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## **EYANG HOLDINGS (GROUP) CO., LIMITED**

**宇陽控股（集團）有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 117)

### **CONTINUING CONNECTED TRANSACTIONS**

#### **MATERIAL PURCHASE FRAMEWORK AGREEMENT**

On 23 May 2014, Eyang Shenzhen, an indirect wholly-owned subsidiary of the Company and Dongguang Guangtong entered into a Material Purchase Framework Agreement with a term valid to 31 December 2016, pursuant to which, Dongguang Guangtong has agreed to provide Eyang Shenzhen with Material subject to the terms and conditions provided therein.

#### **PREMISE LEASING AGREEMENT**

On 23 May 2014, Anhui Jineyang, an indirect wholly-owned subsidiary of the Company and Anhui Eycom also entered into a Premise Leasing Agreement with a term valid to 31 December 2016, pursuant to which, Anhui Jineyang has agreed to lease the Premise to Anhui Eycom subject to the terms and conditions provided therein.

#### **LISTING RULES IMPLICATIONS**

The beneficial owners of Dongguang Guangtong are Mr. Chen Weizi, Ms. Chen Shuling and Ms. Chen Shurong, being brother and sisters respectively of Mr. Chen Weirong, the controlling shareholder as well as the executive Director of the Company. Dongguang Guangtong is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Anhui Eycom is a wholly-owned subsidiary of Eycom which is in turn held by Eyang Investment Group as to 35%. Eyang Investment Group is owned as to 55% by Mr. Chen Weirong and as to 12% by Mr. Liao Jie. Given that i) Eyang Investment Group is owned as to 55% by Mr. Chen Weirong and is an associate of Mr. Chen Weirong; ii) Mr. Chen Weirong is the controlling shareholder as well as the executive Director of the Company; and iii) Mr. Liao Jie is the Former Director of the Company; Anhui Eycom is an associate of Mr. Chen Weirong and is therefore regarded as a connected person of the Company under the Chapter 14A of the Listing Rules. Accordingly, the Material Purchase Framework Agreement and Premise Leasing Agreement constitute continuing connected transactions under Rule 14A.14 of the Listing Rules.

As each of the applicable percentage ratios of the aggregated annual transaction amount under the Material Purchase Framework Agreement for each of the three years ending 31 December 2014, 2015 and 2016 exceeds 0.1% but is less than 5%, the transactions contemplated under the Material Purchase Framework Agreement are exempt from the independent shareholders' approval requirement but are subject to the annual review, reporting and announcement requirements under Rule 14A.34 of the Listing Rules.

The Existing Leasing Agreements and the Premise Leasing Agreement are of similar nature and related to the leasing of premises by the Group to Eycom and its subsidiaries for its mobile phone production plant and office use. Since the Existing Leasing Agreements are valid till 31 December 2014, the aggregated annual transaction amount under Existing Leasing Agreements and the Premise Leasing Agreement for the year ended 31 December 2014 would need to be aggregated for the calculation of the classification of the transactions. As the applicable ratios for the aggregated annual transaction amount under the Existing Leasing Agreements and the Premise Leasing Agreement for year ended 31 December 2014 and the applicable ratios for the aggregated annual transaction amount under the Premise Leasing Agreement for each of the three years ending 31 December 2015 and 2016 exceeds 0.1% but is less than 5%, the transactions contemplated under the Existing Leasing Agreements and the Premise Leasing Agreement are exempt from the independent shareholders' approval requirement but are subject to the annual review, reporting and announcement requirements under Rule 14A.34 of the Listing Rules.

## **(1) MATERIAL PURCHASE FRAMEWORK AGREEMENT**

**Date:** 23 May 2014

**Parties:**

**Purchaser:** Eyang Shenzhen, an indirect wholly-owned subsidiary of the Company

**Supplier:** Dongguang Guangtong

**Nature of transaction:**

Pursuant to the Material Purchase Framework Agreement, the Dongguang Guangtong will sell Material to Eyang Shenzhen from time to time in accordance with the terms of such agreement. The Material Purchase Framework Agreement comprises the general terms and conditions upon which Eyang Shenzhen may purchase Material from the Dongguang Guangtong. Transactions under the Material Purchase Framework Agreement will be conducted on normal commercial terms.

**Term:**

From 23 May 2014 to 31 December 2016.

**Price:**

The price for Material to be purchased by Eyang Shenzhen shall be agreed on arm's length negotiations between Eyang Shenzhen and Dongguang Guangtong from time to time with reference to the specifications of the relevant products and the prevailing market prices at the relevant time. The terms of sales to be offered by Dongguang Guangtong to Eyang Shenzhen under the Material Purchase Framework Agreement should be no less favorable than those offered by Dongguang Guangtong to its independent customers.

**Proposed Annual Caps:**

The transaction amount under the Material Purchase Framework Agreement for each of three financial years ending 31 December 2016 will not exceed the following annual caps:

	<b><u>For the year ended 31 December</u></b>		
	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
	(RMB)	(RMB)	(RMB)
Annual Caps	2,000,000	3,500,000	4,000,000

The annual caps under the Material Purchase Framework Agreement were determined based on the historical and expected demand on the Material from the Group for its MLCC production. There were no previous transactions between the Group and Dongguang Guangtong with respect to the purchase of Material from Dongguang Guangtong.

**(2) PREMISE LEASING AGREEMENT**

**Date:** 23 May 2014

**Parties:**

Lessor: Anhui Jineyang, an indirect wholly-owned subsidiary of the Company

Lessee: Anhui Eycom

**Nature of transaction:**

Pursuant to the Premise Leasing Agreement, Anhui Jineyang shall lease a factory premise of approximately 1,450 square meters together with not more than 25 units of staff quarters to Anhui Eycom which is located at 中國滁州市經濟技術開發區花園西路200號廠房C (Factory C, No. 200, Garden West Road, Economic and Technological Development Zone, Chuzhou, the PRC)

**Term:**

From 1 June 2014 to 31 December 2016

**Price:**

Under the Premise Leasing Agreement, Anhui Eycom shall pay a monthly rental in the amount of not more than RMB25,400 subject to the number of staff quarters Anhui Eycom occupies (the “**Rental**”) to Anhui Jineyang for the Premise. The Rental under the Premise Leasing Agreement was determined on an arm’s length basis with reference to the rental per square meter offered by the Group to the independent third parties in the same properties and/or the adjacent similar properties.

**Proposed Annual Caps:**

The transaction amount under the Premise Leasing Agreement for each of three financial years ending 31 December 2016 will not exceed the following annual caps:

	<b><u>For the year ended 31 December</u></b>		
	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
	(RMB)	(RMB)	(RMB)
Annual Caps	177,800	304,800	304,800

The annual caps under the Premise Leasing Agreement were determined based on expected annual Rental to be received by the Group.

**REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS**

The Group requires the plastic molds as the packing material for its production of MLCC products. Dongguang Guangtong is engaged in manufacture of mobile phone cases and plastic molds. By entering into the Material Purchase Framework Agreement, the provision of the Material by the Dongguang Guangtong to the Group secures a steady supply of the plastic molds to the Group which facilitates its production of MLCC products.

Eycom was a wholly-owned subsidiary of Eyang Shenzhen before the Disposal completed in October 2009. Eycom has leased the properties owned by the subsidiaries of the Company since 2008 for its mobile phone production plant and office use. Eycom has been continuously expanding its mobile phone production business and anticipates that more production plants for the manufacture of mobile phone will be required to further expand the business. By entering into the Premise Leasing Agreement, Eycom can lease addition factory premise through Anhui Eycom to accommodate its additional production plants so as to facilitate its production plan. On the other hand, the Group can receive a reasonable return on its excessive plant and office space.

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

## LISTING RULES IMPLICATIONS

The beneficial owners of Dongguang Guangtong are Mr. Chen Weizi, Ms. Chen Shuling and Ms. Chen Shurong, being brother and sisters respectively of Mr. Chen Weirong, the controlling shareholder as well as the executive Director of the Company. Dongguang Guangtong is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Anhui Eycom is a wholly-owned subsidiary of Eycom which is in turn held by Eyang Investment Group as to 35%. Eyang Investment Group is owned as to 55% by Mr. Chen Weirong and as to 12% by Mr. Liao Jie. Given that i) Eyang Investment Group is owned as to 55% by Mr. Chen Weirong and is an associate of Mr. Chen Weirong; ii) Mr. Chen Weirong is the controlling shareholder as well as the executive Director of the Company; and iii) Mr. Liao Jie is the Former Director of the Company; Anhui Eycom is an associate of Mr. Chen Weirong and is therefore regarded as a connected person of the Company under the Chapter 14A of the Listing Rules. Accordingly, the Material Purchase Framework Agreement and Premise Leasing Agreement constitute continuing connected transactions under Rule 14A.14 of the Listing Rules.

As each of the applicable percentage ratios of the aggregated annual transaction amount under the Material Purchase Framework Agreement for each of the three years ending 31 December 2014, 2015 and 2016 exceeds 0.1% but is less than 5%, the transactions contemplated under the Material Purchase Framework Agreement are exempt from the independent shareholders' approval requirement but are subject to the annual review, reporting and announcement requirements under Rule 14A.34 of the Listing Rules.

Since the Existing Leasing Agreements are valid till 31 December 2014, the aggregated annual transaction amount under Existing Leasing Agreements and the Premise Leasing Agreement for the year ended 31 December 2014 would need to be aggregated for the calculation of the classification of the transactions. As the applicable ratios for the aggregated annual transaction amount under the Existing Leasing Agreements and the Premise Leasing Agreement for year ended 31 December 2014 and the applicable ratios for the aggregated annual transaction amount under the Premise Leasing Agreement for each of the three years ending 31 December 2015 and 2016 exceeds 0.1% but is less than 5%, the transactions contemplated under the Existing Leasing Agreements and the Premise Leasing Agreement are exempt from the independent shareholders' approval requirement but are subject to the annual review, reporting and announcement requirements under Rule 14A.34 of the Listing Rules.

## DEFINITIONS

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

“Anhui Jineyang”	安徽金宇陽電子科技有限公司 (Anhui Jineyang Electronic Technology Co., Ltd.*), a limited liability company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Anhui Eycom”	安徽世紀億通數碼科技有限公司 (Anhui Century Eycom

	Digital Technology Co., Ltd.*), a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of Eycom
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	EYANG Holdings (Group) Co., Limited (stock code: 117), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the Material Purchase Framework Agreement and the Premise Leasing Agreement
“Director(s)”	means the director(s) of the Company
“Disposal”	the disposal of the entire equity interest of Eycom by Eyang Shenzhen to Eyang Investment Group pursuant to the disposal agreement entered between Eyang Shenzhen and Eyang Investment Group on 4 September 2009
“Dongguang Guangtong”	東莞市光通實業有限公司 (Dongguan Guangtong Enterprise Co., Ltd.*) of which the shareholders are brother and sisters, of Mr. Chen Weirong, the controlling shareholder as well as the executive Director of the Company
“Existing Leasing Agreements”	the leasing agreements entered into between the Group and Eycom on 28 August 2012 in relation to the leasing of premises by the Group to Eycom
“Eyang Investment Group”	深圳市宇陽投資集團有限公司 (Shenzhen Eyang Investment Group Limited*), formerly known as 深圳市偉創投資有限公司 (Shenzhen Weichuang Investment Co., Ltd*), a limited liability company established in PRC, of which its 55% equity interest is held by Mr. Chen Weirong, the controlling shareholder as well as the Director of the Company
“Eyang Shenzhen”	深圳市宇陽科技發展有限公司 (Shenzhen Eyang Technology Development Co., Ltd.*), a wholly foreign owned enterprise, incorporated under the laws of PRC and an indirect wholly-owned subsidiary of the Company

“Eycom”	深圳市億通科技有限公司(Eycom Technology Co., Ltd.*), a limited liability company incorporated under the laws of the PRC, of which its 35% equity interest is held by Eyang Investment Group
“Former Director”	former director of the Company who has resigned within 12 months preceding the date of announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material”	Plastic mold, being the packing material required during production of MLCC products
“Material Purchase Framework Agreement”	a framework agreement dated 23 May 2014 made between Eyang Shenzhen and Dongguang Guangtong in relation to the supply of Material by Dongguang Guangtong to Eyang Shenzhen for a term from 23 May 2014 to 31 December 2016
“MLCC”	multi-layer ceramic capacitor, which the Group is engaged in the manufacture and sale of
“PRC”	the People’s Republic of China
“Premise”	a factory premise of approximately 1,450 square meters owned by Anhui Jineyang which is located at 中國滁州市經濟技術開發區花園西路200號廠房C (Factory C, No. 200, Garden West Road, Economic and Technological Development Zone, Chuzhou, the PRC) together with not more than 25 units of staff quarters
“Premise Leasing Agreement”	an agreement dated 23 May 2014 made between Anhui Jineyang and Anhui Eycom in relation to the leasing of Premise by Anhui Jineyang to Anhui Eycom for a term from 1 June 2014 to 31 December 2016
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”

holder(s) of the Shares

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

*\* For identification purpose only*

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

Hong Kong, 23 May 2014

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