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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 SUB-PARTICIPATION AGREEMENT

The Board announced that on 23 June 2016 (after trading hours of the Stock Exchange), the Participant, a wholly-owned subsidiary of the Company, entered into the Sub-Participation Agreement with the Financier, pursuant to which the Participant has agreed to assume a sub-participation of up to A\$10,000,000 for a term of up to 30 September 2018 in the rights, benefits, interests and obligations of the Financier under the Mezzanine Facility Agreement. The Sub-Participation 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 Sub-Participation under the Sub-Participation Agreement are more than 5% but are less than 25%, the Sub-Participation 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 23 June 2016 (after trading hours of the Stock Exchange), the Participant, a wholly-owned subsidiary of the Company, entered into the Sub-Participation Agreement with the Financier, pursuant to which the Participant has agreed to assume a sub-participation of up to A\$10,000,000 for a term of up to 30 September 2018 in the rights, benefits, interests and obligations of the Financier under the Mezzanine Facility Agreement.

Principal terms of the Sub-Participation Agreement and the Mezzanine Facility Agreement are set forth below:

THE SUB-PARTICIPATION AGREEMENT AND THE MEZZANINE FACILITY AGREEMENT

Date of Sub-Participation Agreement: 23 June 2016

Parties: The parties to the Sub-Participation Agreement are:

- (i) *Participant:* Most Glorious Limited (盛燦有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
- (ii) *Financier:* QREO Fixed A Pty Ltd as trustee of the Qualitas Real Estate Opportunity Fixed A Trust, a company incorporated in Australia with limited liability
- (iii) *Custodian:* Perpetual Corporate Trust Limited as custodian for the Financier a company incorporated in Australia with limited liability

The parties to the Mezzanine Facility Agreement are, among others, the Financier, the Borrower, the Custodian 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, Custodian and Borrower is an investment holding company, and each of the Financier, Custodian and Borrower and their ultimate beneficial owner and their respective associates are Independent Third Parties.

Participant Commitment: Up to A\$10,000,000.

Drawdown and Availability period: Under the Sub-Participation Agreement, if an amount falls due from the Financier to the Borrower under the Mezzanine Facility Agreement within the Participant Commitment, the Participant is required to make payment to the Financier in an amount equal to that amount.

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 Sub-Participation Agreement, the Financier is required to pay to the Participant any moneys owing on account of principal to the Financier received or recovered from the Borrower in connection with the Mezzanine Facility Agreement within 2 business days of receipt.

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

Interest: Under the Sub-Participation Agreement, the Financier is required to pay to the Participant 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 0.8% per annum) to the Financier which is received or recovered from the Borrower in connection with the Mezzanine Facility Agreement within 2 business days of receipt.

Under the Mezzanine Facility Agreement:

- (i) the Borrower must pay 'ordinary interest' of 4% per annum which accrues daily and is payable in arrears on the last of each calendar month (unless capitalised);
- (ii) following the occurrence of the Contingent Interest Trigger Date, on each Contingent Interest Payment Date the borrower must pay additional interest in an amount equal to the lesser of (A) the Contingent Interest Payment Amount and (B) the aggregate amount of Available Cash received by, or due and payable to the Borrower since the previous Contingent Interest Payment Date;
- (iii) the Contingent Interest Payment Amount is calculated at the rate of, if the Interest Rate Increase Trigger Event has not occurred, 14% per annum, and if the Interest Rate Increase Trigger Event has occurred, 15% per annum;
- (iv) all interest is calculated on the actual number of days elapsed on the basis of a 365-day year;
- (v) default interest is payable at the applicable interest rate plus 5% per annum; and

(vi) subject to certain conditions, all interest under the Mezzanine Facility will be capitalised until the Termination Date.

Purpose:

The purpose of the Sub-Participation 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, 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 Participant under the Sub-Participation 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 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, subject to payment of a prepayment fee. Under the Sub-Participation Agreement, the Financier will prepay amounts to the Participant within 2 business days of receipt of prepaid amounts from the Borrower under the Mezzanine Facility Agreement.

Subordination: Pursuant to the Security Trust and Intercreditor Deed, the Financier as agreed to subordinate its entitlement to receive outstanding amounts of the Borrower under the Mezzanine Facility Agreement to the rights of the lenders under the Senior Facility Agreement to receive outstanding amounts of the Borrower under the Senior Facility Agreement.

FUNDING OF THE SUB-PARTICIPATION

The Group will finance the Sub-Participation 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 PROVISION OF THE SUB-PARTICIPATION

The terms of the Sub-Participation Agreement were negotiated on an arm's length basis between the Participant and the Financier, and the Directors are of the view that the terms of the Sub-Participation 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 Security Trust and Intercreditor Deed is sufficient to protect the interests of the Participant under the Sub-Participation Agreement.

Taking into account the aforementioned and that the provision of the Sub-Participation will provide the Group with a positive return from the interest income, the Directors consider that the terms of the Sub-Participation Agreement are fair and reasonable, and the entering into of the Sub-Participation 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 Sub-Participation to the Financier under the Sub-Participation Agreement are more than 5% but are less than 25%, the provision of the Sub-Participation 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
“Available Cash”	all income of the Borrower and all amounts received by, or due and payable to, the Borrower in respect of the Secured Property or the Development Project including all sale proceeds and the proceeds of any refinancing of financial indebtedness
“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

“Contingent Interest Payment Amount”	on any date, an amount equal to (a) an amount equal to the interest that would have accrued daily on the outstanding amount under the Mezzanine Facility on and from first drawdown to that date at the Contingent Interest Rate and capitalised in arrears on each interest payment date, minus (b) the aggregate amount of contingent interest already paid and capitalised up to that date
“Contingent Interest Payment Date”	each interest payment date under the Mezzanine Facility Agreement occurring after the Contingent Interest Trigger Date
“Contingent Interest Trigger Date”	the earlier of (a) the date on which amounts payable under the Senior Facility Agreement have been repaid or satisfied in full and (b) the date on which Available Cash first exceeds the amounts payable under the Senior Facility Agreement
“Custodian”	Perpetual Corporate Trust Limited as custodian for the Financier, a company incorporated in Australia with limited liability
“Development Project”	a residential property development located in Melbourne, Australia which comprises the construction of residential apartments, car bays, commercial/retail space and ancillary amenities
“Director(s)”	the director(s) of the Company
“Financier”	QREO Fixed A Pty Ltd (ACN 608 977 215) as trustee for the Qualitas Real Estate Opportunity Fixed A Trust
“General Security Deed”	the general security deed to be dated on or about 29 June 2016 given by each of the Borrower and certain Guarantors
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee to be dated on or about 29 June 2016 granted by a number of individuals and related corporate entities associated with the sponsors of the Development Project
“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

“Interest Rate Increase Trigger Event”	if on the date that is 6 months after the first drawdown date under the Mezzanine Facility Agreement, qualifying sales contracts with an aggregate purchase price of a certain threshold have not been entered into
“Land Mortgage”	the first ranking freehold mortgage to be dated on or about 29 June 2016 over the land the subject of the Development Project
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date that is the earlier of: <ul style="list-style-type: none"> (a) 30 September 2018 (b) the maturity date of the facility under the Senior Facility Agreement (c) the date of the prepayment in full of the Mezzanine Facility
“Mezzanine Facility”	the facility of up to A\$33,500,000 (plus a capitalisation limit of A\$12,000,000) to be made available by the Financier to the Borrower under the Mezzanine Facility Agreement
“Mezzanine Facility Agreement”	the mezzanine facility agreement to be dated on or about 29 June 2016 between, among others, the Borrower, the Financier, the Custodian and the Guarantors
“Participant”	Most Glorious Limited (盛燦有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Participant Commitment”	A\$10,000,000, as may be increased from time to time by written agreement between the Participant and the Financier
“Secured Property”	property and assets the subject of a security under the Mezzanine Facility Agreement
“Senior Facility Agreement”	A\$125,000,000 senior syndicated facility agreement to be dated on or about 29 June 2016 between the Borrower and certain commercial lenders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-Participation”	the participation of up to A\$10,000,000 to be made available by the Participant to the Financier under the Sub-Participation Agreement

“Sub-Participation Agreement”	the sub-participation agreement dated 23 June 2016 entered into between the Participant, the Financier and the Custodian
“Termination Date”	the Maturity Date or any earlier date on which the Mezzanine Facility is terminated or cancelled in full in accordance with the Mezzanine Facility Agreement or on which all the money secured thereunder becomes due and payable under the Mezzanine Facility Agreement
“%”	per cent.

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

Hong Kong, 23 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.