

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.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Sole Placing Agent



Zhongtai International Securities Limited

On 16 August 2016, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place up to 86,450,000 Placing Shares through the Placing Agent on a best effort basis, at a price of HK\$1.31 per Placing Share to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties.

A maximum of 86,450,000 Placing Shares under the Placing represents (i) approximately 11.02% of the existing shares capital of the Company of 784,728,000 Shares as at the date of this announcement; and (ii) approximately 9.92% of the issued share capital of the Company of 871,178,000 Shares as enlarged by the allotment and issue of the Placing Shares, assuming no further change in the share capital structure of the Company from the date of this announcement and up to the Completion Date. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$8,645,000.

The Placing Price of HK\$1.31 per Placing Share represents (i) a discount of approximately 9.03% over the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on 15 August 2016; and (ii) a discount of approximately 11.49% over the average closing price of approximately HK\$1.48 per Share as quoted on the Stock Exchange for the last five trading days prior to and including 15 August 2016.

Completion is conditional upon the following conditions being fulfilled on or before the Long Stop Date:

- the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.
- the compliance of any other requirements under the Listing Rules and Takeovers Code or otherwise of the Stock Exchange and/or the SFC which requires compliance in relation to the Placing and the issue of Placing Shares; and
- the obligation of the Placing Agent not having been terminated by the Placing Agent in accordance with the terms of this Placing Agreement.

The maximum gross proceeds and net proceeds from the Placing will be approximately HK\$113.3 million and HK\$111.9 million, respectively. The net proceeds from the Placing will be used for part funding of the Acquisition.

The Placing Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM.

Shareholders and potential investors should note that the Completion is subject to fulfilment of conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING

On 16 August 2016, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place up to 86,450,000 Placing Shares through the Placing Agent on a best effort basis, at a price of HK\$1.31 per Placing Share to Placees who and whose ultimate beneficial owners are Independent Third Parties. Details of the Placing Agreement are set out below:

The placing agreement

Date

16 August 2016

Issuer

The Company

Placing Agent

The Placing Agent has conditionally agreed to place up to 86,450,000 Placing Shares on a best effort basis and will receive a placing commission of 1.2% of the amount that is equal to the Placing Price multiplied by the number of Placing Shares successfully placed by the Placing Agent on behalf of the Company. Such commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to prevailing market rate. The Directors are of the view that the placing commission of 1.2% is fair and reasonable.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Agent will place the Placing Shares, on a best effort basis, to not less than six Placees who shall be professional, institutional or other investors who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons at the Placing Price of HK\$1.31 per Placing Share payable by cash. It is expected that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the Completion.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, all the Placees and each of their ultimate beneficial owners is Independent Third Parties as at the date of this announcement.

Number of Placing Shares

A maximum of 86,450,000 Placing Shares under the Placing representing (i) approximately 11.02% of the existing share capital of the Company of 784,728,000 Shares as at the date of this announcement; and (ii) approximately 9.92% of the issued share capital of the Company of 871,178,000 Shares as enlarged by the allotment and issue of the Placing Shares, assuming no further change in the share capital structure of the Company from the date of this announcement and up to the Completion. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$8,645,000.

Placing Price

The Placing Price of HK\$1.31 per Placing Share represents (i) a discount of approximately 9.03% over the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on 15 August 2016; and (ii) a discount of approximately 11.49% over the average closing price of approximately HK\$1.48 per Share as quoted on the Stock Exchange for the last five trading days prior to and including 15 August 2016.

The net placing price under the Placing is approximately HK\$1.29 per Placing Share. The Directors consider that the Placing Price, which was agreed after arm's length negotiations between the Company and the Placing Agent with reference to current market price of the Shares, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

General Mandate

The Placing Shares will be issued under the General Mandate to allot, issue and deal with new Shares granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 156,016,000 new Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate and the General Mandate will be utilized up to approximately 55.41% upon full Placing of the Placing Shares.

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

Condition of the Placing

Completion is conditional upon the following conditions being fulfilled on or before the Long Stop Date:

- the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked approval for the listing of, and permission to deal in, the Placing Shares;
- the compliance of any other requirements under the Listing Rules and Takeovers Code or otherwise of the Stock Exchange and/or the SFC which requires compliance in relation to the Placing and the issue of Placing Shares; and
- the obligation of the Placing Agent not having been terminated by the Placing Agent in accordance with the terms of this Placing Agreement.

If the foregoing conditions are not fulfilled by 4:00 p.m. the Long Stop Date, all rights, obligations and liabilities of the Placing Agent and of the Company under the Placing Agreement in relation to the Placing shall cease and determine and neither party to the Placing Agreement shall have any claim against the others in respect of the Placing save for any antecedent breach and/or any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Termination and force majeure events

The Placing Agent shall be entitled by notice to the Company given prior to 5:00 p.m. on the day immediately preceding the date of Completion to terminate the Placing Agreement if:

- (a) in the reasonable opinion of the Placing Agent, the Placing would be materially and adversely affected by:
 - (i) the introduction of any new regulation or any change in existing law or regulation or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Company or the Group as a whole; or
 - (ii) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof, of a political, financial, economic currency, market or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, affecting local securities markets; or
 - (iii) any material adverse change in the business or in the financial or trading position or prospect of the Company or the Group as a whole; or
 - (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Company or the Group as a whole; or
 - (v) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise; or
 - (vi) the commencement by any third party of any litigation or claim against any member of the Group which is or might be material to the Company or the Group taken as a whole; or
- (b) any adverse change in market conditions occurs which in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Placing; or
- (c) the Announcement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which in the reasonable opinion of the Placing Agent is material to the Group as a whole and is likely to affect materially and adversely the success of the Placing; or

- (d) any breach (which is material in the reasonable opinion of the Placing Agent) of any of the representations, warranties and undertakings set out in Placing Agreement comes to the knowledge of the Placing Agent or there has been a breach (which is material in the reasonable opinion of the Placing Agent) of any other provision of the Placing Agreement.

If a termination notice is given by the Placing Agent, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

If the Placing Agreement is terminated, the Placing will not proceed.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion

Completion shall take place at any time within three Business Days after the fulfilment of the conditions set out in the Placing Agreement or such other date as may be agreed between the Company and the Placing Agent in writing.

Reasons for the Placing and use of proceeds

As at the date of this announcement, the Group is principally engaged in designing and manufacturing of silicone rubber input devices, mainly used in consumer electronic devices, keypads for computers and notebooks, mobile phone handsets and automotive peripheral products.

Pursuant to the composite document of the Company dated 6 April 2016, the controlling Shareholder intends to conduct a detailed review of the operations and business activities of the Group and formulate business strategies for the Group's long-term development and will explore other business opportunities for the Group, including the feasibility of diversifying the income stream of the Group into different business areas such as, without limitation to, medical and healthcare industry.

As announced in the Company's announcement dated 20 June 2016, the Company entered into a sale and purchase agreement pursuant to which the Company has agreed to acquire four hotel buildings situated in Yalong Bay, Sanya City, Hainan Province, PRC (the "**Target Properties**") for the total consideration of approximately RMB357,488,000 (the "**Acquisition**") from Sanya Hongxia Development and Construction Limited (三亞虹霞開發建設有限公司) (the "**Vendor**").

The Vendor is an indirect non wholly-owned subsidiary of Joy City Property Limited (00207.HK), which in turn is non wholly-owned by China National Cereals, Oils and Foodstuffs Corporation, who is a leading supplier of agri-products, diversified foodstuffs and services in the PRC.

The Directors consider that the Acquisition represents an attractive investment opportunity for the Group to enter into the medical and healthcare business, which has a substantial growth potential. The Company plans to develop the Target Properties into a high-end healthcare holiday resort, providing a one-stop shop for medical and healthcare-related services with world-class technologies. The Company also plans to introduce timeshare concept for the rest of the hotel units, operating them as high-end serviced apartments. It will be leveraging on the adjacent international exhibition center for hosting healthcare related forums and conferences, as well as members' social events.

The maximum gross proceeds and net proceeds from the Placing are estimated to be approximately HK\$113.3 million and HK\$111.9 million, respectively. In light of the foregoing, the Company intends to apply the net proceeds from the Placing for part funding of the Acquisition.

The Directors are of the view that the Placing will provide a good opportunity to raise additional funds to strengthen the financial position to part fund the Acquisition and broaden the capital base of the Group so as to facilitate its future development. The Directors consider that the terms of the Placing Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Fund raising activity during the past 12 months

During the past twelve months immediately before the date of this announcement, the Company has not conducted any equity fund raising activity.

Effect on shareholding structure of the Company

The shareholdings in the Company as at the date of this announcement and immediately after the Completion assuming all the Placing Shares are fully placed and there is no change in the share capital of the Company from the date of this announcement up to Completion (other than the allotment and issue of the Placing Shares) are and will be as follows:

	As at the date of this announcement		Immediately after Completion	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Directors				
Shi Qi	436,540,400	55.63	436,540,400	50.11
Huang Te-Wei	1,330,000	0.17	1,330,000	0.15
Yeung Chi Tat	<u>146,000</u>	<u>0.02</u>	<u>146,000</u>	<u>0.02</u>
Substantial Shareholders				
Lytton Maison Limited (<i>Note 1</i>)	<u>436,540,400</u>	<u>55.63</u>	<u>436,540,400</u>	<u>50.11</u>
Public Shareholders				
Independent Placees (<i>Note 2</i>)	—	—	86,450,000	9.92
Other public Shareholders	<u>346,711,600</u>	<u>44.18</u>	<u>346,711,600</u>	<u>39.80</u>
Total	<u>784,728,000</u>	<u>100</u>	<u>871,178,000</u>	<u>100</u>

Notes:

1. Lytton Maison Limited is wholly-owned by Ms. Shi Qi, the chairman, the chief executive officer and an executive Director of the Company.
2. Assuming no other issue of new Shares and no repurchase of existing Shares before the Completion, and the Placing Agent has placed the maximum number of the Placing Shares, being 86,450,000 new Shares.

GENERAL

Shareholders and potential investors should note that the Completion is subject to fulfilment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires.

“AGM”	the annual general meeting of the Company held on 11 December 2015 at which, among others, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“Board”	board of Directors
“Business Day”	means any day (excluding Saturday, Sunday and public holiday) on which banks generally are open for business in Hong Kong
“Company”	Ta Yang Group Holdings 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: 1991)
“Completion”	completion of the Placing in accordance with the terms and conditions as set out in the Placing Agreement
“Completion Date”	the Date of Completion
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other thing, to allot, issue and deal up to 20% of the issued share capital of the Company as at the date of the resolution approving the grant of the general mandate, which has not been used before the date of this announcement
“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 PRC
“Independent Third Party(ies)”	third party independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 November 2016 (or such later date as the Company and the Placing Agent may agree in writing)

“Placee(s)”	any individual, institutional, professional and/or private investors independent of and not connected with the Company, the connected persons of the Company and their respective associates procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by or on behalf of the Placing Agent to the Placees on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Zhongtai International Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities)
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 16 August, 2016 in respect of the Placing
“Placing Period”	means the period commencing upon the execution of the Placing Agreement and terminating on the Completion Date, unless terminated earlier pursuant to the terms of this Agreement
“Placing Price”	HK\$1.31 per Placing Share
“Placing Shares”	a maximum of 86,450,000 new Shares to be issued pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“SFC”	the Securities and Futures Commission in Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code” means the Code on Takeovers and Mergers and Share Repurchases of the SFC

“%” per cent.

By Order of the Board
TA YANG GROUP HOLDINGS LIMITED
Shi Qi
Chairman and Chief Executive Officer

Hong Kong, 16 August 2016

As at the time of issue of this announcement, the Board comprises Ms. Shi Qi, Ms. Xu Chendi, Mr. Qiu Yonghao and Mr. Huang Te-Wei as executive Directors, Mr. Gao Feng and Mr. Han Lei as non-executive Directors and Ms. Zhang Lijuan, Mr. Yeung Chi Tat and Mr. Pak Wai Keung, Martin as independent non-executive Directors.