

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
RELATING TO FORMATION OF JOINT VENTURE
AND
VOLUNTARY ANNOUNCEMENT
POTENTIAL NEW BUSINESS DEVELOPMENT**

THE JV AGREEMENT

The Board announced that on 29 June 2016 (after trading hours of the Stock Exchange), CHL (an indirect wholly-owned subsidiary of the Company) entered into the JV Agreement with the JV Partner for the formation of the Joint Venture. The Joint Venture will be held as to 50% by CHL and 50% by the JV Partner. The business objective of the Joint Venture shall be to invest in properties, mezzanine loans and private equity for stable cash flow, returns and/or capital appreciation.

LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the total capital commitment of CHL under the JV Agreement are more than 5% but are less than 25%, the formation of the Joint Venture constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

POTENTIAL NEW BUSINESS DEVELOPMENT

The Board is also pleased to announce that the Company has recently established a wholly-owned subsidiary in Hong Kong and has entered into certain trading contracts with its business partners with a view to commence and develop the business of commodities trading, including but not limited to trading of metals, minerals and petroleum products. The Company shall make appropriate investments in the Potential New Business with the Group's internal resources.

INTRODUCTION

The Board announced that on 29 June 2016 (after trading hours of the Stock Exchange), CHL (an indirect wholly-owned subsidiary of the Company) entered into the JV Agreement with the JV Partner for the formation of the Joint Venture. Principal terms of the JV Agreement are set forth below:

THE JV AGREEMENT

Date of the JV Agreement: 29 June 2016

Parties: The parties to the JV Agreement are:

- (i) Celestial Hope Limited (天望有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
- (ii) Ultimate Yield Limited (至發有限公司), a company incorporated in the British Virgin Islands with limited liability, the JV Partner
- (iii) Universal Blossom Limited (普華有限公司), a company incorporated in the British Virgin Islands with limited liability, the Joint Venture

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the JV Partner is an investment holding company and it and its ultimate beneficial owner are Independent Third Parties.

Business objective of the Joint Venture: To invest in properties, mezzanine loans and private equity for stable cash flow, returns and/or capital appreciation.

Shareholding structure: The Joint Venture will be held as to 50% by CHL and 50% by the JV Partner. The Joint Venture will not become a subsidiary of the Company and its financial results, assets and liabilities will not be consolidated with those of the Group.

Capital commitment: Pursuant to the JV Agreement, each of CHL and the JV Partner undertakes to provide a sum of not more than HK\$300,000,000 to the Joint Venture by way of shareholder's loan as the Joint Venture's initial working capital. Such loan shall be provided to the Joint Venture at such times as the board of directors of the Joint Venture may require.

If the Joint Venture needs further financing for its business/operation in the future, it will first obtain loans from financial institutions, failing which, CHL and the JV Partner may be required to advance additional shareholder's loans to, and/or subscribe for new shares in, the Joint Venture as the board of directors of the Joint Venture may resolve. As at the date of this announcement, the management of the Company does not foresee any needs for making further contribution to the Joint Venture for its business/operation. Further announcement(s) will be made by the Company as and when necessary in accordance with the requirements of the Listing Rules if CHL is required to make further capital commitment to the Joint Venture.

The said capital commitment was determined after arm's length negotiation between the parties and is to be contributed by CHL and the JV Partner in proportion to their respective shareholdings in the Joint Venture.

Management of the Joint Venture:

The board of directors of the Joint Venture shall comprise two (2) members, and each of CHL and the JV Partner shall have the right to nominate one (1).

The daily operation of the Joint Venture shall be managed by a management company (which shall be an associate of CHL) and the General Manager of the Joint Venture (who shall be nominated by CHL).

Matters requiring unanimous shareholders approval:

According to the JV Agreement, neither the Joint Venture nor any of its subsidiaries shall do any of the following without the consent of all shareholders of the Joint Venture:

- (i) amend its articles of association;
- (ii) issue or agree to issue any shares, options, warrants, debentures or other securities convertible into shares;
- (iii) repurchase or redeem its share capital;
- (iv) change its name or nature or scope of its business in any material respect;
- (v) provide any guarantee or create any security or encumbrance for the benefit of any third party;
- (vi) dispose of any direct or indirect interest in any company or permit such interest to be diluted;
- (vii) grant any credit to any person other than in its ordinary and usual course of business;

- (viii) approve its annual budget and audited financial statements;
- (ix) approve, amend or terminate any major transaction with any shareholder of the Joint Venture or its associate(s);
- (x) appoint, change or terminate the appointment of its auditors, bankers or any professional advisers;
- (xi) change its financial year end or any accounting policies; and
- (xii) commence any legal proceedings or winding-up.

Restrictions on transfers:

Neither CHL nor the JV Partner may sell, mortgage, pledge or dispose of any of its shares in the Joint Venture to a third party (other than its wholly-owned subsidiary) without the prior written consent of the other party.

In the event that a party proposes to transfer its shares in the Joint Venture, the other party will have a right of first refusal to acquire such shares.

REASONS FOR, AND BENEFITS OF, FORMATION OF THE JOINT VENTURE

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sales of electronic products with current focus on multi-layer ceramic chips (MLCC).

As disclosed in the results announcement of the Company for the year ended 31 December 2015 dated 29 March 2016, the Group has been actively exploring other business opportunities in order to diversify its existing business as the MLCC business continued to incur losses in the past few years. The management of the Company considered the formation of the Joint Venture a great opportunity for the Group to diversify its business. As mentioned above, the business objective of the Joint Venture is to invest in properties, mezzanine loans and private equity for stable cash flow, returns and/or capital appreciation. With the combined resources, experience and expertise of CHL and the JV Partner, the Group will be able to undertake more business opportunities while at the same time minimize the risk exposure to the Group. The Directors consider the formation of the Joint Venture to be in the interest of the Company and the Shareholders as a whole as it could provide the Group with stable revenue and cashflow stream.

LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the total capital commitment of CHL under the JV Agreement are more than 5% but are less than 25%, the formation of the Joint Venture constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

POTENTIAL NEW BUSINESS

The Board is also pleased to announce that the Company has recently established a wholly-owned subsidiary in Hong Kong and has entered into certain trading contracts with its business partners with a view to commence and develop the business of commodities trading, including but not limited to trading of metals, minerals and petroleum products. The Company shall make appropriate investments in the Potential New Business with the Group's internal resources.

The Board expects that the Potential New Business will enable the Group to further diversify the business of the Group to include trading as one division of the business of the Group and possibly enhance its financial performance.

Further announcement(s) regarding the Potential New Business will be made by the Company as and when appropriate in compliance with the requirements of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Board”	the board of Directors
“CHL”	Celestial Hope Limited (天望有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Company”	EYANG Holdings (Group) Co., Limited, 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 (stock code: 117)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“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”	the Hong Kong Special Administrative Region of the People's Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Joint Venture”	Universal Blossom Limited (普華有限公司), a company incorporated in the British Virgin Islands with limited liability and held as to 50% by CHL and 50% by the JV Partner

“JV Agreement”	the joint venture agreement dated 29 June 2016 entered into between CHL and the JV Partner
“JV Partner”	Ultimate Yield Limited (至發有限公司), a company incorporated in the British Virgin Islands with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Potential New Business”	the business of commodities trading, including but not limited to trading of metals, minerals and petroleum products
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
EYANG Holdings (Group) Co., Limited
Huang Mingxiang
Chairman

Hong Kong, 29 June 2016

As at the date of this announcement, the Board comprises six Executive Directors, namely, Mr. Huang Mingxiang, Mr. Zhou Chunhua, Mr. Zhu Xiaodong, Mr. Kwok Oi Lung Roy, Mr. Sue Ka Lok and Mr. Jing Wenping and two Independent Non-executive Directors, namely Mr. Chu Kin Wang, Peleus and Mr. Xu Xuechuan.