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If you have sold or transferred all your shares in EYANG Holdings (Group) Co., Limited, you should at once hand this circular to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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 TRANSACTION
ACQUISITION OF LAND IN CHUZHOU

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DEFINITIONS

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

“Acquisition”	the acquisition of the land use rights of the Land by the Company as contemplated under the Agreement
“Agreement”	the agreement dated 1 December 2008 entered into by the Purchaser and the Vendor in relation to the Acquisition
“associate(s)”	has the meaning ascribed thereto 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 main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any party which is independent of and not connected with any of the Directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“Land”	a parcel of land located in 中國安徽省滁州市開發區花園路南側, 南譙南路西側 (Nanqiao South Road West, Huayuan Road South, Development Zone, Chuzhou City, Anhui Province, the PRC*) with a site area of approximately 66,667 square metres, an average plot ratio of approximately 1.06, a total gross floor area of approximately 70,995 square metres and is designated for industrial use
“Latest Practicable Date”	11 December 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MLCC”	multi-layer ceramic capacitor, which the Group is engaged in the manufacture and sale thereof

DEFINITIONS

“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	安徽金宇陽電子科技有限公司 (Anhui Golden Eyang Electronic Technology Company Limited*), a limited company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	中華人民共和國安徽省滁州市國土資源和房產管理局 (Bureau of Land Resources and Real Estate Properties in Chuzhou City, Anhui Province, the PRC*), a PRC government authority and is in charge of, inter alia, the granting of land use rights located in Chuzhou City, Anhui Province, the PRC
“%”	per cent.

If there is any inconsistency between the Chinese name of the entities or geographical areas and their English translation in this circular, the Chinese version shall prevail.

For the purpose of this circular, unless otherwise specified, conversion of RMB into HK\$ is based on the exchange rate of RMB0.88 to HK\$1.00. This exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been, or may be exchanged at this or any other rate at all.

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

* For identification purposes only

LETTER FROM THE BOARD



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*)
Ms. Shuang Mei
Mr. Liao Jie

Registered office:

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

Non-executive Directors:

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

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

8th Floor, Tien Chu Commercial Building
173-174 Gloucester Road
Wanchai
Hong Kong

Independent non-executive Directors:

Mr. Chu Kin Wang, Peleus
Mr. Pan Wei
Mr. Liu Huanbin

15 December 2008

To the Shareholders

Dear Sirs,

**DISCLOSEABLE TRANSACTION
ACQUISITION OF LAND IN CHUZHOU**

INTRODUCTION

On 1 December 2008, the Board announced that the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement dated 1 December 2008 with the Vendor, for the acquisition of the land use rights of the Land for a term of 50 years at an aggregate consideration of RMB11.2 million (equivalent to approximately HK\$12.7 million). The Group principally intends to develop the Land as a production base for the MLCC and relevant products.

The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules. The purpose of this circular is to provide you with further details of the Acquisition.

LETTER FROM THE BOARD

PRINCIPAL TERMS OF THE AGREEMENT

Date

1 December 2008

Parties

the Purchaser: 安徽金宇陽電子科技有限公司 (Anhui Golden Eyang Electronic Technology Company Limited*), an indirect wholly-owned subsidiary of the Company

the Vendor: 中華人民共和國安徽省滁州市國土資源和房產管理局 (Bureau of Land Resources and Real Estate Properties in Chuzhou City, Anhui Province, the PRC*), a PRC government authority. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the aforementioned authority is an Independent Third Party

Subject of the Acquisition

The Land is located in 中國安徽省滁州市開發區花園路南側, 南譙南路西側 (Nanqiao South Road West, Huayuan Road South, Development Zone, Chuzhou City, Anhui Province, the PRC*) with a total site area of approximately 66,667 square metres, an average plot ratio of approximately 1.06 and a total gross floor area of approximately 70,995 square metres.

The Purchaser shall apply for registration of title to the Land upon full payment of the consideration for the Acquisition.

Consideration

The consideration for the Acquisition is approximately RMB168 (equivalent to approximately HK\$191) per square metre and the aggregate consideration is RMB11.2 million (equivalent to approximately HK\$12.7 million) in cash. As at the Latest Practicable Date, the consideration has been fully paid from the Group's internal resources to the Vendor.

The Board considers that the value of the Land is commensurable with the consideration for the Acquisition which was arrived at as a result of a successful bid by the Purchaser at an open bidding organized by the Vendor.

Use of the Land

The Land is designated for industrial and office use.

LETTER FROM THE BOARD

Term of grant

The term for the grant of the land use rights of the Land is 50 years commencing from the date of delivery of the Land.

Delivery of the Land

Pursuant to the Agreement, the Vendor should deliver the Land to the Purchaser on or before 11 December 2008. As at the Latest Practicable Date, as confirmed by the Directors, the Land has been delivered to the Group.

Development of the Land

Pursuant to the Agreement, the Purchaser shall commence the development of the Land on 1 December 2008 and the development shall be completed on or before 31 December 2015. The Purchaser may apply to extend the commencement date for the development of the Land.

Transferability and assignment of the Land

Upon full payment of the consideration for the Acquisition and obtaining the land use right certificate for the Land, the Purchaser is entitled to transfer, lease out or charge the Land subject to completion of not less than 25% of the total investment in the development of the Land.

Renewal of term

The Purchaser shall be entitled to renew the term of grant of the land use rights of the Land. The Purchaser shall submit a renewal application to the Vendor at least one year prior to the expiry of the term. The Vendor shall approve the renewal of the term unless it is in the interests of the public and society that resumption of the Land is necessary. Should renewal of term is not approved by the Vendor, the Vendor shall compensate the Purchaser in the amount to be assessed by reference to the residual value of the buildings and facilities erected on the Land.

INFORMATION ON THE PARTIES

The Company was 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 manufacture and sale of the MLCC and mobile phones.

The Vendor is a PRC government authority and is in charge of, inter alia, the granting of land use rights of the lands located in Chuzhou City, Anhui Province, the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Land is located in Chuzhou City, Anhui Province, the PRC and close to Yangtze river Delta area, one of the most developed area in the PRC. To facilitate the development of its growing MLCC business and better serve the Group's MLCC customers around the Yangtze river Delta area, the Group principally intends to develop the Land as a production base for the MLCC and relevant products. With the establishment of such MLCC production base, the Board considers it will increase the production capacity of the MLCC and should further facilitate the delivery of the MLCC products to its customers located in Yangtze river Delta area.

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Acquisition are fair and reasonable and is in the ordinary and usual course of the Group's business and is in the interests of the Group and the Shareholders as a whole.

There will not be any significant impact on the earnings, total assets and total liabilities of the Company after the Acquisition as any increase in assets will be offset by a corresponding decrease in cash and cash equivalents of the Company.

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

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) 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 (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or which (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) under the Listing Rules, were as follows:

Long positions in shares and underlying shares of the Company

Name of Director	Company/ Name of associated corporation	Capacity/ Nature of interest	Amount of share capital/ registered capital held	Interests in underlying shares of the Company*	Approximate percentage of interest in the Company/ associated corporations	
					Total	
Mr. Chen Weirong	Company	Interest of controlled corporations ⁽¹⁾	262,020,000	1,400,000	263,420,000	64.96%
Ms. Shuang Mei	Company	Corporate interest ⁽²⁾	9,160,000	1,300,000	10,460,000	2.58%
Mr. Liao Jie	Company	Corporate interest ⁽³⁾	7,160,000	1,300,000	8,460,000	2.09%
Mr. Cheng Wusheng	Company	Corporate interest ⁽⁴⁾	16,160,000	—	16,160,000	3.99%
Mr. Li Heqiu	Company	Corporate interest ⁽⁵⁾	20,800,000	—	20,800,000	5.13%
Mr. Zhang Zhilin	Company	Corporate interest ⁽⁶⁾	23,120,000	—	23,120,000	5.70%

* Interests in the underlying shares of the Company represent interests in share options granted on 22 January 2008 pursuant to the share option scheme of the Company adopted on 30 November 2007.

Notes:

- (1) Mr. Chen Weirong legally owns 100% of the issued share capital of Eversharp Management Limited, which in turn legally owns 42.71% of the issued share capital of EY SHINE Management Limited (“EY Shine”). Mr. Chen Weirong also legally owns 100% of the issued share capital of Everbright Management Limited, which owns 36.01% of the issued share capital of EY Shine. EY Shine legally owns 60.31% of EY Ocean Management Limited (“EY Ocean”). For the purposes of Part XV of the SFO, Mr. Chen Weirong is deemed to be interested in all the shares of the Company held by EY Ocean.
- (2) Ms. Shuang Mei legally owns 100% of the issued share capital of HE-YANG Management Limited, which in turn legally owns 5.79% of the issued share capital of EY Shine. EY Shine legally owns 60.31% of EY Ocean. Ms. Shuang Mei therefore is indirectly interested in 9,160,000 shares of the Company.
- (3) Mr. Liao Jie legally owns 100% of the issued share capital of LJ Management Limited, which in turn legally owns 4.53% of the issued share capital of EY Shine. EY Shine legally owns 60.31% of EY Ocean. Mr. Liao Jie therefore is indirectly interested in 7,160,000 shares of the Company.
- (4) Mr. Cheng Wusheng legally owns 100% of the issued share capital of WUSHENG Management Limited, which in turn legally owns 6.17% of the issued share capital of EY Ocean. Mr. Cheng Wusheng therefore is indirectly interested in 16,160,000 shares of the Company.
- (5) Mr. Li Heqiu legally owns 100% of the issued share capital of HEQ Management Limited, which own 7.94% of the issued share capital of EY Ocean. Mr. Li Heqiu therefore is indirectly interested in 20,800,000 shares of the Company.
- (6) Mr. Zhang Zhilin legally owns 100% of the issued share capital of ZHILIN Management Limited, which in turn legally owns 8.82% of the issued share capital of EY Ocean. Mr. Zhang Zhilin therefore is indirectly interested in 23,120,000 shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company, or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

3. OTHER INTERESTS OF DIRECTORS

Interests in service contracts

Each executive Director entered into the service contract with the Company on 30 November 2007 for a term of 3 years from the listing date of the Company, renewable thereafter until termination by giving no less than 3 months' written notice to the other party or pursuant to the terms of the service contract.

All non-executive Directors and independent non-executive Directors have entered into a letter of engagement with the Company for a term of 3 years from the listing date of the Company. The engagement shall comply with the directors' retirement and rotation provisions in accordance with the Company's articles of association.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered, or had proposed to enter, into a service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) had the following interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Long position in shares of the Company

Name	Capacity	Number of shares of the Company	Approximate percentage of share holding
EY Ocean Management Limited	Beneficial owner	262,020,000	64.62%
EY SHINE Management Limited	Interest of a controlled corporation ⁽¹⁾	262,020,000	64.62%
Eversharp Management Limited	Interest of a controlled corporation ⁽²⁾	262,020,000	64.62%
Everbright Management Limited	Interest of a controlled corporation ⁽³⁾	262,020,000	64.62%
Legend New-Tech Investment Limited	Beneficial owner	26,920,000	6.64%

Name	Capacity	Number of shares of the Company	Approximate percentage of share holding
Right Lane Limited	Interest of a controlled corporation ⁽⁴⁾	26,920,000	6.64%
聯想控股有限公司 (Legend Holding Limited*)	Interest of a controlled corporation/Beneficiary of trusts ⁽⁵⁾	26,920,000	6.64%
中國科學院國有資產經營有限公司 (Chinese Academy of Sciences Holdings Co., Ltd.*)	Interest of a controlled corporation ⁽⁵⁾	26,920,000	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 ⁽⁵⁾	26,920,000	6.64%

Notes:

- (1) EY SHINE Management Limited ("EY Shine") is interested in approximately 60.31% of the issued capital of EY Ocean Management Limited ("EY Ocean") and is entitled to exercise or control the exercise of one-third or more of the voting power at its general meeting. EY Shine is therefore deemed to be interested in all the shares of the Company held by EY Ocean. Mr. Chen Weirong and Ms. Shuang Mei, being the executive Directors, and Mr. Cheng Wusheng, Mr. Li Heqiu and Mr. Zhang Zhilin, being the non-executive Directors, are the directors of EY Ocean. Mr. Chen Weirong, Ms. Shuang Mei and Mr. Liao Jie, being the executive Directors, are the directors of EY Shine.
- (2) Eversharp Management Limited ("Eversharp") is interested in approximately 42.71% of the issued capital of EY Shine and is entitled to exercise or control the exercise of one-third or more of the voting power at its general meeting. Eversharp is therefore deemed to be interested in all the shares of the Company held by EY Ocean. Mr. Chen Weirong, being the executive Director, is the director of Eversharp.
- (3) Everbright Management Limited ("Everbright") is interested in approximately 36.01% of the issued capital of EY Shine and is entitled to exercise or control the exercise of one-third or more of the voting power at its general meeting. Everbright is therefore deemed to be interested in all the shares of the Company held by EY Ocean. Mr. Chen Weirong, being the executive Director, is the director of Everbright.
- (4) Right Lane Limited legally owns the entire issued share capital of Legend New-Tech Investment Limited. Right Lane Limited is therefore deemed to be interested in all the shares of the Company held by Legend New-Tech Investment Limited.
- (5) 聯想控股有限公司 (Legend Holding Limited*) is interested in the entire issued share capital of Right Lane Limited. 聯想控股有限公司 (Legend Holding Limited*) legally owns 50% of the issued share capital of Right Lane Limited and also owns the remaining 50% of the issued share capital of Right Lane Limited as a beneficiary of two trusts. Liu Chuanzhi is holding 25% of the issued share capital of Right Lane Limited as a trustee for 聯想控股有限公司 (Legend Holding Limited*). Zhang Zuxiang is holding 25% of the issued share capital of Right Lane Limited as a trustee for 聯想控股有限公司 (Legend Holding Limited*). 聯想控股有限公司 (Legend Holding Limited*) is owned as to 65% by 中國科學院國有資產經營有限公司 (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 Holding Limited*).

Save as disclosed above, so far as was known to the Directors as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had any interest or short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

5. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which falls to be disclosed under the Listing Rules.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

7. GENERAL

- (a) The company secretary and qualified accountant of the Company is Mr. Leung Wai Chung. Mr. Leung is a member of The Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its head office and principal place of business in Hong Kong is at 8th Floor, Tien Chu Commercial Building, 173-174 Gloucester Road, Wanchai, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.