
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM 8-K
(Amendment No. __)**

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): June 12, 2015

Huayue Electronics, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

0-54205

(Commission
File Number)

20-2188353

(I.R.S. Employer
Identification No.)

475 Park Avenue South
30th Floor

New York, New York

(Address of principal executive offices)

10016

(Zip Code)

Registrant's telephone number, including area code: (646) 478-2676

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13a-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On June 12, 2015, Huayue Electronics, Inc., a Delaware corporation (the “Company”), entered into and consummated a Stock Purchase Agreement dated as of June 12, 2015 (the “Purchase Agreement”) between the Company and Mr. Shudang Pan, the Chairman of the Board of the Company and the Chief Executive Officer of the Company’s principal operating subsidiary, Changzhou Huayue Electronic Co., Ltd., a company organized under the laws of, and located in, The Peoples Republic of China (“Changzhou Huayue”), pursuant to which the Company sold to Mr. Pan 100% of the capital stock of its wholly-owned subsidiary, China Metal Holding Inc., a Delaware corporation and the owner of 100% of the capital stock of Changzhou Huayue, in consideration of the sale and transfer by Mr. Pan to the Company of 10,000,000 shares of the Company’s common stock. At the time of the sale, the business and assets of Changzhou Huayue constituted substantially all of the business and assets of the Company, other than the recently-formed business the Company is developing in Kazakhstan to manufacture and distribute LED lighting products in Kazakhstan and other Central Asian countries. The Purchase Agreement contained customary representations and warranties by the parties.

On June 12, 2015, the Company entered into a Shareholders Agreement dated as of June 12, 2015 (the “Shareholders’ Agreement”) with Shudang Pan, Xinmei Li, Kuanlian Peng, Hao Wang, Jianxin Li, Shurong Li and Sutton Global Associates Inc., a company that is controlled by Mr. Isaac Sutton, the President and Chief Executive Officer of the Company and a member of the Company’s Board of Directors, pursuant to which such stockholders of the Company agreed (i) not to sell, transfer, pledge or otherwise dispose of any shares of common stock of the Company, except under certain limited circumstances primarily involving transfers for estate planning purposes, prior to June 1, 2016, (ii) during the two-year period ending on June 11, 2017, to elect two persons to the Board as representatives of such stockholders, which persons were initially Dr. YunZhong Wu and Ms. Yile Lisa Pan, the daughter of Shudang Pan, (iii) that the Company shall not cause a reverse or forward split of its common stock, or enter into any kind of other similar arrangement with respect to its common stock, without the unanimous consent of the full Board, and (iv) that the Company shall not issue any equity securities of the Company or enter into any management agreement, consulting agreement, employment agreement or other agreement for the provision of services with a senior executive or any senior management of the Company without the approval of a majority of the directors then serving on the full Board.

In addition, in the Shareholder’s Agreement, the stockholders party thereto, which constituted the holders of 17,614,186 shares, or approximately 51%, of the Company’s outstanding shares of common stock, consented to (i) the transactions contemplated by the Purchase Agreement, (ii) a proposed transaction in which the Company may acquire from SavWatt USA, Inc., another company controlled by Mr. Sutton, the “SavWatt” name and brand and all trademarks and related intellectual property owned by SavWatt USA in consideration of the issuance by the Company to SavWatt USA of 1,000,000 shares of its common stock, and (iii) proposed amendments to the certificate of incorporation of the Company pursuant to which the name of the Company may be changed to such name as the Board shall approve, the authorized shares of common stock of the Company may be increased from 60,000,000 shares to 150,000,000 shares and the authorized shares of preferred stock of the Company may be increased from 1,000,000 shares to 10,000,000 shares. On June 12, 2015, the Board approved the proposed amendments to the Company’s certificate of incorporation to increase the Company’s authorized common stock and preferred stock, which amendments are expected to be effected upon the Company’s compliance with the applicable requirements for notice to the Company’s stockholders required by Section 14 of the Securities Exchange Act of 1934, as amended. Any proposed transaction with SavWatt USA remains subject to approval by the Board.

The foregoing descriptions of the Purchase Agreement and the Shareholders’ Agreement do not purport to be complete and are qualified in their entirety by reference to the full text of the Purchase Agreement and the Shareholders’ Agreement, copies of which are filed as Exhibit 2.1 and 10.1, respectively, to this Report and are incorporated herein by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

The information required by this Item is included in Item 1.01 and is incorporated by reference hereto.

Item 3.03 Material Modification to Rights of Security Holders.

The information required by this Item is included in Item 1.01 and is incorporated by reference hereto.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On June 12, 2015, in connection with the transactions contemplated by the Purchase Agreement, Mr. Shudang Pan and his wife, Ms. Xinmei Li, resigned from the Board of Directors (the “Board”) of the Company and, pursuant to the terms of the Shareholders’ Agreement, the Company appointed Dr. YunZhong Wu and Ms. Yile Lisa Pan, the daughter of Shudang Pan and Xinmei Li, to the Board, to fill a vacancies on the Board created by the resignations of Mr. Pan and Ms. Li. Each of Dr. Wu and Ms. Pan will serve on the Board until the next meeting of stockholders of the Company at which directors are elected, at which time each of such directors is expected to stand for re-election. Biographical information Dr. Wu and Ms. Pan are set forth below.

Dr. Wu, age 46, has for more than the past five years been a senior professor in structural materials at Dalian Maritime University in Dalian, Liaoning Province, The People’s Republic of China. Dr. Wu has published numerous academic articles and technical papers in a number of international publications, has headed approximately ten national level research projects in China and has been awarded seven Chinese national or provincial scientific research achievements. Dr. Wu received a masters in business administration from Macao University in Macao, China and a Doctorate in Transportation from Dalian Maritime University.

Ms. Pan, age 26, has, since March 2014, been a Deputy General Manager of Changzhou Wujin Hengtong Metal Co. Ltd. and, from June 2011 to March 2013, was a Deputy General Manager of Changzhou Huayue Electronic Co. Ltd., one of our subsidiaries at that time. In 2011, Ms. Pan received a Bachelor degree from Simon Fraser University in Canada.

Other than the requirements of the Shareholders’ Agreement, as described above, there are no arrangements or understandings between either of Dr. Wu or Ms. Pan and any other person or persons pursuant to which any of Dr. Wu or Ms. Pan was selected as a director of the Company. Except as described above with respect to Ms. Pan, there are no current or proposed transactions in which any of Dr. Wu or Ms. Pan, or any member of the immediate family of any of Dr. Wu or Ms. Pan, has an interest that is required to be disclosed under Item 404(a) of Regulation S-K promulgated by the Securities Exchange Commission.

Item 9.01 Financial Statements and Exhibits.

(b) Unaudited Pro Forma Financial Information

The required pro forma financial information for the transaction described in Item 2.01 above will be filed under cover of a Form 8-K/A no later than 71 days after the date on which this Current Report on Form 8-K is required to be filed.

(d) Exhibits.

Exhibit No.	Description
2.1	Stock Purchase Agreement, dated June 12, 2015, between the Company and Shudang Pan.
10.1	Shareholders’ Agreement dated as of June 12, 2015 among the Company and Shudang Pan, Xinmei Li, Kuanlian Peng, Hao Wang, Jianxin Li, Shurong Li and Sutton Global Associates Inc.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HUAYUE ELECTRONICS, INC.

Date: June 25, 2015

By: /s/ Isaac H. Sutton
Isaac H. Sutton
Chief Executive Officer

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT, dated as of June 12, 2015 (the “Agreement”) by and between Huayue Electronics, Inc., an Delaware corporation having an address at 475 Park Avenue, 30th Floor, New York, New York 10016 (“Seller”), and Shudong Pan, an individual having an address at 51 Huilingxi Road, Zhouhuizheng, Wujin District, Changzhou, Jiangsu Province, P.R. China 213022 (“Buyer”).

WHEREAS, China Metal Holding Inc., a Delaware corporation (“CMHI”), a wholly-owned subsidiary of Seller, is the owner of 100% of the capital stock of Changzhou Huayue Electronics Inc., a Chinese corporation (“Changzhou Huayue”); and

WHEREAS, Seller desires to sell to Buyer and Buyer desires to purchase from Seller, all present and future right, title and interest in and to 100% of the issued and outstanding shares of common stock (the “Acquired Stock”), of CMHI, which shares represent all of the issued and outstanding shares of capital stock of CMHI, upon the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the promises and the mutual agreements, covenants and provisions herein contained, the parties hereto hereby agree as follows:

ARTICLE I

PURCHASE AND SALE

Section 1.1 Sale of the Acquired Stock. Upon the terms and subject to the conditions of this Agreement, on the date hereof, Seller hereby sells, transfers and assigns to Buyer the Acquired Stock and, on the date hereof, shall deliver to Buyer a certificate representing the Acquired Stock, duly endorsed or accompanied by stock powers duly endorsed in blank. Upon the terms and subject to the conditions of this Agreement, on the date hereof, Buyer hereby purchases and acquires the Acquired Stock and, in full payment therefor, shall deliver to Seller on the date hereof 10,000,000 shares of common stock of Seller (the “Purchase Consideration”) duly endorsed or accompanied by stock powers duly endorsed in blank.

Section 1.2 Transfer Taxes; Certain Expenses. (a) Seller shall be responsible for all transfer and similar taxes assessed or payable in connection with the sale and transfer of the Acquired Stock. Buyer shall not pay or be liable for or be required to pay any income, capital gains or other taxes incurred by Seller as a result of the sale of the Acquired Stock to Buyer, all of which shall be borne and paid by Seller.

(b) Buyer shall be responsible for all transfer and similar taxes assessed or payable in connection with the sale and transfer of the Purchase Consideration. Seller shall not pay or be liable for or be required to pay any income, capital gains or other taxes incurred by Buyer as a result of the transfer of the Purchase Consideration to Seller, all of which shall be borne and paid by Buyer.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer as follows:

Section 2.1 Title to the Acquired Stock. Seller is the sole beneficial and record owner of the Acquired Stock free and clear of any setoff, claim, restriction, pledge, security interest, encumbrance or any other charges (collectively “Encumbrances”). Upon delivery to Seller of the certificates for the Purchase Consideration and receipt by Buyer of the certificates for the Acquired Stock, Buyer shall have good and marketable title to the Acquired Stock, free and clear of all Encumbrances.

Section 2.2 Authorization. Seller has full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby. This Agreement constitutes the valid and binding obligation of Seller, enforceable in accordance with its terms.

Section 2.3 Consents. No consent or waiver of any party is required to be obtained by Seller in connection with the execution, delivery and performance of this Agreement, except such consents or waivers as have been obtained by Seller.

Section 2.4 Brokerage. Seller has not entered into any arrangement or agreement binding upon Seller which would give rise to any claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement, the fees and expenses of which shall be borne by Seller. Seller shall pay, and hold Buyer harmless against, any liability, loss or expense (including, without limitation, reasonable attorneys fees and out-of-pocket expenses) arising in connection with any such claim.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as follows:

Section 3.1 Authorization and Binding Obligation. Buyer has the requisite power and authority to execute, deliver and perform this Agreement. This Agreement has been duly executed by Buyer and constitutes the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with its terms.

Section 3.2 Purchase For Own Account. Buyer hereby confirms that the Acquired Stock purchased hereunder will be acquired for investment for Buyer's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part of the Acquired Stock in contravention of applicable law, and that Buyer has no present intention of selling, granting any participation in, or otherwise distributing the same. Buyer does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to the person or to any third person in or with respect to any of the Acquired Stock.

Section 3.3 Accredited Investor. Buyer represents that he is an "accredited investor," as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act").

Section 3.4 No Market for Securities. Buyer understands that the Acquired Stock he is acquiring pursuant to this Agreement and the shares of capital stock of Changzhou Huayue that are owned by CMHI are "restricted securities" within the meaning of Rule 144 under the Securities Act ("Rule 144") inasmuch as such shares will be acquired from Seller in a transaction not involving a public offering and that under the federal securities laws and applicable regulations such shares may be resold without registration under the Securities Act only in certain limited circumstances. In this connection, Buyer represents that he is familiar with Rule 144 and understands the resale limitations imposed thereby and by the Securities Act. Buyer further understands that there is no public or active market for the shares of CMHI or Changzhou Huayue and that such shares cannot be readily resold.

Section 3.5 Legends. Buyer understands that the certificates evidencing the Acquired Stock will bear an appropriate legend restricting transfers.

Section 3.6 Buyer is an Affiliate. Buyer acknowledges and agrees that as an officer and director of each of Seller, CMHI and Changzhou Huayue, he is currently an “affiliate” (as defined in the Securities Act) of each of such entities and has knowledge of, and access to, all relevant information, some of which may not be favorable, relating to the business and operations of each of such entities, including information that is not public and is not available to others. In purchasing the Acquired Stock, Buyer is not relying any representation or warranty of Seller other than those set forth in this Agreement as Buyer has access to all relevant information relating to each of Seller, CMHI and Changzhou Huayue as is necessary to make his own investment decision regarding each such entity.

Section 3.7 Due Diligence. Buyer has been given the opportunity for a reasonable time prior to the date hereof to ask questions of, and receive answers from, Seller or its other representatives concerning the Acquired Stock, and other matters pertaining to this investment, and has been given the opportunity for a reasonable time prior to the date hereof to obtain such additional information in connection with Seller in order for Buyer to evaluate the merits and risks of purchase of the Acquired Stock and the sale or transfer of the Purchase Consideration, to the extent Seller possesses such information or can acquire it without unreasonable effort or expense.

ARTICLE IV

MISCELLANEOUS

Section 4.1 Governing Law: Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (without giving effect to conflicts of law).

Section 4.2 Headings and Captions. The headings and captions contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Section 4.3 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one and the same instrument.

Section 4.4 Entire Agreement. This Agreement constitutes the entire understanding among the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and preliminary agreements made prior to the date hereof.

Section 4.5 Assignment. This Agreement shall not be assignable by any party hereto without the express prior written consent of the others. Nothing in this Agreement is intended to confer upon any person, other than the parties hereto and their successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

Section 4.6 Separability. If any section, subsection or provision of this Agreement, or the application of such section, subsection or provision, is held invalid, the remainder of this Agreement and the application of such section, subsection or provision to persons or circumstances other than those to which it is held invalid shall not be affected.

Section 4.7 Notices. All notices, consents or other communications required or permitted to be given by any party hereunder shall be in writing and shall be given by delivery or by certified or registered mail, postage prepaid, nationally recognized overnight courier, postage prepaid, or by facsimile (if followed by a copy sent by overnight courier) to the respective address in the preamble of this Agreement or at such other address as any party may from time to time specify to the other parties hereto. Any notice, consent or other communication required or permitted to be given hereunder shall be deemed to have been given on the date of personal delivery on the second business day following the date of mailing or, in the case of overnight courier or facsimile, the next business day following the date of delivery to such overnight courier

Section 4.8 Costs. Each party will pay its own costs and expenses involved in carrying out the transactions contemplated by this Agreement.

Section 4.9 Amendment. This Agreement may not be amended except by an instrument in writing signed by or on behalf of the parties hereto.

Section 4.10 Further Assurances. Subject to the terms and conditions of this Agreement, each of the parties hereto will use all reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable, under applicable laws and regulations or otherwise, to fulfill his or her obligations under this Agreement and to consummate the transactions contemplated by this Agreement.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF , the parties hereto have duly executed this Agreement as of the date first written above.

HUAYUE ELECTRONICS, INC.

By: /s/ Isaac Sutton

Isaac Sutton, Chief Executive Officer

/s/ Shudong Pan

SHUDONG PAN

**HUAYUE ELECTRONICS INC.
SHAREHOLDERS AGREEMENT**

**Dated as of
June 12, 2015**

THIS SHAREHOLDERS AGREEMENT (this “**Agreement**”) is made and entered into as of June 12, 2015 (the “Effective Date”), by and among Huayue Electronics Inc. (the “**Company**”) and the shareholders of the Company signatory hereto (the “**Shareholders**”).

WHEREAS, the Company intends to enter into a transaction (the “**Disposition Transaction**”) with Shudong Pan, the Chairman of the Board and a principal stockholder of the Company, pursuant to which Mr. Pan will purchase from the Company 100% of the capital stock of China Metal Holding Inc., a Delaware corporation (“**CMHI**”) and the owner of 100% of the capital stock of Changzhou Huayue Electronics Inc., a company organized under the laws of The People’s Republic of China (“**Changzhou Huayue**”), in consideration of the sale and transfer by Mr. Pan to the Company of 10,000,000 shares of Common Stock, par value \$0001 per share (the “**Common Stock**”), of the Company; and

WHEREAS, the Company intends to enter into a Supplier/Distributor Agreement with Changzhou Huayue giving Changzhou Huayue the right to sell in China SavWatt branded products for a royalty of 5% and further granting Changzhou Huayue the right of first refusal to produce SavWatt LED bulbs provided that Changzhou Huayue’s quality, terms of payment and delivery are the same if not better than other suppliers; and

WHEREAS, the Company intends to enter into a transaction (the “**SavWatt Transaction**”) with SavWatt USA, Inc. (“**SavWatt USA**”) whereby the Company will acquire from SavWatt USA the “SavWatt” name and brand and all trademarks and related intellectual property owned by SavWatt USA in consideration of the issuance by the Company to SavWatt USA of 1,000,000 shares of Common Stock; and

WHEREAS, it is a condition to the consummation of the Disposition Transaction and the SavWatt Transaction that the Shareholders and the Company to enter into this Agreement to provide for certain restrictions with regard to Transfers (as defined herein) and for other obligations and rights of the Shareholders and the Company as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I

GENERAL TRANSFER PROVISIONS

1.1 General Restrictions. No shares of Common Stock, or options or warrants to acquire Common Stock, now owned or hereafter acquired by any of the Shareholders may be sold, assigned, transferred, given away or in any way disposed of (any of the foregoing being hereinafter referred to as a “Transfer”) at any time prior to June 1, 2016 (the “**Transfer Term**”), unless:

(i) the individual, firm, corporation, partnership, trust or other entity (“**Person**”) in whose favor such Transfer is made (other than the Company) (a) is a Permitted Transferee (as defined below) and (b) delivers to the Company a written acknowledgment that the shares of Common Stock or options or warrants to acquire Common Stock to be Transferred are subject to this Agreement, and that such Person and such Person’s successors-in-interest are bound hereby and thereby. For purposes of this Agreement, “**Permitted Transferee**” shall mean (a) the guardian, conservator, heir or estate of any Shareholder, (b) any corporation, partnership or limited liability company in which all of the outstanding securities and other interests are owned by a Shareholder or Shareholders, (c) any individual or corporation that owns, directly or indirectly, all of the outstanding securities and other interests of a Shareholder or the guardian, conservator or estate of any such individual as of the date hereof, (d) any member of the immediate family of a Shareholder, (e) any trust, all of the beneficiaries of which are a Shareholder or members of the immediate family of a Shareholder, or (f) any affiliate controlled by, or under common control with, a Shareholder; provided, however, that a Permitted Transferee shall not be a competitor of the Company (as determined in good faith by the Board of Directors of the Company, in its sole discretion); and

(ii) such Transfer shall be made (a) pursuant to an effective registration under the Securities Act of 1933, as amended (as hereafter amended from time to time (the “**Securities Act** ”), or an exemption from the registration requirements thereof and (b) in accordance with applicable state law and the terms of this Agreement; and

(iii) prior to any such Transfer, the Shareholder proposing to make such Transfer shall give the Company (a) written notice describing the manner and circumstances of the proposed Transfer and (b) if reasonably requested by the Company, a written opinion in form and substance reasonably satisfactory to the Company’s legal counsel to the effect that the proposed Transfer may be effected without registration under the Securities Act or any applicable state law.

Any attempted Transfer other than in accordance with this Agreement shall be void, and the Company shall refuse to recognize any such Transfer and shall not reflect on its records any change in record ownership of the shares of Common Stock or options or warrants to acquire Common Stock pursuant to any such Transfer. The Company shall also instruct any transfer agent to put a hold on the Common Stock held by the Shareholders, as reasonably necessary, during the Transfer Term.

1.2 Mechanics of Transfer. Any Shareholder that Transfers shares of Common Stock or options or warrants to acquire Common Stock shall (i) take all such actions and execute and deliver all such documents as may be necessary or reasonably requested by the Company in order to consummate the Transfer of such shares of Common Stock or options or warrants to acquire Common Stock and (ii) pay to the Company such amounts as may be required for any applicable stock transfer taxes.

1.3 Pledge and Hypothecation Prohibited. No Shareholder shall in any manner pledge, hypothecate or encumber, or grant options with respect to his, her or its shares of Common Stock or options or warrants to acquire Common Stock during the Transfer Term.

1.4 Regulatory Requirements. Notwithstanding any provision of this ARTICLE I or this Agreement in its entirety, the Company shall not take any action, and shall be under no obligation to take any action, if such action would cause a reasonable probability that the Company could be deemed to have violated any law or regulation to which it is subject (including, without limitation, the maintenance of a sufficient capital surplus). In no event shall a Shareholder effectuate a Transfer to a Permitted Transferee if such acceptance would be contrary to any applicable law or regulation to which the Company is subject.

ARTICLE II

CORPORATE GOVERNANCE

2.1 Board of Directors. During the two-year period commencing on the date hereof (“Board Term”), the Shareholders, by majority vote, may elect and appoint two (2) directors to the Board of Directors (the “Shareholder Directors”) of the Company (the “**Board**”), who shall serve on the Board until their successors are duly elected. The Shareholders hereby initially appoint Dr. Yunzhong Wu and Yile Lisa Pan as the Shareholder Directors. During the Board Term, each Shareholder shall vote its shares of Common Stock, and each Shareholder and the Company shall take all other actions necessary, to elect the Shareholder Directors to serve as directors of the Company and to give effect to the provisions of this Agreement and to ensure that the Company’s Certificate of Incorporation (the “**Certificate of Incorporation**”) does not, at any time hereafter, conflict in any respect with the provisions of this Agreement and no Shareholder shall vote his or her shares in favor of any amendment of the Certificate of Incorporation or of any merger which would conflict with, or purport to amend or supersede, any of the provisions of this Section 2.1. The Shareholders agree that, during the Board Term, the Shareholder Directors may not be removed from the Board without the written consent of the majority of the Shareholders. The Shareholders also agree that the Shareholders, by majority consent, shall have the right, exercisable at any time during the Board Term with or without cause, to remove a Shareholder Director from the Board and to nominate a replacement director as provided herein, whereupon the Shareholders and the Company will convene a special meeting or act by written consent so as to elect such replacement to serve as a director of the Company. The Shareholders shall take all actions that are necessary or desirable to ensure the election or appointment of the nominees to the Board specified in this Section 2.1.

2.2 Restrictions on Other Agreements. Except as provided for in this Agreement, no Shareholder shall grant any proxy, or enter into or agree to be bound by any voting trust, with respect to shares of Common Stock or convertible securities or underlying shares of capital stock or enter into any shareholders’ agreement or arrangement of any kind with any person with respect to shares of Common Stock or convertible securities or underlying shares of capital stock, in any such case on terms inconsistent with the provisions of this Agreement, including, without limitation, agreements or arrangements with respect to the acquisition, disposition or voting of shares, of Common Stock, or convertible securities or underlying shares of capital stock in a manner inconsistent with this Agreement.

2.3 Board Consent for Certain Actions. The Company and the Shareholders agree that the Company shall not cause a reverse or forward split of the Common Stock, or enter into any kind of other similar arrangement with respect to the Common Stock, without the unanimous consent of the full Board. In addition, the Company and the Shareholders agree that majority consent of the full Board is required for (i) all issuances of Common Stock or any other equity of the Company, and (ii) the Company to enter into a management agreement, consulting agreement, employment agreement or other agreement for the provision of services with a senior executive or any senior management of the Company.

ARTICLE III

CERTIFICATES

3.1 Restrictive Endorsements. Each certificate evidencing any shares of capital stock of the Company owned by any Shareholder or issued on or after the date hereof to any Shareholder shall bear a legend in substantially the following form:

“THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO A SHAREHOLDERS AGREEMENT, DATED AS OF JUNE 12, 2015. SUCH SHAREHOLDERS AGREEMENT PROVIDES, AMONG OTHER THINGS, FOR CERTAIN RESTRICTIONS ON VOTING, SALE, TRANSFER, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE SECURITIES EVIDENCED BY THIS CERTIFICATE.”

In addition, unless counsel to the Company shall have advised the Company that such legend is no longer needed, each certificate evidencing any shares of Common Stock shall bear a legend in substantially the following form:

“THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR ANY OTHER APPLICABLE SECURITIES LAW. NEITHER THE SECURITIES NOR ANY INTEREST OR PARTICIPATION THEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS HUAYUE ELECTRONICS INC. HAS RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.”

3.2 Stock and Stock Option Agreements. Each agreement granting to any employee of the Company or its subsidiaries any shares of Common Stock or an option to purchase any shares of Common Stock from and after the date of this Agreement shall include a provision requiring the grantee, as a condition to the acquisition of any Common Stock pursuant to such agreement, to consent to the terms of this Agreement and execute a counterpart hereof.

3.3 Replacement Certificates. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of any certificate evidencing shares of Common Stock and of a bond or other indemnity reasonably satisfactory to the Company and upon reimbursement to the Company of all reasonable expenses incident thereto, and upon surrender of such certificate, if mutilated, the Company will make and deliver a new certificate of like tenor in lieu of such lost, stolen, destroyed or mutilated certificate.

ARTICLE IV

SHAREHOLDER CONSENT

Each of the Shareholders, in his or her capacity as a stockholder of the Company, hereby acknowledges, consents to and approves the following resolutions as the resolutions of the stockholders of the Company:

RESOLVED , that the consummation by the Company of the each of the Disposition Transaction and the SavWatt Transaction shall be, and hereby is approved, on the general terms set forth herein and on such other terms and conditions as the Board shall approve; and it is further

RESOLVED , that the Company shall be, and hereby is, authorized to amend the Certificate of Incorporation to (i) increase the authorized number of shares of Common Stock from 60,000,000 shares to 150,000,000 shares, (ii) increase the number of authorized shares of preferred stock, par value \$0001 per share, from 1,000,000 shares to 10,000,000 shares, and (iii) change the name of the Company from Huayue Electronics Inc. to such name as the Board shall authorize and approve.

ARTICLE V

MISCELLANEOUS

5.1 Equitable Relief. The parties hereto agree and declare that legal remedies may be inadequate to enforce the provisions of this Agreement and that equitable relief, including specific performance and injunctive relief, may be used to enforce such provisions.

5.2 Notices. Any and all notices, designations, consents, offers, acceptances, or any other communication provided for herein shall be given in writing by hand, facsimile transmission or by registered or certified mail, addressed to the address specified for such party on the signature pages hereof, or to such other address as may be designated in writing by any such party. Except as otherwise provided in this Agreement, each such notice shall be deemed given when delivered in person or by facsimile transmission or on a date which is three days after it is mailed at any post office or branch post office regularly maintained by the United States Postal Service (registered or certified, with postage prepaid and properly addressed) or State Post Bureau of the Peoples Republic of China.

5.3 Entire Agreement; Amendment and Waiver. This Agreement constitutes the full and entire understanding and agreement among the parties, and supersedes all prior understandings or agreements, with regard to the subject hereof. No change in or modification of this Agreement or waiver of any of the terms or provisions hereof shall be valid unless the same shall be in writing and signed by the Company and Shareholders of more than fifty percent of the shares of Common Stock owned of record by the Shareholders at the time of such amendment. Any amendment, modification or waiver effected in accordance with this Section 5.3 shall be binding upon all Persons that are parties to or bound by this Agreement whether or not they join in or consent to such amendment, modification or waiver.

5.4 Waiver. No failure or delay on the part of the parties or any of them in exercising any right, power or privilege hereunder, nor any course of dealing between the parties or any of them shall operate as a waiver of any such right, power or privilege nor shall any single or partial exercise of any such right, power or privilege preclude the simultaneous or later exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and are not exclusive of any rights or remedies which the parties or any of them would otherwise have. No notice to or demand on the Company in any case shall entitle the Company to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the other parties or any of them to take any other or further action in any circumstances without notice or demand.

5.5 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

5.6 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware without regard to principles of conflicts of laws.

5.7 Filing. A copy of this Agreement and of all amendments hereto shall be filed at the principal office of the Company.

5.8 Termination. This Agreement shall automatically expire on the date that is the second anniversary of the date hereof.

5.9 Benefit and Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective executors, administrators, personal representatives, heirs, successors and permitted assigns.

5.10 Severability. In the event that any portion of this Agreement shall be held to be invalid or unenforceable to any extent, such portion shall be enforced to the fullest lawful extent and the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof. If any time period set forth herein is held by a court of competent jurisdiction to be unenforceable, a different time period that is determined by the court to be more reasonable shall replace the unenforceable time period.

[*Signature pages follow*]

IN WITNESS WHEREOF , the parties hereto have executed this Shareholders Agreement as of the day and year first above written.

HUAYUE ELECTRONICS INC.

By: /s/ Isaac Sutton

Name: Isaac Sutton

Title: Chief Executive Officer

Address: 475 Park Avenue, 30th Floor
New York, New York 10016

[SIGNATURE PAGE TO SHAREHOLDERS AGREEMENT]

IN WITNESS WHEREOF , the parties hereto have executed this Shareholders Agreement as of the day and year first above written.

SHAREHOLDER:

/s/ Shudong Pan

Name: Shudong Pan

Number of Shares: 10,809,000

Address: 3 Huanzheng Road
Changzhou, China 213144

SUTTON GLOBAL ASSOCIATES INC.

By: /s/ Isaac Sutton

Name: Isaac Sutton

Title: Chief Executive Officer

Number of Shares: 3,000,000

Address: 475 Park Avenue, 30th Floor
New York, New York 10016

/s/ Xinmei Li

Name: Xinmei Li

Number of Shares: 2,270,370

Address: 3 Huanzheng Road
Changzhou, China 213144

/s/ Kuanlian Peng

Name: Kuanlian Peng

Number of Shares: 520,000

Address: Runzeyuan Kaifaqu
Dalian, China

[SIGNATURE PAGE TO SHAREHOLDERS AGREEMENT]

/s/ Hao Wang

Name: Hao Wang

Number of Shares: 450,000

Address:

Laoranfang Paotai
Dalian, China

/s/ Jianxia Li

Name: Jianxia Li

Number of Shares: 259,816

Address:

51 Huiling Road
Changzhou, China

/s/ Shurong Li

Name: Shurong Li

Number of Shares: 305,000

Address:

51 Huiling Road
Changzhou, China

[SIGNATURE PAGE TO SHAREHOLDERS AGREEMENT]
