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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)

DISCLOSEABLE TRANSACTION RELATING TO PROVISION OF FINANCIAL ASSISTANCE

THE INVESTMENT AGREEMENT

The Board announced that on 13 July 2016 (after trading hours of the Stock Exchange), the Investor, a wholly-owned subsidiary of the Company, entered into the Investment Agreement with the Financier, pursuant to which the Investor has agreed to make available to the Financier a loan facility of up to A\$12,500,000 for a term of up to 22 months which is limited recourse to the amounts received by the Financier under the Mezzanine Facility Agreement. The Investment Agreement is unsecured, but the Mezzanine Facility Agreement is secured by (i) the Land Mortgage, (ii) the General Security Deed and (iii) each Guarantee.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Investment under the Investment Agreement are more than 5% but are less than 25%, the Investment constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announced that on 13 July 2016 (after trading hours of the Stock Exchange), the Investor, a wholly-owned subsidiary of the Company, entered into the Investment Agreement with the Financier, pursuant to which the Investor has agreed to make available to the Financier a loan facility of up to A\$12,500,000 for a term of up to 22 months which is limited recourse to the amounts received by the Financier under the Mezzanine Facility Agreement.

Principal terms of the Investment Agreement and the Mezzanine Facility Agreement are set forth below:

THE INVESTMENT AGREEMENT AND THE MEZZANINE FACILITY AGREEMENT

Date of Investment Agreement: 13 July 2016

Parties: The parties to the Investment Agreement are:

- (i) *Investor:* Noble Sky Investments Limited (御天投資有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
- (ii) *Financier:* Win Mezz No. 195 Pty Ltd, a company incorporated in Australia with limited liability
- (iii) *WPF:* Wingate Property Finance Pty Ltd, a company incorporated in Australia with limited liability

The parties to the Mezzanine Facility Agreement are, among others, the Financier, the Borrower and the guarantors under the Guarantee.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Financier, WPF and Borrower is an investment holding company, and each of the Financier, WPF and Borrower and their ultimate beneficial owner and their respective associates are Independent Third Parties.

Investor Funding Sum: Up to A\$12,500,000.

Drawdown and Availability period: Under the Investment Agreement, the Investor agrees to lend to the Financier the Investor Funding Sum as an unsecured loan. The Financier advances the Investor Funding Sum (together with the amounts provided by the Other Investors) to the Borrower in accordance with the Mezzanine Facility Agreement.

Under the Mezzanine Facility Agreement the Borrower may drawdown the Mezzanine Facility on any business day during the period commencing on the date of the Mezzanine Facility Agreement and ending on the Termination Date of the Mezzanine Facility Agreement.

Term and repayment: Under the Investment Agreement, the Financier is required to pay to the Investor any moneys owing on account of principal to the Financier received or recovered from the Borrower in connection with the Mezzanine Facility Agreement within 7 business days of receipt. If the amount received in connection with the Mezzanine Facility Agreement is principal and is less than 20% of the Investor Funding Sum, the Financier may hold this amount until further repayment(s) are received by the Financier, which in aggregate equate to or exceed 20% of the Investor Funding Sum, subject to certain conditions.

Under the Mezzanine Facility Agreement, the Borrower must repay all outstanding amounts on the Termination Date.

Interest: Under the Investment Agreement, the Financier is required to pay to the Investor any moneys owing on account of interest (as if the applicable interest rate was an adjusted rate equal to the applicable interest rate under the Mezzanine Facility Agreement, less 2.5% per annum (in the case of interest described in paragraph (i) below) and less 5.5% per annum (in the case of default interest described in paragraph (ii) below)) to the Financier which is received or recovered from the Borrower in connection with the Mezzanine Facility Agreement within 7 business days of receipt.

Under the Mezzanine Facility Agreement:

- (i) the Borrower must pay interest of 18% per annum which accrues daily and is payable in arrears on the last business day of each calendar month (unless capitalised);
- (ii) following the occurrence of a Default which is subsisting, the Borrower must pay default interest of 25% per annum which accrues daily and is payable in arrears on the last business day of each calendar month (unless capitalised);
- (iii) all interest is calculated on the actual number of days elapsed on the basis of a 365-day year; and
- (vi) subject to certain conditions, all interest under the Mezzanine Facility will be capitalised until the Termination Date.

Purpose: The purpose of the Investment Agreement is to allow the Financier to perform its funding obligations under the Mezzanine Facility Agreement. The purpose of the Mezzanine Facility Agreement is to fund project costs and transaction costs in relation to the Development Project and to fund the capitalisation of interest payments under the Mezzanine Facility.

Security Documents: The obligations of the Financier to the Investor under the Investment Agreement are unsecured.

The obligations of the Borrower to the Financier under the Mezzanine Facility Agreement are secured by:

- (i) the Land Mortgage;
- (ii) the General Security Deed; and
- (iii) each Guarantee.

**Conditions
Precedent:**

The Investor shall not be obliged to advance funds to the Financier under the Investment Agreement unless, among other things, the following have been fulfilled:

- (i) all transaction documents including (1) the Mezzanine Facility Agreement, (2) each Security Document, (3) the Priority and Subordination Deed and (4) the Investment Agreement being executed; and
- (ii) other customary conditions precedent being satisfied.

The Financier shall not be obliged to advance funds to the Borrower under the Mezzanine Facility Agreement unless, among other things, the following have been fulfilled:

- (i) all transaction documents including but not limited to (i) the Land Mortgage, (ii) the General Security Deed and (iii) each Guarantee, under the Mezzanine Facility Agreement being executed;
- (ii) satisfaction of all conditions precedent under the Senior Facility Agreement; and
- (iii) other customary conditions precedent being satisfied.

Prepayment:

Under the Mezzanine Facility Agreement, the Borrower may prepay all or part of the outstanding amount to the Financier by giving at least 10 business days' notice. Under the Investment Agreement, the Financier will prepay amounts to the Participant within 7 business days of receipt of prepaid amounts from the Borrower under the Mezzanine Facility Agreement.

Subordination:

Pursuant to the Priority and Subordination Deed, the Financier has agreed to subordinate its entitlement to receive outstanding amounts of the Borrower under the Mezzanine Facility Agreement to the rights of the lender under the Senior Facility Agreement to receive outstanding amounts of the Borrower under the Senior Facility Agreement.

FUNDING OF THE INVESTMENT

The Group will finance the Investment with its internal resources.

INFORMATION ON THE GROUP

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) products. As disclosed in the announcement of the Company dated 14 March 2016 and the results announcement of the Company for the year ended 31 December 2015 dated 29 March 2016, the Company is also in the course of establishing certain wholly-owned subsidiaries in Hong Kong and overseas with a view to commence and develop business of financial investment and provision of financial services, which may include, but not limited to, (i) direct investments in debt, equity and/or any other assets; (ii) asset management; and (iii) provision of financial advisory services.

INFORMATION ON THE FINANCIER

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Financier is an investment holding company and is holding an interest in the Mezzanine Facility Agreement.

INFORMATION ON THE BORROWER

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Borrower is an investment holding vehicle which holds an interest in the Development Project.

REASONS FOR AND BENEFITS OF THE INVESTMENT

The terms of the Investment Agreement were negotiated on an arm's length basis between the Investor and the Financier, and the Directors are of the view that the terms of the Investment Agreement were entered into on normal commercial terms. To the best knowledge of the Directors, the terms of the Mezzanine Facility Agreement were negotiated on an arm's length basis between the Financier and the Borrower, and the Directors are of the view that the terms of the Mezzanine Facility Agreement were entered into on normal commercial terms.

Although the Mezzanine Facility Agreement is subordinated to the Senior Facility Agreement, the Directors consider that based on the prospect of future operation and value of the Development Project upon completion, the interests of the Financier under the Mezzanine Facility Agreement and the Priority and Subordination Deed is sufficient to protect the interests of the Investor under the Investment Agreement.

Taking into account the aforementioned and that the provision of the Investment will provide the Group with a positive return from the interest income, the Directors consider that the terms of the Investment Agreement are fair and reasonable, and the entering into of the Investment Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the provision of the Investment to the Financier under the Investment Agreement are more than 5% but are less than 25%, the provision of the Investment to the Financier constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

DEFINITIONS

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

“A\$”	Australian dollars, the lawful currency of the Commonwealth of Australia
“Board”	the board of Directors
“Borrower”	a proprietary company limited by shares incorporated in the Commonwealth of Australia which is an investment holding vehicle which holds an interest in the Development Project
“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
“Development Project”	a residential property development located in Queensland, Australia which comprises the construction of residential apartments, an associated management rights business, together with a bar, restaurant, gaming facilities and associated parking
“Director(s)”	the director(s) of the Company
“Financier”	Win Mezz No. 195 Pty Ltd (ACN 612 578 097) a company incorporated in Australia with limited liability
“General Security Deed”	the second-ranking general security deed dated 20 June 2016 given by each of the Borrower and each Guarantor
“Guarantee”	the guarantee contained in the Mezzanine Facility Agreement granted by a number of individuals and related corporate entities associated with the sponsors of the Development Project
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of the Company and its connected persons
“Investor”	Noble Sky Investments Limited (御天投資有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Investment”	a loan of up to A\$12,500,000 to be made available by the Investor to the Financier under the Investment Agreement
“Investment Agreement”	the investment agreement dated 13 July 2016 entered into between the Investor, the Financier and the WPF
“Investor Funding Sum”	A\$12,500,000
“Land Mortgage”	the second ranking freehold mortgage dated 20 June 2016 over the land the subject of the Development Project
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mezzanine Facility”	the facility of up to A\$34,200,000 plus a A\$12,800,000 interest capitalisation reserve) to be made available by the Financier to the Borrower under the Mezzanine Facility Agreement
“Mezzanine Facility Agreement”	the mezzanine facility agreement dated 20 June 2016 between, among others, the Borrower, the Financier and the Guarantors
“Priority and Subordination Deed”	the priority and subordination deed dated on or about 20 June 2016 between, among others, the Borrower, the Financier and the lender under the Senior Facility Agreement
“Secured Property”	property and assets the subject of a security under the Mezzanine Facility Agreement
“Senior Facility Agreement”	A\$51,250,000 senior facility agreement dated on or about 20 June 2016 between the Borrower and a commercial lender
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Termination Date”	22 months after the date on which all of the conditions precedent under the Mezzanine Facility Agreement have been confirmed by the Financier as having been fulfilled to its satisfaction or waived and the first advance is provided
“WPF”	Wingate Property Finance Pty Ltd (ACN 128 764 134), a company incorporated in Australia with limited liability
“%”	per cent.

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

Hong Kong, 13 July 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.