agreement, pursuant to which Shenzhen Weichang, an indirect wholly-owned subsidiary of the Company, purchased from the Original Owners the Sale Shares, being the entire equity interest in the Target Company for a consideration of RMB36 million (equivalent to approximately HK\$45.7 million) subject to adjustment in the event that the audited consolidated net profit (after tax and before extraordinary items) of the Target Group for the year ended 31 December 2012 (the “**2012 Net Profit**”) is less than the guaranteed profit of RMB8 million (equivalent to approximately HK\$10.2 million) (the “**Guaranteed Profit**”), the Shortfall will be deducted from the consideration. As disclosed in the Previous Circular, if a net loss is recorded by the Target Group for the year ended 31 December 2012, the consideration would not in any event be lower than the net assets value of the Target Group as at 31 December 2012 as recorded in the audited consolidated accounts of the Target Group prepared in accordance with the generally accepted accounting principles in Hong Kong (the “**Minimum Consideration**”). The consideration should be settled by the Group by cash on 31 December 2013 under the Share Purchase Agreement, or such other date as the parties to the Share Purchase Agreement may agree.

The completion of the Acquisition took place on 12 November 2012. However, the audited consolidated financial statements of the Target Group prepared in accordance with the generally accepted accounting principles in Hong Kong for the year ended 31 December 2012 have not been finalized as at the Latest Practicable Date. Members of the Target Group have been accounted for as subsidiaries of the Company after completion of the Acquisition and as at the Latest Practicable Date, the audited consolidated financial statements of the Company for the year ended 31 December 2012 have not been published. The reasons for the delay in the publication of such audited financial statements and the updated status were disclosed in the announcements of the Company dated 26 March, 16 May, 25 September and 26 November 2013 respectively.

Based on the management accounts of the Target Group prepared under the generally accepted accounting principles in Hong Kong, the Target Group recorded a net loss of approximately RMB3.0 million (or approximately HK\$3.8 million) for the year ended 31 December 2012 and the net assets value of the Target Group was approximately RMB9.2 million (equivalent to approximately HK\$11.7 million) as at 31 December 2012. In view of the recent financial performance of the Target Group and certain external factors adversely affecting the business operation of the Target Group as detailed in the section headed “Reasons for and Benefits of the Transaction” below, on 15 November 2013, Shenzhen Weichang and the Original Owners entered into the Share Disposal Agreement pursuant to which the Original Owners agreed to repurchase the Sale Shares from Shenzhen Weichang at the Disposal Consideration.

LETTER FROM THE BOARD

THE SHARE DISPOSAL AGREEMENT

Date

15 November 2013

Parties

Vendor: Shenzhen Weichang

Purchaser: (or Original Owners) (1) Shenzhen Eyang Investment Group
(2) Ms. Shuang
(3) Mr. Liao

Subject matter

The Share Disposal Agreement sets out the terms and conditions upon which the Original Owners agreed to repurchase from Shenzhen Weichang the Sale Shares, being the entire equity interest in the Target Company.

Conditions precedent to the Sale and Purchase Agreement

Completion shall be subject to the following conditions precedent:

- (a) the Independent Shareholders having approved by way of poll at the EGM the Share Disposal Agreement and the transactions contemplated thereunder in accordance with the Listing Rules and other relevant rules and regulations; and
- (b) all necessary registrations, filings, consents and approvals in relation to the transactions contemplated under the Share Disposal Agreement having been obtained.

The parties shall use the best endeavours to procure the satisfaction of the above conditions on or before 31 December 2013. In the event that the above conditions have not been fulfilled on or before 31 December 2013 (or such later date as is otherwise agreed by the parties in writing), the Share Disposal Agreement shall terminate and none of the parties shall have any liability to the other party save for any antecedent breach of the terms of the Share Disposal Agreement.

Consideration under the Share Purchase Agreement

The consideration under the Share Purchase Agreement should be settled by the Group on 31 December 2013 (or such later date as the parties to the Share Purchase Agreement may agree). However, given the audited consolidated accounts of the Target Group prepared in accordance with the generally accepted accounting principles in Hong Kong have not yet been finalized as at the Latest Practicable Date, under the Share Disposal Agreement Shenzhen Weichang and the Original Owners have agreed to amend the terms of the Share Purchase Agreement such that references to “audited consolidated accounts” of the Target Group will be amended to “unaudited consolidated management accounts” of the Target Group. Following

LETTER FROM THE BOARD

from such amendment, the parties have further agreed to amend the basis of determination of the Minimum Consideration under the Share Purchase Agreement to be the net assets value of the Target Group as at 31 December 2012 as booked in its unaudited consolidated management accounts prepared in accordance with the generally accepted accounting principles in Hong Kong. The parties have further confirmed that the amount of consideration payable by Shenzhen Weichang to the Original Owners under the Share Purchase Agreement shall be the amount of the net asset value of the Target Group as at 31 December 2012 as booked in such unaudited consolidated management accounts, being approximately RMB9.2 million (the “**Unsettled Purchase Consideration**”).

Pursuant to the discussion with the auditors of the Company on the recent audit progress, it is noted that more time is needed for the preparation of the final results of the Group for the year ended 31 December 2012. Accordingly, the Directors are not in a position to comment whether there will be any material difference between the management accounts and the audited results of the Target Group for the year ended 31 December 2012. However, the Directors consider that the actual amount of the Unsettled Purchase Consideration, whether it be determined on the basis of the audited results or management accounts of the Target Group, will not be relevant in light of the payment structure of the Disposal Consideration under the Share Disposal Agreement, which provides that the Unsettled Purchase Consideration will in any event be set off by the Disposal Consideration.

Disposal Consideration

Pursuant to the Share Disposal Agreement, the Disposal Consideration payable by the Original Owners to Shenzhen Weichang is approximately RMB10.4 million (equivalent to approximately HK\$13.2 million). The Disposal Consideration is arrived at after arm's length negotiation between the parties after taking into account the Unsettled Purchase Consideration and the estimated administrative expenses and other related expenses of approximately RMB0.49 million (equivalent to approximately HK\$0.62 million) incurred by the Group in the Transaction. It is agreed between the parties that the Disposal Consideration be made up of an amount corresponding to the Unsettled Purchase Consideration, which will then be used to set off the Unsettled Purchase Consideration, plus a premium of RMB1.2 million (the “Premium”) which shall be sufficient to cover the estimated administrative expenses and other related expenses incurred by the Group in the Transaction and which will be paid by the Original Owners in cash. The Disposal Consideration represents an approximately 13% premium to the net assets value of the Target Group as at 31 December 2012 as recorded in its unaudited consolidated management accounts. A net cash inflow (after deducting the estimated administrative expenses and other related expenses) of approximately RMB0.71 million (equivalent to approximately HK\$0.90 million) is estimated to be recorded by the Group upon Completion. The parties to the Share Disposal Agreement agreed that approximately RMB9.2 million out of the Disposal Consideration will be used to set off the Unsettled Purchase Consideration and the remainder consideration of approximately RMB1.2 million (equivalent to approximately HK\$1.5 million) shall be satisfied by the Original Owners in cash on 31 December 2013 (or such later date as may be agreed by the parties in writing).

LETTER FROM THE BOARD

With reference to the unaudited net assets value of approximately RMB7.5 million of the Target Group as at 31 August 2013, it is expected that the Group will record a gain arising from the Transaction of approximately RMB2.9 million (equivalent to approximately HK\$3.7 million). Nonetheless, the actual gain or loss from the Transaction to be recorded by the Company will depend on the financial position of the Target Group as at the date of Completion. The net proceeds from the Transaction after setting off the Unsettled Purchase Consideration will be used for general working capital of the Group.

In view of the above, the Directors (excluding the independent non-executive Directors) consider that the Disposal Consideration (including the Premium) is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Completion

Completion shall take place within five Business Days following the date on which the last of the above conditions precedent is fulfilled, or such other date as the parties to the Share Disposal Agreement may agree in writing.

Upon Completion, the Target Company will be held directly by Shenzhen Eyang Investment Group, Ms. Shuang and Mr. Liao as to 85%, 10% and 5%, respectively and the Target Group will cease to be subsidiaries of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

In acquiring the Target Group last year, the Board's intention was to enable the Company to venture into the production and sale of lead-acid batteries and benefit from the rapid emergence of the renewable energy market. However, in December 2012, after completion of the Acquisition, the PRC government authorities issued new rules and requirements regulating enterprises engaged in the production of lead-acid batteries. The Board has noted that such new regulations, which cover a considerable range of stringent requirements from machinery standards to environmental concerns to production capacity, have unexpected adverse impact on the business operations and development of the Target Group.

The facilities for production of lead-acid batteries of the Target Company were located in a factory under a lease term agreement entered into with an independent third party, which has refused to renew the lease agreement upon its expiry in February 2013. The Target Group has attempted to locate other factory premises to house the production facilities, failing which the Target Group has also made attempts to source partnership with other battery producers for out-sourcing of its production, but little success was achieved. In view of the above, the Target Group decided to shift the business focus to the portable charger business, which was under trial run at the time of Acquisition, by commencing the production and sales of portable chargers since February 2013. However, after seven months' operation of this portable charger business, the Board is of the view that performance has not been satisfactory due to severe market competition and that the business prospect of the Target Group is no longer appealing.

The Group has been reviewing its business strategy in order to improve its business operation and financial position. Given the circumstances as mentioned above, the Directors (excluding the independent non-executive Directors) are of the view that the Target Group is

LETTER FROM THE BOARD

no longer capable of offering the Group such opportunity and the Transaction provides an opportunity for the Group to dispose of non-performing business and assets. Besides, the Disposal Consideration represents an approximately 13% premium to the Unsettled Purchase Consideration, and it is expected that the Transaction will generate a gain of approximately RMB2.9 million with reference to the unaudited net assets value of approximately RMB7.5 million of the Target Group as at 31 August 2013. Having considered the aforementioned reasons and benefits, the Directors (excluding the independent non-executive Directors) are of the view that the Transaction is in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE ORIGINAL OWNERS AND THE TARGET GROUP

The Original Owners

Shenzhen Eyang Investment Group is a company established in the PRC with limited liability and owned as to 55%, 18%, 12%, 8% and 7% respectively, by Mr. Chen, Ms. Shuang, Mr. Liao, Mr. Xu and Mr. Luo as at the Latest Practicable Date. It is principally engaged in investment holding.

Each of Ms. Shuang and Mr. Liao was a Director of the Company within the 12 months preceding the Latest Practicable Date.

The Target Group

The Target Company was established in the PRC with limited liability on 24 June 2008. The Target Group is principally engaged in research, development and sale of batteries, electronic materials, electronic components and electronic products; manufacturing of mobile phone batteries and research, development and sale of lead-acid batteries.

Financial information of the Target Group

Set out below is the consolidated financial information of the Target Group for the financial year ended 31 December 2011 prepared under the PRC generally accepted accounting principles and that for the financial year ended 31 December 2012 prepared under the generally accepted accounting principles in Hong Kong:

	For the year ended 31 December	
	2011	2012
	(audited)	(unaudited)
	(approximately RMB'000)	(approximately RMB'000)
Turnover	69,421	97,322
Net profit/(loss) before tax	3,609	(2,994)
Net profit/(loss) after tax	3,609	(3,003)

LETTER FROM THE BOARD

	As at 31 December	
	2011	2012
	(audited)	(unaudited)
	(approximately	(approximately
	RMB'000)	RMB'000)
Current assets	20,602	53,354
Current liabilities	17,739	44,728
Total assets	22,991	53,891
Total liabilities	17,739	44,728
Net Assets/(liabilities)	5,252	9,163

INFORMATION ON THE COMPANY AND SHENZHEN WEICHANG

The Company

The Company is incorporated in the Cayman Islands with limited liability and its shares are listed on the main board of the Stock Exchange. The Group is principally engaged in the manufacturing and sale of MLCC.

Shenzhen Weichang

Shenzhen Weichang is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

IMPLICATION UNDER THE LISTING RULES

As one of the applicable percentage ratios for the Transaction under Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

In addition, Shenzhen Eyang Investment Group, Ms. Shuang and Mr. Liao, each being one of the Original Owners, shall immediately upon Completion of the Share Disposal Agreement directly hold 85%, 10% and 5% of the equity interest in the Target Company respectively. Given that (1) Shenzhen Eyang Investment Group is owned as to 55% by Mr. Chen and is therefore an associate of Mr. Chen; (2) Mr. Chen is an executive Director, the Chairman and a beneficial owner of the Controlling Shareholder of the Company; (3) Ms. Shuang was a non-executive Director within 12 months preceding the Latest Practicable Date; and (4) Mr. Liao was an executive Director within 12 months preceding the Latest Practicable Date, the Original Owners are connected persons of the Company, and the Share Disposal Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements. In light of Mr. Chen's interest in the Transaction as set out above, at the meeting of the Board, Mr. Chen was not counted towards the quorum of such meeting and has abstained in the voting of the resolutions approving the Transaction and the Share Disposal Agreement (including the amendments to the terms of the Share Purchase Agreement).

LETTER FROM THE BOARD

The Independent Board Committee and independent financial adviser

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms and conditions of the Share Disposal Agreement (including the amendments to the terms of the Share Purchase Agreement) are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole. To the best of the Directors' knowledge, information and belief having made reasonable enquiries, no member of the Independent Board Committee has any material interest in the Transaction. Karl Thomson has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Share Disposal Agreement (including the amendments to the terms of the Share Purchase Agreement) and the transactions contemplated therein and such appointment has been approved by the Independent Board Committee.

EGM

Set out on pages 36 to 37 of this circular is a notice convening the EGM which will be held at the conference room on 1/F. of EYANG Building, No. 3 Qimin Road, Langshan Road No. 2, North of High and New Tech Zone, Nanshan District, Shenzhen, P.R.C. on Tuesday, 24 December 2013 at 11:00 a.m. at which an ordinary resolution will be proposed to consider and, if thought fit, approve the Share Disposal Agreement (including the amendments to the terms of the Share Purchase Agreement) and the transactions contemplated thereunder by poll. In light of the fact that the Share Purchase Agreement and the Share Disposal Agreement were entered into between the same parties and concerned the same subject matter, in the negotiation of the Share Disposal Agreement, it was agreed between the parties that the amendments to the Share Purchase Agreement shall be a prerequisite to the disposal of the Target Company by Shenzhen Weichang since the parties needed to be able to determine the amount of consideration under the Share Purchase Agreement prior to deciding on the Disposal Consideration and how it should be settled. Accordingly, the Directors are of the view that the amendments to the Share Purchase Agreement and the disposal of the Target Company by Shenzhen Weichang under the Share Disposal Agreement are inter-linked and it is appropriate for the two to be included in one single resolution as currently set out in the notice of EGM.

Mr. Chen, Mr. Liao, Ms. Shuang, and Mr. Xu (each being a current Director or a Director of the Company within the 12 months preceding the Latest Practicable Date as well as a shareholder of Shenzhen Eyang Investment Group) and Mr. Luo (being a general manager of the Target Company and a shareholder of Shenzhen Eyang Investment Group), together with their respective associates, and all parties involved in or interested in the transactions as contemplated under the Share Disposal Agreement are required to abstain from voting with respect to the resolution for approving the Transaction. As at the Latest Practicable Date, Mr. Liao was interested in 1,300,000 underlying Shares pursuant to the options granted by the Company under the Share Option Scheme; Ms. Shuang held 424,000 Shares and was interested in 1,300,000 underlying Shares pursuant to the options granted by the Company under the Share Option Scheme; Mr. Luo did not hold any Share whereas Mr. Xu held 25,000,000 Shares and was interested in 2,000,000 underlying Shares pursuant to the options granted by the Company under the Share Option Scheme. EY Ocean Management Limited, which held

LETTER FROM THE BOARD

143,044,000 Shares as at the Latest Practicable Date, is an associate of Mr. Chen and shall therefore abstain from voting at the EGM. Please refer to the section headed “Disclosure of Interests” under Appendix I to this circular for further information of the shareholdings of Mr. Chen and Mr. Xu in the Company.

The form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1806–1807, 18th floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible, and in any event no less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of a form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so desire.

As Completion is subject to the satisfaction (or waiver, where applicable) of the conditions precedent under the Share Disposal Agreement, the Transaction may or may not be completed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

RECOMMENDATION

Your attention is drawn to the letters from the Independent Board Committee and Karl Thomson as set out on pages 14 to 29 of this circular. As set out in the letter from the Independent Board Committee, members of Independent Board Committee, having taken into account the advice of the Karl Thomson, consider that the terms of the Share Disposal Agreement (including the amendments to the terms of the Share Purchase Agreement) and the transactions contemplated thereunder are fair and reasonable and that the entering into of the Share Disposal Agreement is in the interests of the Company and the Independent Shareholders.

Accordingly, the Directors recommend that all Independent Shareholders should vote in favour of the resolution approving the Share Disposal Agreement (including the amendments to the terms of the Share Purchase Agreement) and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

EYANG

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)

9 December 2013

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular of the Company to the Shareholders dated 9 December 2013 (the “**Circular**”), in which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular. We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the transactions contemplated under the Share Disposal Agreement (including the amendments to the terms of the Share Purchase Agreement) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter from the Board set out on pages 5 to 13 of the Circular and the letter from Karl Thomson, the independent financial adviser, as set out on pages 15 to 29 of the Circular which contains, among other things, their advice and recommendation in respect of the terms and conditions of the Share Disposal Agreement (including the amendments to the terms of the Share Purchase Agreement) and the transactions contemplated thereunder and the principal factors and reasons taken into consideration for their advice and recommendation.

Having considered the terms and conditions of the Share Disposal Agreement (including the amendments to the terms of the Share Purchase Agreement) and the opinion of Karl Thomason, we consider that the transactions contemplated in the Share Disposal Agreement (including the amendments to the terms of the Share Purchase Agreement) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Share Disposal Agreement (including the amendments to the terms of the Share Purchase Agreement) and the transactions contemplated thereunder.

Yours faithfully,

INDEPENDENT BOARD COMMITTEE

EYANG Holdings (Group) Co., Limited

Mr. Pan Wei
Mr. Liang Rong

Mr. Liu Huanbin
Mr. Mak Ka Wing, Patrick
Independent non-executive Directors

Mr. Chu Kin Wang, Peleus

LETTER FROM KARL THOMSON

The following is the text of the letter of advice from Karl Thomson to the independent board committee of EYANG Holdings (Group) Co., Limited and its independent shareholders in respect of the connected transaction in relation to the disposal of entire equity interests of Shenzhen Eyang Energy Company Limited for inclusion in this circular.



高信融資服務有限公司
Karl Thomson Financial Advisory Limited
27/F, Fortis Tower, 77-79 Gloucester Road,
Wanchai, Hong Kong
香港灣仔告士打道77-79號富通大廈27樓

9 December 2013

*To the independent board committee and the independent shareholders of
EYANG Holdings (Group) Co., Limited*

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Transaction contemplated under the Share Disposal Agreement related thereto (including the amendments to the terms of the Share Purchase Agreement) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Details of the Transaction are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 9 December 2013 (the “**Circular**”), of which this letter forms a part. Capitalized terms used in this letter shall have the same meaning as those defined in the Circular unless the context otherwise requires.

On 15 November 2013, Shenzhen Weichang, an indirect wholly-owned subsidiary of the Company entered into the Share Disposal Agreement with Shenzhen Eyang Investment Group, Ms. Shuang and Mr. Liao, each being one of the Original Owners, pursuant to which, the Original Owners have conditionally agreed to acquire and Shenzhen Weichang has conditionally agreed to sell the Sale Shares, representing the entire equity interests of Shenzhen Eyang Energy Company Limited at the consideration of approximately RMB10.4 million.

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Given that (i) Shenzhen Eyang Investment Group is owned as to 55% by Mr. Chen and is therefore an associate of Mr. Chen; (ii) Mr. Chen is an executive Director, the Chairman and a beneficial owner of the Controlling Shareholder of the Company; (iii) Ms. Shuang was a non-executive Director within 12 months preceding the date of the Share Disposal Agreement; and (iv) Mr. Liao was an executive Director within 12 months preceding the date of the Share Disposal Agreement, the Transaction contemplated under the Share Disposal Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

An independent board committee comprising the independent non-executive directors of the Company has been established to consider and advise the Independent Shareholders on whether the terms of the Share Disposal Agreement (including the amendments to the terms of the Share Purchase Agreement) and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Transaction in this respect.

Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefit from the Company. We are independent of the Company for the purposes of Rule 13.84 of the Listing Rules.

In formulating our opinion and advice, we have relied upon the accuracy of the information and representations contained in the Circular and information provided to us by the Company, its Directors and management. We have assumed that all statements and representations made or referred to in the Circular were true at the time when they were made and continue to be true at the date of the EGM. We have also assumed that all statements of belief, opinion and intention made by the Company, its Directors and management in the Circular were reasonably made after due enquiry. We consider that we have been provided with sufficient information to form a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, its Directors and management and have no reason to doubt that any relevant material facts have been withheld or omitted. We have not, however, conducted any independent investigation into the business and affairs or the future prospects of the Group, nor have we carried out any independent verification of the information supplied.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the terms of the Transaction (including the amendments to the terms of the Share Purchase Agreement) contemplated under the Share Disposal Agreement, we have considered the following principal factors and reasons:

I. Background information

(a) The Principal activities and financial information of the Group

The Group is principally engaged in the manufacturing and sale of MLCC. As mentioned in the Letter from the Board, the audited consolidated financial statements of the Company for the year ended 31 December 2012 have not been published. The reason for the delay in the publication of such audited financial statements was mainly due to the qualified opinion with respect to the mobile phones trading business of the Company issued by the previous auditors and the internal control issues raised by the internal control consultant of the Company. The auditors of the Company require additional time to perform and finalize their audit works in respect of the Company's annual results for the year ended 31 December 2012. Details of the delay and the updated status were disclosed in the announcements of the Company dated 26 March, 16 May, 25 September and 26 November 2013 respectively. Due to the above issues, the trading of the Shares is currently under suspension.

In light of the above, we have extracted the financial information from the latest interim report of the Company for the six months ended 30 June 2012 (the “**2012 Interim Report**”) for illustration purpose. Set out below is a summary of financial highlights of the Group for the six months ended 30 June 2012 and as at 31 December 2011:

	Six months ended 30 June 2012	Six months ended 30 June 2011
	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	210,007	173,638
Net profit/(loss) before tax	(6,847)	11,103
Net profit/(loss) after tax	(7,512)	9,030
	As at 30 June 2012	As at 31 December 2011
	(unaudited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	34,417	65,887
Net assets value	436,540	444,395

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As shown in the table above, the turnover of the Group for the six months ended 30 June 2012 has increased by 20.95% in comparison to the same period of 2011. However, the Group has recorded net loss after tax of approximately RMB7.5 million for the six months ended 30 June 2012. As mentioned in the 2012 Interim Report, the net loss was mainly due to the rise in production cost and the relatively large decrease in unit price of the MLCC products.

Cash and bank balances decreased by approximately 47.76% from approximately RMB65.8 million as at 31 December 2011 to approximately RMB34.4 million as at 30 June 2012. Such decrease was mainly attributable to repayment of matured short-term bank loans.

(b) Information on the Target Company

The Target Company was established in the PRC with limited liability on 24 June 2008 and it was originally owned as to 85%, 10% and 5% by Shenzhen Eyang Investment Group, Ms. Shuang and Mr. Liao respectively. The Shenzhen Eyang Investment Group is a company established in the PRC with limited liability and owned as to 55%, 18%, 12%, 8% and 7% respectively, by Mr. Chen, Ms. Shuang, Mr. Liao, Mr. Xu and Mr. Luo as at the Latest Practicable Date. Each of Ms. Shuang and Mr. Liao was a Director of the Company within the 12 months preceding the Latest Practicable Date.

The principal businesses of the Target Group include research, development and sale of batteries, electronic materials, electronic components and electronic products, manufacturing of mobile phone batteries and research, development and sale of lead-acid batteries.

(c) Information on the Acquisition

On 25 September 2012, Shenzhen Weichang as the purchaser entered into the Share Purchase Agreement with the Original Owners as the vendors of the Acquisition. In respect of the Share Purchase Agreement, the Original Owners agreed to sell and Shenzhen Weichang agreed to acquire the Sale Shares, being the entire equity interest in the Target Company, at the consideration of RMB36 million subject to the adjustment that if the audited consolidated net profit (after tax and before extraordinary items) of the Target Group for the year ended 31 December 2012 is less than the guaranteed profit of RMB8 million (the “**Guaranteed Profit**”), the consideration will be adjusted downwards by deducting the Shortfall from the consideration.

The completion of the Acquisition pursuant to the Share Purchase Agreement took place on 12 November 2012. Therefore, members of the Target Group have been accounted for as subsidiaries of the Company after completion of the Acquisition. However, the audited consolidated financial statements of the Target Group for the year ended 31 December 2012 have not been finalized and the Company did not pay any part of the consideration as at the Latest Practicable Date.

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Pursuant to the Share Purchase Agreement, the consideration for the Acquisition shall be settled by the Group on 31 December 2013 or such other date as the parties to the Share Purchase Agreement may agree. Since the audited consolidated accounts of the Target Group prepared in accordance with the generally accepted accounting principles in Hong Kong have yet been finalized, Shenzhen Weichang and the Original Owners have agreed to amend the terms of the Share Purchase Agreement such that the consideration payable by Shenzhen Weichang to the Original Owners under the Share Purchase Agreement was determined with reference to the net assets value of the Target Group as at 31 December 2012 as recorded in its unaudited consolidated management accounts prepared in accordance with the generally accepted accounting principles in Hong Kong which is valued at approximately RMB9.2 million. Such consideration has not been settled as at the Latest Practicable Date.

Taking into account the recent financial performance and certain market factors affecting the business development as set out in the section headed “Reasons for and benefits of the Transaction” below, Shenzhen Weichang and the Original Owners entered into the Share Disposal Agreement pursuant to which the Original Owners agreed to repurchase the Sale Shares from Shenzhen Weichang at the Disposal Consideration.

II. Reasons for and benefits of the Transaction

As mentioned in the Letter from the Board, the reason for the Acquisition was to allow the Company to expand into the production and sale of lead-acid batteries and benefit from the rapid emergence of the renewable energy market. However, having considered (i) regulatory changes on the lead-acid battery industry in the PRC after the Acquisition and (ii) loss of production facilities of the Target Group, the Board is of the view that the Target Group is no longer capable of offering the Company such opportunity, and thus the Directors have decided to enter into the Share Disposal Agreement.

For the purpose of formulating our advice, we have conducted an investigation on the regulatory changes on the lead-acid battery industry in the PRC and we have reviewed the business and financial performance of the Target Group after the Acquisition.

(a) Regulatory changes on the lead-acid battery industry in the PRC

With the growing competition in the lead-acid battery industry, According to the statistics released by the Ministry of Environmental Protection, the number of small and medium-sized lead-acid batteries manufacturers accounted for approximately 70% of the total number of lead-acid batteries manufacturers in the PRC market. However, the production capacity of the small and medium-sized lead-acid batteries manufacturers contribute only around 10% of the total national output. Most of the small and medium-sized manufacturers are simple assembly enterprises with low level of technology and capital threshold. Production machineries and environmental protection facilities are below standard.

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In light of the above circumstance, regulations in relation to the new entry requirements for the lead-acid battery industry have been officially came into effect on 1 July 2012. By raising the entry barriers of the industry, the entry requirements require the manufacturers to comply with the national environmental standards in respect to clean production, energy conservation and emissions reduction.

In order to ensure the new regulations were strictly executed, the Ministry of Industry and Information Technology had made an announcement on 19 December 2012 to further interpret the new regulations and emphasize on measurements to be executed by the PRC government. In particular, it was mentioned in the announcement that Ministry of Environmental Protection will strictly implement the new regulations by carrying out regular investigations on the manufacturers. The manufacturers who could comply with entry requirements will obtain an approval from the Ministry of Environmental Protection. On the other hand, the manufacturers who are unqualified to obtain the approval are required to terminate their production immediately. If the unqualified manufacturers were unable to fulfil the new requirements within the period as required by the authority, their operation facilities will be requested to shut down. In light of the above, it is expected that less than 50% of industry's production capacity can adopt the standard as required under the new regulations and most of the small and medium-sized lead-acid batteries manufacturers will be eliminated or acquired by the large and sophisticated manufacturers.

In order to comply with the new regulations, many existing lead-acid batteries manufacturers have optimized its production capacity and production facility by acquiring or leasing new factory premises. As a result, the demand on factory premise has increased accordingly after the release of new regulations. Due to the above reason, the original owner of the factory premise where the Target Group's production facilities located has refused to renew the lease agreement with the Target Group after the expiry of the previous lease agreement in February 2013 and the factory premise has been lent to one of the giant lead-acid battery manufacturers. Under this circumstance, the business operation of the Target Group has been adversely affected. As advised by the Company, if the Company set up and launch a new production facility which could meet the new regulations as set out by the PRC government, a significant amount of capital of approximately RMB30 million is required for the investment. Having considered the financial position of the Target Group, it is not feasible for the Target Group to launch new factory facilities in order to meet the new regulations.

(b) Business and financial performance of the Target Company after the Acquisition

Pursuant to the Share Purchase Agreement, the Original Owners have jointly and severally guaranteed to Shenzhen Weichang that the audited consolidated net profit after tax and before extraordinary items of the Target Group for the year ended

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31 December 2012 as recorded in the audited consolidated accounts of the Target Group prepared in accordance with generally accepted accounting principles in Hong Kong, shall not be less than RMB8 million.

As mentioned above, the audited consolidated accounts of the Target Group have yet to be finalized. Therefore, only figures from unaudited consolidated management accounts are available for our review. Set out below is the consolidated financial information of the Target Group for the financial year ended 31 December 2011 prepared under the PRC generally accepted accounting principles and that for the financial year ended 31 December 2012 prepared under the generally accepted accounting principles in Hong Kong:

	For the year ended	
	2012	2011
	(unaudited)	(audited)
	<i>(approximately</i>	<i>(approximately</i>
	<i>RMB'000)</i>	<i>RMB'000)</i>
Turnover	97,322	69,421
Net profit/(loss) before tax	(2,994)	3,609
Net profit/(loss) after tax	(3,003)	3,609
	As at	As at
	31 December	31 December
	2012	2011
	(unaudited)	(audited)
	<i>(approximately</i>	<i>(approximately</i>
	<i>RMB'000)</i>	<i>RMB'000)</i>
Net asset value	9,163	5,252

According to the table above, we note that the Target Group was unable to achieve the Guarantee Profit for the financial year ended 31 December 2012 as agreed under the Share Purchase Agreement. In particular, a net loss of approximately RMB3,003,000 was recorded during the period. As advised by management of the Company, the net loss was mainly due to the significant increase in operating expense of the Target Group as a result of surging cost of labor and raw materials incurred in the production of lead-acid batteries.

Furthermore, as disclosed in the Letter from the Board, the production of lead-acid batteries has been terminated since February 2013 as the Target Company failed to locate other factory premises to house the production facilities after the expiry of previous lease term agreement. In light of the above, the Target Group has made attempts to source partnership with other battery producers for out-sourcing of its production. As advised by the Company, little success was achieved after the negotiations with the potential battery producers. As no suitable partner has been

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found as at the Latest Practicable Date, the Company could only supply the lead-acid batteries to the customer by sourcing the products from other battery producers. Therefore, the profit margin of the business has been substantially reduced.

In order to diversify the source of income to the Company, the Target Group has tried to shift the business focus to the portable charger business, which has been under trial run at the time of Acquisition, by commencing the production and sales of portable chargers since February 2013. However, after seven months' operation of this portable charger business, the Board is of the view that the performance has not been satisfactory. In this regard, we have reviewed the management accounts of the Target Group for the eight months ended 31 August 2013. Based on the figures as shown in the management accounts, the portable charger business has been suffering from a net loss since the commencement of operation. In particular, we note that the gross profit margin is very narrow. As the production scale on the portable charger carried out by the Target Group was relatively small when compared with other producers among the industry, cost of production and operating expense incurred in the business would be relatively higher than other manufacturers. In view of the increasing cost of labor and raw material, it is expected that the business environment will become more competitive.

Given the fact that (i) the new regulations have imposed adverse impacts on the business operations and the development of the Target Group; (ii) the Target Group has recorded net loss for the financial year ended 31 December 2012; (iii) the production of lead-acid batteries has been terminated and the income stream has been distorted due to the loss of the production facilities; and (iv) the performance of new portable charger business segment is unsatisfactory, we concur with the Directors' view that the business prospect of the Target Group is no longer appealing and thus the Transaction represents an opportunity for the Group to dispose of its loss making business while allowing the management of the Group to allocate more resources on the development of the MLCC business.

III. Principal terms of the Share Disposal Agreement

The Share Disposal Agreement

Date : 15 November 2013

Parties : Vendor: Shenzhen Weichang

Purchaser: (1) Shenzhen Eyang Investment Group
(2) Ms. Shuang
(3) Mr. Liao

Assets to be disposed : The Sale Shares, representing the entire equity interest of the Target Company

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Consideration : The Disposal Consideration payable by the Original Owners to Shenzhen Weichang is in the amount of approximately RMB10.4 million (equivalent to approximately HK\$13.2 million).

The Disposal Consideration is arrived at after arm's length negotiation between the parties after taking into account the Unsettled Purchase Consideration and the estimated administrative expenses and other related expenses of approximately RMB0.49 million incurred by the Group in the Transaction. It is agreed between the parties that the Disposal Consideration be made up of an amount corresponding to the Unsettled Purchase Consideration, which will then be used to set off the Unsettled Purchase Consideration, plus a premium of RMB1.2 million which shall be sufficient to cover the estimated administrative expenses and other related expenses incurred by the Group in the Transaction and which will be paid by the Original Owners in cash.

The Disposal Consideration represents an approximately 13% premium to the net assets value of the Target Group as at 31 December 2012 as recorded in its unaudited consolidated management accounts. The parties to the Share Disposal Agreement agreed that approximately RMB9.2 million out of the Disposal Consideration will be used to set off the Unsettled Purchase Consideration and the remainder consideration of approximately RMB1.2 million (equivalent to approximately HK\$1.5 million) shall be satisfied by the Original Owners in cash on 31 December 2013 (or such later date as may be agreed by the parties in writing).

Conditions : Completion shall be subject to the following conditions precedent:

- (a) the Independent Shareholders having approved by way of poll at the EGM the Share Disposal Agreement and the transactions contemplated thereunder in accordance with the Listing Rules and other relevant rules and regulations; and
- (b) all necessary registrations, filings, consents and approvals in relation to the transactions contemplated under the Share Disposal Agreement having been obtained.

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The parties shall use the best endeavours to procure the satisfaction of the above conditions on or before 31 December 2013. In the event that the above conditions have not been fulfilled on or before 31 December 2013 (or such later date as is otherwise agreed by the parties in writing), the Share Disposal Agreement shall terminate and none of the parties shall have any liability to the other party save for any antecedent breach of the terms of the Share Disposal Agreement.

Disposal Consideration

The Disposal Consideration payable by the Original Owners to Shenzhen Weichang is in the amount of approximately RMB10.4 million. As mentioned in the Letter from the Board, the Disposal Consideration was determined after arm's length negotiations between the Original Owners and Shenzhen Weichang.

For the purpose of assessing the fairness and reasonableness of the amount of Disposal Consideration payable under the Share Disposal Agreement, we have primarily considered the basis of which the Disposal Consideration was determined. As advised by the Company, the Disposal Consideration has been determined after arm's length negotiations between the parties after taking into account the Unsettled Purchase Consideration of approximately RMB9.2 million which is equivalent to the net asset value of the Target Group as at 31 December 2012 as recorded in its unaudited consolidated management accounts. We are further advised by the Company that during the negotiation with the Original Owners regarding the Disposal Consideration, the parties have agreed that the Disposal Consideration will be made up of an amount corresponding to the Unsettled Purchase Consideration plus a premium of RMB1.2 million. In the determination the amount of premium, the parties have taken into account the expected administrative costs of approximately RMB0.49 million incurred by the Company in the Transaction. Based on the above payment arrangement, we noted that the Unsettled Purchase Consideration will be eventually set-off by the Disposal Consideration. Therefore, the Group will in any event receive an amount of RMB1.2 million from the Original Owners under the Share Disposal Agreement regardless of the basis of determination and the actual amount of the Unsettled Purchase Consideration as finally determined between the parties.

The Disposal Consideration represents a premium of approximately 13.04%, over the net asset value of the Target Group as at 31 December 2012 and it also represents a premium of approximately 38.67% over the net asset value of approximately RMB7.5 million of the Target Group as at 31 August 2013 as recorded in its unaudited consolidated management accounts. As mentioned above, the Disposal Consideration will be used to set off the Unsettled Purchase Consideration. Since a net loss was recorded by the Target Group for the year ended 31 December 2012, the Unsettled Purchase Consideration has been adjusted from

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RMB36 million to approximately RMB9.2 million, being Minimum Consideration under the Share Purchase Agreement. After setting off the Unsettled Purchase Consideration, the Disposal Consideration represents a premium of 1.2 million over the Unsettled Purchase Consideration. For the purpose of formulating our advice, we have reviewed the breakdown of the administrative expenses and other related expenses incurred in the Transaction as prepared by the management of the Company. Based on the expense breakdown, we noted that the expenses incurred in the Transaction are mainly the professional fees for the professional parties, including financial adviser, independent financial adviser and the legal adviser and the cost related to printing and translating of the Circular. All of the expenses incurred in the Transaction are ordinary in nature. After adding up all the expenses, total amount of expense is calculated as to approximately RMB0.49 million. Therefore, the premium of RMB1.2 million received by the Group under the Share Disposal Agreement shall be sufficient to cover the aforesaid expenses incurred by the Group in the Transaction.

Apart from the above, we have also conducted an analysis on the price-to-earnings ratio (“**P/E ratio**”) and price to-net asset value ratio (“**P/NAV ratio**”) of comparable companies listed on Stock Exchange in accessing the market value of the Target Company. To the best of our knowledge, we have identified 6 listed companies (the “**Comparables**”) engaging in the same or similar line of businesses as the Target Company. Details of the comparison are set out below.

Company	Stock code	Principal business	Market Capitalization <i>(note 1)</i> <i>(approximately HK\$)</i>	P/E ratio <i>(note 2)</i> <i>(times)</i>	P/NAV ratio <i>(note 2)</i> <i>(times)</i>
Coslight Technology International Group Limited	1043	Manufacture and sale of sealed lead acid batteries and related accessories; lithium-ion batteries; nickel batteries; signal strength systems, electric and automation system, motor vehicle, pharmaceutical products and mining	1,571,556,000	N/A	0.79
Scud Group Limited	1399	Manufacture and sale of rechargeable battery packs and related accessories for mobile phones, notebook computers, digital cameras and other electrical appliances; lithium bare battery cells for mobile phones	536,640,648	N/A	0.37
Leoch International Technology Limited	842	Manufacture, development and sale of lead-acid batteries	1,189,996,750	17.80	0.45

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Company	Stock code	Principal business	Market Capitalization <i>(note 1)</i> <i>(approximately HK\$)</i>	P/E ratio <i>(note 2)</i> <i>(times)</i>	P/NAV ratio <i>(note 2)</i> <i>(times)</i>
Chaowei Power Holdings Limited	951	Production and sales of lead-acid motive battery for electric bike markets in China	3,548,673,700	7.20	1.04
Sinopoly Battery Limited	729	Research and development, production, distribution and sale of Lithium-ion batteries and related products	5,196,743,818	N/A	15.27
Tianneng Power International Limited	819	Production and sale of electric bike motive batteries, electric car motive batteries; and storage batteries for wind and solar power in China	3,157,818,720	4.38	0.84
Target Company	—	Research, development and sale of batteries, electronic materials, electronic components and electronic products, manufacturing of mobile phone batteries; and research, development and sale of lead-acid batteries	13,200,000	N/A	1.13 <i>(Note 3)</i>

Source: www.hkex.com.hk

Notes:

1. Based on the latest closing price as published by 15 November 2013, being the date of the Share Disposal Agreement.
2. Based on the latest net profit and net asset value as published in the respective annual report prior to the date of the Share Disposal Agreement.
3. Based on the net asset value of Target Group as at 31 December 2012.

As set out from the table above, the P/E ratio of the Comparables ranged from approximately 4.38 times to approximately 17.80 times. However, as the Target Group was loss making for the year ended 31 December 2012, the Target Group has no P/E ratio for comparison purposes. As such, we have compared the P/NAV ratio of the Target Group against the P/NAV ratio of the Comparables. In terms of the P/NAV ratio of the Comparables, it ranged from approximately 0.37 times to 15.27 times with an average and a median of approximately 3.13 times and approximately 0.815 times respectively. We note that the P/NAV ratio of the Target Group of approximately 1.13 times is higher than the median and within the range of the P/NAV ratio of the Comparables. Given that fact that the business of the Target

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Company and the Comparables are of similar nature in general, we consider the P/NAV ratio represents an applicable valuation multiple for comparison purpose and shall be taken into account when determining the reasonableness of the Disposal Consideration. Regardless of the nature of the Transaction, the Disposal Consideration represents a premium over the book value of the Target Group and the P/NAV ratio of the Target Group is higher than the median P/NAV ratio of the Comparables. On such basis, we consider that the Disposal Consideration is fair and reasonable.

Having considered the above factors, in particular, (i) the Disposal Consideration represents a premium of RMB1.2 million over the Unsettled Purchase Consideration; (ii) the premium of RMB1.2 million shall be sufficient to cover the administrative expenses and other related expenses incurred by the Group in the Transaction and (iii) the P/NAV ratio of the Target Group is higher than the median P/NAV ratio of the Comparables, we concur with the Directors' view that the size and the basis of determination of the Disposal Consideration are fair and reasonable.

Amendments to the terms of the Share Purchase Agreement

Pursuant to the Share Disposal Agreement, Shenzhen Weichang and the Original Owners have agreed to amend the terms of the Share Purchase Agreement such that the consideration payable by Shenzhen Weichang to the Original Owners under the Share Purchase Agreement shall be determined with reference to "unaudited consolidated accounts" of the Target Group instead of the "audited consolidated management accounts" of the Target Group. Accordingly, the parties have agreed to amend the basis of determination of the Minimum Consideration under the Share Purchase Agreement to be the net assets value of the Target Group as at 31 December 2012 as booked in its unaudited consolidated management accounts prepared in accordance with the generally accepted accounting principles in Hong Kong. The parties have therefore confirmed that the amount of consideration payable by Shenzhen Weichang to the Original Owners under the Share Purchase Agreement shall be the amount of the net asset value of the Target Group as at 31 December 2012 as booked in such unaudited consolidated management accounts, being approximately RMB9.2 million.

Since the Disposal Consideration will be used to set off the Unsettled Purchase Consideration, the Unsettled Purchase Consideration has to be determined at the time that the Share Disposal Agreement was entered. As mentioned in the Letter from the Board, due to the fact that the audited consolidated accounts of the Target Group prepared in accordance with the generally accepted accounting principles in Hong Kong have not yet been finalized and published, there is no basis for Shenzhen Weichang to the Original Owners to determine the Unsettled Purchase Consideration. Therefore, the relevant terms of the Share Purchase Agreement has been amended accordingly. Based on the above discussion, we understand that the purpose of the amendments is only for the determination of the Unsettled Purchase Consideration at the time that the Share Disposal Agreement was entered such that the Disposal Consideration could be determined as well.

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Given the fact that other terms of the Share Purchase Agreement remained unchanged and the Unsettled Purchase Consideration will be eventually set-off by the Disposal Consideration and the Group will in any event receive an amount of RMB1.2 million from the Original Owners under the Share Disposal Agreement regardless of the basis of determination and the actual amount of the Unsettled Purchase Consideration, we are of the opinion that the amendments to the terms of the Share Purchase Agreement are in the interest of the Company and the Shareholders as a whole.

IV. Financial effects of the Transaction on the Group

Upon completion of the Transaction, the Target Company will cease to be a subsidiary of the Company, and the financial results of the Target Group will no longer be consolidated into the Group's financial statements after completion.

The cash and bank balance of the Group is expected to increase by the estimated net proceeds from the Transaction (after deducting the estimated administrative expenses and other related expenses) of approximately RMB0.71 million. In addition, the Group also expected that the Transaction will generate a gain of approximately RMB2.9 million with reference to the unaudited net assets value of approximately RMB7.5 million of the Target Group as at 31 August 2013.

Shareholders should note that the actual gain or loss as a result of the Transaction to be recorded by the Group is subject to audit and will depend on, among others, the financial position of the Target Group as at the date of Completion.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that:

- (i) the Disposal Consideration represents a premium over Unsettled Purchase Consideration of approximately 13.04% and the Group expects to record a net gain from the Transaction;
- (ii) the Target Group failed to achieve the Guaranteed Profit and recorded net loss for the year ended 31 December 2012;
- (iii) the business prospect of the Target Group is no longer appealing and the Transaction represents an opportunity for the Group to dispose of its loss making business while allowing the management of the Group to allocate more resources on the development of the MLCC business; and
- (iv) the purpose of the amendment to the terms of the Share Purchase Agreement is only for the determination of the Unsettled Purchase Consideration at the time when the Share Disposal Agreement was entered.

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In light of the above, we are of the view that the Transaction contemplated under the Share Disposal Agreement related thereto (including the amendments to the terms of the Share Purchase Agreement) are on normal commercial terms which are fair and reasonable and is in the interests of the Company and the Shareholders as a whole, even though the Disposal does not fall within the ordinary course of business of the Company. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Share Disposal Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Karl Thomson Financial Advisory Limited
Alex Chow
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests in the Company

As at the Latest Practicable Date, the interests or short positions of the Directors in the shares and the underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Name of Director	Capacity/Nature of Interest	Number of Shares held	Interest in underlying Shares ⁴	Total	Approximate percentage of interest in the Company
Mr. Chen Weirong	Interest of controlled corporations ¹	143,044,000	—	144,444,000	35.62%
	Beneficial Interest	—	1,400,000		
Mr. Cheng Wusheng	Interest of controlled corporation ²	16,174,000	—	16,174,000	3.99%
Mr. Zhang Zhilin	Interest of controlled corporation ³	23,106,000	—	23,106,000	5.70%
Mr. Wang Ye	Beneficial Interest	—	1,500,000	1,500,000	0.37%

Notes:

- Mr. Chen Weirong legally owned 100% of the issued share capital of Eversharp Management Limited (“**Eversharp**”), which in turn legally owned 36.71% of the issued share capital of EY SHINE Management Limited (“**EY Shine**”). Mr. Chen Weirong also legally owned 53.15% of the issued share capital of Everbright Management Limited which in turn owned 19.40% of the issued share capital of EY Shine. EY Shine legally owned 100% of EY Ocean Management Limited

(“EY Ocean”) which was interested in 143,044,000 Shares of the Company. For the purposes of Part XV of the SFO, Mr. Chen Weirong was deemed to be interested in all the shares held by EY Ocean.

2. These shares were owned by WUSHENG Management Limited of which Mr. Cheng Wusheng had 100% equity interest of the issued share capital.
3. These shares were owned by ZHILIN Management Limited of which Mr. Zhang Zhilin had 100% equity interest of the issued share capital.
4. These represented interests in the share options granted under the Share Option Scheme, further details of the Share Option Scheme are set out in the section “Share Option Scheme” in the Annual Report of the Company for the year ended 31 December 2011.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executives of the Company and their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(b) Substantial Shareholders’ Interests

So far as the directors and management of the Company were aware, as at the Latest Practicable Date, shareholders (other than the interest disclosed above in respect of the directors and chief executive of the Company) who had an interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and Stock Exchange and recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage
EY Ocean Management Limited	Beneficial owner	143,044,000	35.28%
EY SHINE Management Limited	Interest of a controlled corporation ¹	143,044,000	35.28%
Eversharp Management Limited	Interest of a controlled corporation ¹	143,044,000	35.28%
Mr. Xu Chuncheng	Beneficial owner ²	27,000,000	6.66%
Legend New-Tech Investment Limited	Beneficial owner	26,910,000	6.64%

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage
Right Lane Limited	Interest of a controlled corporation ³	26,910,000	6.64%
聯想控股有限公司 (Legend Holding Limited*)	Interest of a controlled corporation/Beneficiary of trusts ³	26,910,000	6.64%
中國科學院國有資產經營 有限責任公司 (Chinese Academy of Sciences Interest of a controlled corporation*)	Interest of a controlled corporation ³	26,910,000	6.64%
聯想控股有限公司職工持 股會 (Employees' Shareholding Society of Legend Holding Limited*)	Interest of a controlled corporation ³	26,910,000	6.64%
Mr. Li Heqiu	Interest of a controlled corporation	20,795,000	5.13%
HEQ Management Limited	Beneficial owner ⁴	20,795,000	5.13%
ZHILIN Management Limited	Beneficial owner ⁵	23,106,000	5.70%

Notes:

1. EY SHINE Management Limited (“**EY Shine**”) was interested in 100% of the issued capital of EY Ocean and was entitled to exercise or control the exercise of one-third or more of the voting power at its general meeting. EY Shine was therefore deemed to be interested in all the Shares held by EY Ocean.

Eversharp Management Limited (“**Eversharp**”) was interested in approximately 36.71% of the issued capital of EY Shine and was entitled to exercise or control the exercise of one-third or more of the voting power at its general meeting. Eversharp was therefore deemed to be interested in all the Shares held by EY Ocean.

2. Mr. Xu holds 25,000,000 shares of the Company as a beneficial owner and 2,000,000 underlying Shares of the Company pursuant to the share options granted by the Company under the Share Option Scheme. Mr. Xu is therefore deemed to be interested in 27,000,000 Shares of the Company.

3. Right Lane Limited (“**Right Lane**”) legally owned the entire issued share capital of Legend New-Tech Investment Limited. Right Lane Limited was therefore deemed to be interested in all the Shares held by Legend New-Tech Investment Limited.

聯想控股有限公司 (Legend Holding Limited*) (“**Legend Holdings**”) was interested in the entire issued share capital of Right Lane Limited. Legend Holdings legally owns 50% of the issued share capital of Right Lane Limited and also owned the remaining 50% of the issued share capital of Right Lane Limited as a beneficiary of two trusts. Liu Chuanzhi was holding 25% of the issued share capital of Right Lane Limited as a trustee for and on behalf of Legend Holdings. Zhang Zuxiang was holding 25% of the issued share capital of Right Lane Limited as a trustee for and on behalf of Legend Holdings. Legend Holdings was owned as to 65% by 中國科學院國有資產經營有限責任公司 (Chinese Academy of Sciences Holdings Co., Ltd.*) and 35% by 聯想控股有限公司職工持股會 (Employees’ Shareholding Society of Legend Holdings).

4. Mr. Li Heqiu, a former Director and resigned from his office upon the conclusion of the annual general meeting of the Company held on 31 May 2010, legally owned 100% of the issued share capital of HEQ Management Limited, which beneficially owned 20,795,000 Shares of the Company. Mr. Li Heqiu therefore was indirectly interested in 20,795,000 Shares.
5. ZHILIN Management Limited beneficially owned the 23,106,000 Shares of the Company, was 100% owned by Mr. Zhang Zhilin, a non-executive Director.

Save as disclosed above, the Company had not been notified of any other person who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange and as recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder (as such term is defined in the Listing Rules) of the Company.

3. EXPERT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Karl Thomson Financial Advisory Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

Karl Thomson has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Karl Thomson (i) is not beneficially interested in the share capital of any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (ii) does not have any direct or indirect interest in any assets which have been, since 31 December 2011 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

4. COMPETING INTERESTS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors and their respective associates is considered to have any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in (i) the interim report of the Company for the six months ended 30 June 2012; (ii) the profit warning announcement of the Company dated 2 August 2012; (iii) the announcement of the Company dated 28 August 2012 in relation to the continuing connected transaction; (iv) the announcements of the Company dated 25 September 2012 and 13 November 2012 and the circular of the Company dated 17 October 2012 in relation to the Acquisition; (v) the announcement of the Company dated 27 March 2013 in relation to the delay in the dispatch of annual report for the year ended 31 December 2012; (vi) the announcements of the Company dated 14 June 2013 and 28 June 2013 in relation to the voluntary winding-up of a subsidiary of the Company; (vii) the announcement of the Company dated 23 August 2013 in relation to the delay in the dispatch of the interim report for the six months ended 30 June 2013; and (viii) the announcement of the Company dated 2 December 2013 in relation to the findings of the internal control report and the special committee report, the Board confirmed that there was no material adverse change in the financial or trading position of the Group since 31 December 2011 (being the date to which the latest published audited consolidated accounts of the Group were made up).

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

7. MISCELLANEOUS

- (i) As at the Latest Practicable Date, none of the Directors had any existing nor proposed service contract with any member of the Group other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).
- (ii) There were no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director was materially interested and which was significant in relation to the business of the Group.
- (iii) Save as (a) disclosed in this circular of Mr. Chen's interest in the Transaction; (b) disclosed in the Previous Circular of Mr. Chen's interest in the Acquisition; and (c) disclosed in the announcement of the Company dated 28 August 2012 in relation to the continuing connected transaction, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired or disposed of by

or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries since 31 December 2011, the date to which the latest published audited consolidated financial statements of the Group were made up.

- (iv) The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays, Sundays and public holidays excepted) at the office of the Company at Unit A, 20/F., Po Wah Commercial Centre, 226 Hennessy Road, Wanchai, Hong Kong, from the date of this circular up to and including 24 December 2013:

- (a) the Share Disposal Agreement;
- (b) the Share Purchase Agreement;
- (c) the letter of advice from Karl Thomson to the Independent Board Committee and the Independent Shareholders dated 9 December 2013, the text of which is set out on pages 15 to 29 of this circular;
- (d) the letter from the Independent Board Committee to the Independent Shareholders dated 9 December 2013, the text of which is set out on page 14 of this circular; and
- (e) the written consent referred to in the paragraph headed “**Expert**” in this appendix.

EYANG

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of EYANG Holdings (Group) Co., Limited (the “**Company**”) will be held at the conference room on 1/F. of EYANG Building, No. 3 Qimin Road, Langshan Road No. 2, North of High and New Tech Zone, Nanshan District, Shenzhen, P.R.C. on Tuesday, 24 December 2013 at 11:00 a.m. for the purpose of considering, and if thought fit, passing, with or without modifications, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- i. the conditional sale and purchase agreement (the “**Agreement**”) dated 15 November 2013 entered into between 深圳市威長新能源有限公司 (Shenzhen Weichang New Energy Co., Limited), an indirect wholly-owned subsidiary of the Company, as vendor and 深圳市宇陽投資集團有限公司 (Shenzhen Eyang Investment Group Limited), Ms. Shuang Mei and Mr. Liao Jie as purchasers (a copy of which has been produced to the meeting marked “A” and initialed by the chairman of the meeting for the purpose of identification) in relation to (i) the disposal of the entire equity interest in 深圳市宇陽能源有限公司 (Shenzhen Eyang Energy Company Limited); and (ii) certain amendments to the terms of the sale and purchase agreement dated 25 September 2012 entered into between 深圳市宇陽投資集團有限公司 (Shenzhen Eyang Investment Group Limited), Ms. Shuang Mei and Mr. Liao Jie as vendors and 深圳市威長新能源有限公司 (Shenzhen Weichang New Energy Co., Limited) as purchaser, and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- ii. any one or more of the director(s) of the Company be and is/are hereby authorization to do all such acts and things and execute all such documents which he/they consider(s) necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 9 December 2013

NOTICE OF EGM

Notes:

1. A member entitled to attend and vote at the extraordinary general meeting (the “EGM”) convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority, at the office of the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Room 1806–1807, 18/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. The register of members of the Company will be closed from Friday, 20 December 2013 to Tuesday, 24 December 2013 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for attending the EGM, all transfers, accompanied by the relevant share certificates, have to be lodged with the Hong Kong branch registrars of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 19 December 2013.
4. A form of proxy for use at the EGM is enclosed with the circular to the shareholders.
5. In the case of a joint holding, the form of proxy may be signed by any joint holder, but if more than one joint holder is present at the EGM, whether in person or by proxy, that one of the joint holder whose name stands first on the register of members in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
6. Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the EGM. If such shareholder attends the EGM, his form of proxy will be deemed to have been revoked.
7. The ordinary resolution as set out above will be determined by way of a poll.
8. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English language version shall prevail.

As at the date of this notice, 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; 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.