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TA YANG GROUP HOLDINGS LIMITED

大 洋 集 團 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1991)

VOLUNTARY ANNOUNCEMENT

MEMORANDUM OF UNDERSTANDING IN RELATION TO POSSIBLE SUBSCRIPTION OF NEW SHARES IN THE COMPANY

This is a voluntary announcement made by the Company.

The Company is pleased to announce that on 15 August 2017 (after trading hours), the Company, the Potential Subscriber and the Guarantors entered into a non-legally binding memorandum of understanding in relation to, among others, a possible subscription of new Shares by the Potential Subscriber (or its nominee), the terms and conditions of which, including but not limited to the number of new Shares to be subscribed for and the subscription price, are subject to the results of due diligence review on the Group by the Potential Subscriber and further negotiations between the Company and the Potential Subscriber.

THE MEMORANDUM OF UNDERSTANDING

Major terms of the MOU are set out below.

Date

15 August 2017 (after trading hours).

Parties

- (i) the Company (as issuer);
- (ii) the Potential Subscriber (as subscriber);
- (iii) Ms. Shi (as one of the Guarantors); and

(iv) Lyton Maison (as one of the Guarantors).

Number of subscription shares and subscription price

Pursuant to the MOU, the number of new Shares to be allotted and issued by the Company to the Potential Subscriber (or its nominee) and the subscription price for the Possible Subscription are to be agreed upon between the Company and the Potential Subscriber, subject to the results of due diligence review on the Group by the Potential Subscriber and further negotiations between the parties.

Due diligence review and conditions precedent

Within six months from the business day following the date of the MOU (or otherwise extended as agreed between the Company and the Potential Subscriber), the Potential Subscriber shall be entitled to carry out due diligence review on business, operation, legal, financial and other matters in relation to the Group. In the event that the Potential Subscriber is not satisfied with the results of such due diligence review, the Potential Subscriber shall be entitled to terminate the MOU with immediate effect by written notice to the Company.

The conditions precedent to the Possible Subscription shall be subject to the results of the due diligence review and further negotiations between the Company and the Potential Subscriber. Pursuant to the MOU, it is expected that the Possible Subscription, if it materializes, will be subject to conditions precedent including the Potential Subscriber being satisfied with the due diligence results; relevant corporate and governmental or regulatory approvals, permissions and/or filings (including approval from the Stock Exchange for the listing of, and permission to deal in, the new Shares to be issued) having been obtained; and the Shares remaining listed on the Stock Exchange. For the avoidance of doubt, the MOU does not constitute any legally-binding commitment of the parties thereto in respect of the conditions precedent to the Possible Subscription. Final terms in respect of the conditions precedent to the Possible Subscription, if it materializes, are to be agreed upon between the Company and the Potential Subscriber subject to the signing of a legally binding definitive subscription agreement.

Exclusivity period

Pursuant to the MOU, within six months from the business day following the date of the MOU (the “**Exclusivity Period**”), the Potential Subscriber has an exclusive right to engage in negotiations with the Company regarding the Possible Subscription. The Exclusivity Period could be extended by mutual consent in writing of the Company and the Potential Subscriber.

Guarantors’ undertakings

Pursuant to the MOU, each of the Guarantors has undertaken not to, during the Exclusivity Period, engage in (i) any negotiations or discussions which may, directly or indirectly, lead to a change in control in the Company; and (ii) any market misconduct (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) making use of the MOU or the Possible Subscription (the “**Guarantors’ Undertakings**”).

Non-binding nature of the MOU

The MOU, save for provisions therein regarding (i) the Exclusivity Period, (ii) the Guarantors' Undertakings, (iii) confidentiality, (iv) governing law, (v) dispute resolution and (vi) the non-binding effect of the MOU, is non-legally binding and does not constitute legally-binding commitment of the parties thereto in respect of the consummation of the Possible Subscription.

FINAL TERMS TO BE AGREED

For the avoidance of doubt, if the Possible Subscription materializes, the final terms and conditions of the Possible Subscription, including but not limited to the number of new Shares to be allotted and issued by the Company to the Potential Subscriber (or its nominee), the consideration for the Possible Subscription, the conditions precedent to the Possible Subscription and the representations and warranties, are to be agreed upon between the Company and the Potential Subscriber after arm's length negotiations and are subject to the signing of a legally binding definitive subscription agreement.

INFORMATION ON THE POTENTIAL SUBSCRIBER

The Potential Subscriber is a wholly-owned subsidiary of a large state-owned enterprise in the central and western regions of the PRC and is principally engaged in investment holding.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Potential Subscriber and its ultimate beneficial owner(s) is a third party independent of and not connected with the Company or any of its connected persons (as defined under the Listing Rules) as at the date of this announcement.

INFORMATION ON THE COMPANY

The Group is principally engaged in designing, manufacturing and sale of silicone rubber input devices, mainly used in consumer electronic devices, keypads for computers and notebooks, mobile phone handsets and automotive peripheral products. As part of its commitment to broadening its business model and diversifying its income streams, the Group has also penetrated into the healthcare real estate industry, by acquiring a multi-purpose leisure project in Yalong Bay, Hainan, the PRC that is currently operating as a high-end holiday resort with on-site healthcare services.

REASONS FOR CONSIDERING THE POSSIBLE SUBSCRIPTION

The Board considers the Possible Subscription to be a potential opportunity for the Group to strengthen its financial position. The Board is of the view that the Possible Subscription, if it materializes, will be in the interest of the Company and the Shareholders as a whole.

GENERAL

Further announcement(s) will be issued by the Company in respect of the progress of the discussions regarding the Possible Subscription as and when appropriate.

The Board wishes to emphasize that no definitive agreement in relation to the Possible Subscription has been entered into as of the date of this announcement. Except for certain provisions, the MOU is non-legally binding in nature and its terms are subject to change. There is no assurance that the Possible Subscription will materialize or eventually be consummated as contemplated or at all. In addition, the Possible Subscription, if it materializes, may be subject to various conditions which may include without limitation those set out in the MOU. Therefore, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Ta Yang Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantors”	Ms. Shi and Lyton Maison
“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
“Lyton Maison”	Lyton Maison Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Ms. Shi, and the controlling Shareholder holding 50.11% of issued Shares
“MOU”	a non-legally binding memorandum of understanding dated 15 August 2017 and entered into among the Company, the Potential Subscriber and the Guarantors in respect of the Possible Subscription
“Ms. Shi”	Shi Qi, an executive Director and the Chairlady and Chief Executive Officer of the Company, and the sole shareholder of Lyton Maison
“Possible Subscription”	the possible subscription by the Potential Subscriber (or its nominee) for new Shares to be allotted and issued by the Company as contemplated under the MOU

“Potential Subscriber”	a company incorporated with limited liability in Hong Kong and a wholly-owned subsidiary of a large state-owned enterprise in the central and western regions of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan region
“Shareholder(s)”	registered holder(s) of the Shares from time to time
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Ta Yang Group Holdings Limited
Shi Qi
Chairlady and Chief Executive Officer

Hong Kong, 15 August 2017

As at the date this announcement, the Board comprises four executive Directors, namely Ms. Shi Qi, Ms. Xu Chendi, Mr. Qiu Yonghao and Mr. Huang Te-Wei; three non-executive Directors, namely Mr. Gao Feng, Mr. Han Lei and Ms. Wang Yayuan; and four independent non-executive Directors, namely Ms. Zhang Lijuan, Mr. Yeung Chi Tat, Mr. Pak Wai Keung, Martin and Ms. Lian Yi.