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TAYANG 大洋
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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

FINAL RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Ta Yang Group Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2023, together with the audited comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
Revenue	3	1,213,830	343,541
Cost of sales		<u>(1,120,813)</u>	<u>(260,061)</u>
Gross profit		93,017	83,480
Other income and net gain		42,404	31,658
Selling and distribution expenses		(35,839)	(23,078)
Administrative expenses		(149,279)	(138,877)
Other operating expense		(8)	(124)
Share of results of associates		–	(1,073)
Finance costs		(30,549)	(27,989)
Impairment losses on interests in associates		–	(5,275)
Impairment losses under expected credit loss model, net of reversal		<u>(4,347)</u>	<u>(15,533)</u>
Loss before tax		(84,601)	(96,811)
Income tax expense	5	<u>(1,108)</u>	<u>(2,093)</u>
Loss for the year	6	<u>(85,709)</u>	<u>(98,904)</u>
Loss for the year attributable to:			
Owners of the Company		(88,035)	(98,063)
Non-controlling interests		<u>2,326</u>	<u>(841)</u>
		<u>(85,709)</u>	<u>(98,904)</u>
Loss per share	8		
Basic and diluted (<i>HK cents</i>)		<u>(6.74)</u>	<u>(7.50)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	<u>(85,709)</u>	<u>(98,904)</u>
Other comprehensive income/(expense)		
Items that will not be reclassified subsequently to profit or loss:		
Gain on revaluation of properties, net of income tax	–	6,739
Fair value loss on financial assets at fair value through other comprehensive income	<u>(200)</u>	<u>(347)</u>
	<u>(200)</u>	<u>6,392</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	17,667	(1,406)
Release of exchange difference upon disposal of foreign subsidiaries	–	(11,723)
Share of other comprehensive income of associates	<u>–</u>	<u>83</u>
	<u>17,667</u>	<u>(13,046)</u>
Other comprehensive income/(expense) for the year, net of tax	<u>17,467</u>	<u>(6,654)</u>
Total comprehensive expenses for the year	<u>(68,242)</u>	<u>(105,558)</u>
Total comprehensive expenses for the year, attributable to:		
Owners of the Company	(69,568)	(104,997)
Non-controlling interests	<u>1,326</u>	<u>(561)</u>
	<u>(68,242)</u>	<u>(105,558)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		68,387	92,170
Right-of-use assets		121,789	144,381
Investment properties		21,000	21,000
Goodwill		22,718	2,166
Financial assets at fair value through other comprehensive income		2,957	3,183
Financial assets at fair value through profit or loss		495	–
Interests in associates		–	4,812
Deferred tax assets		441	448
Loan receivables		52,435	46,289
Deposit		15,927	16,658
		<hr/>	<hr/>
Total non-current assets		306,149	331,107
Current assets			
Inventories		38,074	59,221
Trade and other receivables	9	276,971	196,363
Loan receivables		49,968	30,821
Bank balances and cash		28,024	24,005
		<hr/>	<hr/>
Total current assets		393,037	310,410
Current liabilities			
Trade and other payables	10	344,280	221,289
Income tax payable		16,711	17,911
Borrowings		148,351	192,176
Lease liabilities		17,291	12,844
		<hr/>	<hr/>
Total current liabilities		526,633	444,220
		<hr/>	<hr/>
Net current liabilities		(133,596)	(133,810)
		<hr/>	<hr/>
Total assets less current liabilities		172,553	197,297
		<hr/> <hr/>	<hr/> <hr/>

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Capital and reserves		
Share capital	130,677	130,677
Reserves	(56,245)	6,786
	<hr/>	<hr/>
Equity attributable to owners of the Company	74,432	137,463
Non-controlling interests	(6,856)	(1,083)
	<hr/>	<hr/>
Total equity	67,576	136,380
	<hr/>	<hr/>
Non-current liabilities		
Borrowings	10,760	4,133
Lease liabilities	54,865	52,110
Deferred income	1,760	1,890
Deferred tax liabilities	2,784	2,784
Convertible bonds	34,808	–
	<hr/>	<hr/>
Total non-current liabilities	104,977	60,917
	<hr/>	<hr/>
	172,553	197,297
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL AND BASIS OF PREPARATION

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”). Other than those subsidiaries established in the People’s Republic of China (the “**PRC**”) and the United Kingdom of Great Britain and Northern Ireland (the “**UK**”) whose functional currencies are Renminbi (“**RMB**”) and Pound Sterling (“**GBP**”) respectively, the functional currency of the Company and its other subsidiaries is HK\$. As the Company is listed in Hong Kong, the directors of the Company (“**Directors**”) consider that it is appropriate to present the consolidated financial statements in HK\$.

Going concern basis

The Group incurred a net loss of HK\$85,709,000 (2022: HK\$98,904,000) during the year ended 31 December 2023 and, as of that date, the Group had net current liabilities of HK\$133,596,000 (2022: HK\$133,810,000). In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group and its available sources of finance to continue as a going concern. The Directors considered that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements. Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position, including but not limited to the following:

- (i) The Group has undrawn credit facilities amounting to approximately HK\$190,000,000 from financial institution for its working capital requirements for the next 18-months which will be drawn as and when required;
- (ii) Subsequent to the end of the reporting period, the Group obtained and drew down loans with a principal amount totaling approximately HK\$12,960,000, carrying an interest rate ranging from 3.50% to 5.65% per annum from banks, available for the Group’s working capital and financial obligations. The credit facilities will mature 12 months after the end of the reporting period;
- (iii) The Group will continue to carry out cost control measurement in forthcoming years, including but not limited to reduce discretionary expenses and administrative costs. On the other hand, the Group will continue to explore various strategies to improve the Group’s operating cash inflows including putting extra efforts in the collection of trade receivables; and
- (iv) The Group will explore possible fund-raising opportunities including but not limited to issuance of new shares, right issues or open offer and issuance of convertible bonds where appropriate.

In light of the measures and arrangements as described above, the Directors of the Company consider that the Group will have sufficient working capital to meet their financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern basis, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as disclosed below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgments” (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies to the consolidated financial statements.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

(b) Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

		Effective for annual periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	A date to be determined
Amendments to HKFRS 16	Lease Liabilities in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1	Classification of Liabilities as Current, Non-current and Related Amendments to Hong Kong Interpretation 5 (2020)	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025

The Directors anticipate that the application of all of these amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

Revenue represents fair value of the consideration received or receivable and for goods sold and services rendered in the normal course of business to customers, net of discounts and sales related taxes.

Revenue recognised for the year are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue		
Sales of goods – point in time	301,756	343,514
Online marketing solution services – point in time	912,058	–
Healthcare and hotel services – over time	16	27
	<u>1,213,830</u>	<u>343,541</u>

4. SEGMENT INFORMATION

The Group's reportable and operating segments, based on information reported to the chief operating decision maker (the "CODM"), being the chief executive officer of the Company, for the purpose of resource allocation and performance assessment (with a focus on the type of goods or services delivered or provided) are as follows:

- (a) Silicone rubber and related products – manufacturing and sale of silicone rubber and related products;
- (b) Retail services – providing retail services in the UK;
- (c) Healthcare and hotel services – providing healthcare and hotel services; and
- (d) Online marketing solution services – provision of online marketing solution services in the PRC

During the current year, the Group commenced the business engaging in online marketing solution services in the PRC, and it is considered as a new reportable and operating segment by the CODM.

No operating segment identified by the CODM has been aggregated in arriving at the reportable segment of the Group.

Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable and operating segments.

2023

	Silicone rubber and related products <i>HK\$'000</i>	Retail services <i>HK\$'000</i>	Healthcare and hotel services <i>HK\$'000</i>	Online marketing solution services <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE					
External sales	<u>226,082</u>	<u>75,674</u>	<u>16</u>	<u>912,058</u>	<u>1,213,830</u>
Segment results	<u>11,242</u>	<u>(26,619)</u>	<u>(11,176)</u>	<u>6,512</u>	<u>(20,041)</u>
Unallocated income					3,317
Unallocated expenses					<u>(67,877)</u>
Loss before tax					<u>(84,601)</u>

2022

	Silicone rubber and related products <i>HK\$'000</i>	Retail services <i>HK\$'000</i>	Healthcare and hotel services <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE				
External sales	<u>308,101</u>	<u>35,413</u>	<u>27</u>	<u>343,541</u>
Segment results	<u>9,470</u>	<u>(23,205)</u>	<u>(25,036)</u>	<u>(38,771)</u>
Unallocated income				12,007
Unallocated expenses				<u>(70,047)</u>
Loss before tax				<u>(96,811)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent profit earned by/(loss from) each segment without allocation of certain other income and net gain, directors' emoluments and central administrative costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment revenues reported above represents revenue generated from external customers. There were no inter-segment sales during the years ended 31 December 2023 and 2022.

5. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current taxation		
Provision for the year	<u>1,100</u>	<u>606</u>
Deferred taxation		
Current year	<u>8</u>	<u>1,487</u>
	<u>1,108</u>	<u>2,093</u>

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group has sufficient tax losses brought forward to set off against current year's assessable profit.

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision for UK Corporate Tax for the current year has been made as the Group did not generate any assessable profits in the UK.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. Accordingly, provision for PRC Enterprise Income Tax for the PRC subsidiaries is calculated at 25% of estimated assessable profits for the current and prior years.

6. LOSS FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year has been arrived at after charging/(crediting):		
Auditor's remuneration		
– Audit services	1,280	1,500
– Non-audit services	–	420
Gain on disposal of property, plant and equipment and right-of-use assets	(29,606)	(12,146)
Allowance for inventories, net of reversal (included in cost of sales)	–	2
Cost of inventories sold (<i>Note</i>)	226,099	260,061
Traffic acquisition and monitoring costs (included in cost of sales)	894,714	–
Depreciation of right-of-use assets	18,430	18,031
Depreciation of property, plant and equipment	11,206	13,531
Directors' emoluments	7,840	7,177
Staff costs (excluding directors' emoluments)	<u>108,181</u>	<u>123,806</u>

Note: Cost of inventories sold includes approximately HK\$69,350,000 (2022: HK\$72,153,000) relating to written off of inventories, staff costs, depreciation of property, plant and equipment and depreciation of right-of-use assets, and such amounts are also included in the respective total amounts disclosed separately above.

7. DIVIDENDS

No dividend was paid or proposed for the years ended 31 December 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

8. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2023 and 2022.

	2023	2022
Loss for the year attributable to owners of the Company (<i>HK\$'000</i>)	<u><u>(88,035)</u></u>	<u><u>(98,063)</u></u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u><u>1,306,767</u></u>	<u><u>1,306,767</u></u>

For the year ended 31 December 2023, the computation of diluted loss per share does not assume the exercise of the Company's share options and the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in a decrease in loss per share.

For the year ended 31 December 2022, the basic loss per share and the diluted loss per share are the same because there are no dilutive shares outstanding.

9. TRADE RECEIVABLES

An ageing analysis of trade receivables, net of allowance for expected credit loss based on the invoice date at the end of the reporting period is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 90 days	47,138	52,856
91 days to 1 year	<u>9,169</u>	<u>10,740</u>
	<u><u>56,307</u></u>	<u><u>63,596</u></u>

10. TRADE PAYABLES

An ageing analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days or on demand	15,294	9,966
31 to 90 days	12,751	15,928
91 days to 1 year	29,874	35,558
Over 1 year	<u>4,048</u>	<u>5,667</u>
	<u><u>61,967</u></u>	<u><u>67,119</u></u>

EXTRACTS OF INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2023 which contains a paragraph emphasizing on the material uncertainty related to going concern, the opinion of which has not been modified.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the HKFRSs issued by the HKICPA and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 1 to the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$85,709,000 during the year ended 31 December 2023 and, as of that date, the Group had net current liabilities of approximately HK\$133,596,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The directors of the Company are considering a number of financing measures as set forth in note 1 to improve the Group's liquidity and financial position and consider that the Group will have sufficient working capital to finance its operations and to fulfil its financial obligations as and when they fall due in the foreseeable future upon successfully implementing these measures. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2023, the Group was principally engaged in (i) the designing and manufacturing of silicone rubber products (the “**Silicone Rubber Business**”); (ii) the provision of international digital marketing services (the “**Digital Marketing Business**”); (iii) the operation of retail business in the United Kingdom (the “**Retail Business**”); and (iv) the provision of healthcare and hotel services (the “**Healthcare and Hotel Business**”).

In 2023, the global economy slowly recovered, but geopolitics, exchange rate changes and other factors had a certain impact on the import and export of traditional industries in mainland China. In the face of many external uncontrollable factors, the Group has actively explored opportunities in new areas and strived to maximize revenue and profits through resource integration. Regarding the business direction for the next financial year, the Group has decided to (i) expand high-quality silicone rubber product categories, expand the application of new silicone technology, and achieve product upgrades; (ii) follow consumers’ online consumption trends and provide more merchants with precise delivery services and Digital marketing solutions; and (iii) operate the Retail Business overseas, focusing on improving the influence of its own brands and expanding sales scale.

For the year ended 31 December 2023, the results of the Group achieved breakthrough improvements and recorded a (i) revenue of approximately HK\$1,213,830,000 (2022: approximately HK\$343,541,000), representing a significant increase of approximately 253.33% as compared with the corresponding period in 2022; (ii) loss for the year of approximately HK\$85,709,000 (2022: approximately HK\$98,904,000), representing a decrease of approximately 13.34% as compared with the corresponding period in 2022; and (iii) loss per share of approximately HK\$6.74 cents (2022: approximately HK\$7.50 cents), representing a decrease of approximately 10.13% as compared with the corresponding period in 2022.

Silicone Rubber Business

For the year ended 31 December 2023, the Silicone Rubber Business remained one of the Group’s main sources of revenue and continued to provide stable cash flow to the Group. As an operator of traditional manufacturing industries, two factories of the Group, located in Dongguan and Huzhou, China, have large plant areas and advanced machinery and equipment. At the same time, the factory’s research and development team has been committed to the development of new silicone materials for application in various fields, integrating traditional silicone production with new silicone technology. Currently, the main products of the Silicone Rubber Business include silicone parts, medical devices, consumer electronics and peripheral items, auto parts, sports equipment accessories, maternal, infant and kitchen supplies, beauty products, etc. The Group is the only listed company in Hong Kong whose main business is the designing and manufacturing of silicone rubber products. Therefore, it was able to maintain good cooperative relationships with many well-known brands over the years and continues to supply high-quality silicone rubber products to major manufacturers with product sales covering many countries and regions in Asia, Europe and America.

Digital Marketing Business

In the first half of 2023, the Group acquired controlling equity interests in Beijing Jusheng Technology Co., Ltd.* (北京巨省科技有限公司) (“**Jusheng Technology**”) and obtained controlling interests and launched the Digital Marketing Business subsequent to the acquisition. The Digital Marketing Business is a new marketing method that has emerged with the development of big data and artificial intelligence industries. By obtaining massive customer information, Jusheng Technology analyzes user behavior, interests and preferences of different groups of people to develop precise advertising and personalized marketing strategies. As the public becomes more dependent on various social media, product promotion through live sales and production of short videos has gradually replaced marketing through traditional media. Digital marketing is currently the most recognized marketing method by major brands and companies and the Group believes this field has a huge customer base and room for development.

Jusheng Technology is a professional digital marketing service supplier, with advertising agency and media operation consulting as its main businesses. Currently, Jusheng Technology’s customers include many merchants and brands in finance, gaming, automobiles, education, fast moving consumer goods and other industries. Jusheng Technology provides creative advisory services relating to online platform content, publicity campaign management, media delivery channels and context marketing strategies to provide effective digital marketing solutions to promote corporate sales. Since its establishment, Jusheng Technology has provided high-quality comprehensive marketing services to many well-known brands in mainland China (such as Jiangzhong Group* (江中集團), Yunnan Baiyao and Fan Deng Reading). As a new segment of the Group in 2023, the number and quality of customers of the Digital Marketing Business has steadily increased and through the accumulation of experiences, the Digital Marketing Business continues to understand customer needs, expand its business scope and improve efficiency of internet marketing. This segment also contributed considerable sales to the Group in 2023 and has become a new pillar industry of the Group.

The Retail Business

During the year ended 31 December 2023, the Retail Business in the United Kingdom achieved orderly expansion in accordance with the plan of the Group. “YOHOME Oriental Life Style” has opened five branches in urban London. The products sold are mainly imported from China, Japan, South Korea, Southeast Asia and other places. The product categories include food (such as snacks, pastries, frozen food, condiments, drinks, fresh fruits and vegetables), daily and toiletries, home cleaning and decorations. In addition, the supermarkets of the Group also provides Chinese, Japanese and Korean-style fast food and specialty drinks, bringing original and rich oriental elements to local consumers. At the same time, the Group’s own branded product “EKAU” has gained wide recognition in the British market. The EKAU brand mainly sells various types of kitchen-related supplies, including pots, dishes, oven supplies, knives, and other daily kitchen accessories. Among the products offered, pots and knives are the most popular in the British market and have good sales performance in major local supermarkets. In addition to offline sales channels, EKAU brand products are also sold

online on large e-commerce platform such as Amazon, which, on the one hand, meets the needs of consumers who love online shopping, and on the other hand, also take advantage of the influence of e-commerce platforms to enhance the online exposure of the EKAU brand, allowing consumers from different countries and regions to experience EKAU products.

The Healthcare and Hotel Business

For the year ended 31 December 2023, the Healthcare and Hotel Business has been considered a business segment of low strategic importance.

OUTLOOK

In recent years, economies around the world have faced rising interest rates, lower consumer spending, and a weak labor market, which have led to slower economic growth. According to official statistics, China's GDP growth rate in 2023 was 5.3%. Affected by factors such as the weak real estate industry, weakening external demand, and tense international trade, it is expected that the GDP growth rate in 2024 may further slow down to 4.7%. The Group believes that the traditional manufacturing industry, which is its main business, will still be affected by changes in the external situation, fluctuations in raw material prices and other factors in 2024, and it will be difficult for its sales and profit margins to achieve significant breakthroughs. The Digital Marketing Business is expected to operate stably and is expected to gain more customer resources and profit margins with the explosive growth of internet marketing demand. Therefore, the Group will adapt to the development direction of the general environment next year. On the one hand, it will maintain the stable operation of the existing segments, and on the other hand, it will seek development space in areas such as new energy and technological innovation.

The Silicone Rubber Business

The Silicone Rubber Business, as the main source of the Group's profitability for years, will continue to provide high-quality silicone products to long-term customers. Considering long-term development, the production of traditional silicone rubber will gradually transform into new silicone rubber, and comprehensive upgrades will be carried out in terms of application fields, environmental protection, diversity and durability. Therefore, the Group will continue to carry out the research, development and production of new silicone rubber and achieve product diversification and quality based on customer needs. At the same time, the Silicone Rubber Business will rely on its excellent technology, complete internal quality control and mature operation system to meet the changing market demands and become a leader among silicone rubber manufacturers with cost-effective products.

Digital Marketing Business

With the rise of short video culture, video advertising through social media has become a new mainstream marketing method to attract consumers. The Digital Marketing Business of the Group will continue to serve various companies and brands and provide customized traffic delivery solutions to customers in need. Jusheng Technology uses big data to accurately screen target consumers to achieve the highest consumption conversion rate. At the same time, the Digital Marketing Business will also expand its service scope, such as long-term cooperation with influencers with strong online influence, and use their credibility and influence on social media platforms to provide customers with targeted marketing and promotion. Generally speaking, internet marketing and traffic delivery will develop in a precise, personalized, innovative and immersive way. The Group will pay close attention to the development trend of the digital marketing industry and flexibly adjust its strategies to adapt to the Internet marketing environment that is constantly updated.

The Retail Business

The Group will continue to operate the Retail Business in the United Kingdom. After two years of expansion, stabilizing operations and expanding sales will be its main development goals in 2024. YOHOME Oriental Life Style currently has a relatively fixed customer base in London, mainly international students, local Chinese and surrounding residents. Although more retail supermarkets of similar nature have appeared in London recently, which has dispersed the purchasing power of consumers to a certain extent, the Group believes that YOHOME Oriental Life Style has advantages in product selection and procurement, and will promptly pay attention to popular brands and categories in the Chinese market, and bring products to the British market through a mature and efficient logistics chain. In addition, YOHOME Oriental Life Style will create a diversified shopping experience. While operating regular supermarkets, it will also provide KTV and other entertainment at specific store locations to consolidate existing consumers and attract more customer groups.

The Healthcare and Hotel Business

The Group is seeking more opportunities to integrate resources and optimize the business of this segment in order to improve its operating performance.

Other Potential Business Opportunities

On the basis of maintaining the continued good operation of the above-mentioned business segments, the Group also intends to enter the new energy industry in 2024. Currently, the Group has linked up with well-known enterprises in the industry to establish joint ventures to carry out new energy product trading business, commercial charging and energy storage battery business. This business will mainly cover new energy vehicles and battery rental and sales, battery maintenance and testing services, charging and replacement construction and operation services, battery cascade utilization and remanufacturing services, and battery commercial recycling services. It is expected that this business will be gradually launched

in the second half of 2024, and the existing factories and production capacity will be used to carry out a series of production and operations such as battery recycling and assembly.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2023, the Group recorded a revenue of approximately HK\$1,213,830,000 (2022: approximately HK\$343,541,000), representing a significant increase of approximately 253.33% as compared with the corresponding period in 2022.

Part of the revenue was contributed by the Silicone Rubber Business, which recorded a revenue of approximately HK\$226,082,000 for the year ended 31 December 2023 (2022: approximately HK\$308,101,000), accounting for approximately 18.63% (2022: approximately 89.68%) of the total revenue of the Group.

For the year ended 31 December 2023, the Digital Marketing Business recorded a revenue of approximately HK\$912,058,000 for the year ended 31 December 2023 (2022: nil), accounting for approximately 75.14% (2022: nil) of the total revenue of the Group.

The performance of the Retail Business has achieved a relatively significant breakthrough, recording a revenue of approximately HK\$75,674,000 for the year ended 31 December 2023 (2022: approximately HK\$35,413,000), accounting for approximately 6.23% (2022: approximately 10.31%) of the total revenue of the Group.

The performance of the Healthcare and Hotel Business was unsatisfactory and recorded a revenue of approximately HK\$16,000 for the year ended 31 December 2023 (2022: approximately HK\$27,000).

Gross profit

For the year ended 31 December 2023, the gross profit was approximately HK\$93,017,000 (2022: approximately HK\$83,480,000), representing an increase of approximately 11.42% as compared with the corresponding period in 2022. For the year ended 31 December 2023, the gross profit margin decreased to approximately 7.66% (2022: approximately 24.3%). Although the Group always aims to maximize profits, the overall gross profit margin has still decreased compared to the previous year. The main reason is that the new business sector requires significant initial capital investment, and the industry itself is affected by peer competition pressure, resulting in lower gross profits; in addition, the supermarket business also incurred significant initial expenses during the expansion period. The above factors have led to a decline in the overall gross profit margin of the Group.

Other income and net gain

For the year ended 31 December 2023, other income and net gain was approximately HK\$42,404,000 (2022: approximately HK\$31,658,000), representing an increase of approximately 33.94% as compared with the corresponding period in 2022. Changes in other income were mainly due to the gain on disposal of properties and debt restructuring.

Expenses

For the year ended 31 December 2023, the selling and distribution expenses were approximately HK\$35,839,000 (2022: approximately HK\$23,078,000), representing an increase of approximately 55.3% as compared with the corresponding period in 2022. For the year ended 31 December 2023, the administrative expenses were approximately HK\$149,279,000 (2022: approximately HK\$138,877,000), representing an increase of approximately 7.49% as compared with the corresponding period in 2022.

Loss attributable to owners of the Company

For the year ended 31 December 2023, the Group recorded a loss attributable to owners of the Company of approximately HK\$88,035,000 (2022: loss of approximately HK\$98,063,000), representing a decrease of approximately 10.23% as compared with the corresponding period in 2022. For the year ended 31 December 2023, the loss per share was approximately HK\$6.74 cent (2022: approximately HK\$7.50 cent), representing a decrease of approximately 10.13% as compared with the corresponding period in 2022.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 December 2023, the Group's major source of funds was cash generated from operating and financing activities, and the Group's liquidity improved as compared with the corresponding period in 2022.

	2023	2022
Cash and cash equivalents (<i>HK\$'000</i>)	28,024	24,005
Current ratio	0.75	0.7
Quick ratio	0.67	0.6
Gearing ratio*	2.35	1.4

* The gearing ratio of the Group was calculated by dividing total borrowings by total equity.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's operations, financials and prospects are affected by risks and uncertainties. The risk factors listed below may directly or indirectly lead to significant differences in the Group's operating performance, financial positions and development prospects from its expected or past performances. These factors are not comprehensive, and there may be other risks and uncertainties that are not identified by the Group or may not be noticeable at present, but may become significant in the future.

Business risk

Performance of all business segments of the Group may be affected by fluctuations in market prices and market demands of the final products. On the other hand, raw materials provided by the Group's suppliers are subject to price fluctuations as well. For example, the Silicone Rubber Business requires stocking of raw materials, and the Group does not enter into any material contracts to hedge against such price fluctuations. Therefore, any price fluctuation in raw materials will exert pressures on the Group's costs, and therefore impact the competitiveness of the final products. If the Group fails to adapt and respond successfully to the changing demands and raw material supplies, its business performance and development prospects may be adversely affected.

The Digital Marketing Business relies on internet marketing and traffic promotion as its main source of revenue. This business is affected by Internet regulatory policies to a certain extent and relies on the continued stability of customer relationships. Therefore, the Group should ensure that the Digital Marketing Business complies with regulatory rules during its operations, remains consistent with the most popular marketing directions and strategies, and continues to provide efficient services to customers.

The supermarket business mainly faces the risk of a large influx of competitors in the same industry, which will cause the stable purchasing power of existing customers of the stores to be dispersed. Factors such as changes in exchange rates will also affect the profit margin of the supermarket business to a certain extent.

Industry risk

All business segments of the Group operate in highly competitive industries. The Silicone Rubber Business faces competitions not only from other silicone rubber products, but also from new material products. Competition may also intensify as the Group's competitors expand their product categories, lower their selling prices, increase their qualities or conduct promotions. If the Group does not compete successfully against existing or new competitors, its existing business scale and operation performance may not be maintained. At the same time, the Digital Marketing Business is an enterprise that relies on the Internet for operations. If macro policies impose many restrictions on the Internet marketing field and set higher entry barriers, it may have a serious impact on the operation of the business.

Credit risk

As at 31 December 2023, the Group recorded total current assets of approximately HK\$444,110,000 and total current liabilities of approximately HK\$578,459,000. The bank balances and cash as well as the current liabilities of the Group remained tight. If the receivables are not fully recovered, the Group may not have sufficient resources to repay its short-term obligations as they fall due.

Event risk

Event risk refers to the risk of a negative impact on the Company's operational performance and financial position as a result of an unexpected event like a natural disaster or an industrial accident. These kinds of events may interrupt the Group's operations, increase prices of raw material and outsourced services, and exacerbate other risks and uncertainty that the Group is facing. Due to the unpredictable nature of such event risks, there is no guarantee that the Group's responsive measures are sufficient.

CAPITAL STRUCTURE

For the year ended 31 December 2023, there was no change to the authorised share capital of the Company which is HK\$2,000,000,000 dividable into 20,000,000,000 Shares in the par value of HK\$0.1 each.

As at 31 December 2023, the Company had issued a total of 1,306,767,000 Shares in the par value of HK\$0.1 each, and all Shares were fully paid and rank *pari passu* with each other in all respects.

During the year ended 31 December 2023, the Company has completed the issue of convertible bonds in the amount of HK\$40,000,000. If the convertible bonds are fully converted, 155,642,023 shares will be issued to the subscribers upon full conversion of the convertible bonds, accounting for 10.64% of the total shareholding structure. For details, please refer to the announcements of the Company dated 3 July 2023, 10 July 2023 and 21 July 2023. Save for the disclosed, the Company had no outstanding options, warrants, convertibles or other arrangements to issue shares.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR ADDITIONS OF CAPITAL ASSETS

On 16 January 2023 (after trading hours), Huarong Venture Capital Fund Management (Beijing) Company Limited* (華融創基金管理(北京)有限公司), an indirect wholly owned subsidiary of the Company (the "**Investor**"), Jusheng Technology and Jusheng Technology existing shareholders, entered into an investment agreement (the "**Agreement**") and pursuant to the terms of the Agreement, the Investor agreed to acquire 40% equity interests in the Target Company (the "**Acquisition**") at a consideration of RMB14,000,000.

The Acquisition was completed on 1 April 2023. For further information, please refer to the announcements of the Company dated 24 August 2023 and 28 September 2023.

Save for the disclosed, the Group did not have any significant investments, material acquisition or disposal of any subsidiaries, associates or joint ventures and affiliated companies during the year ended 31 December 2023, nor were there any future plans for material investments or additions of capital assets as at 31 December 2023.

PLEDGE OF ASSETS

Capital commitments contracted by the Group but not yet provided for in the financial statements as at 31 December 2023 were approximately HK\$5.1 million (2022: approximately HK\$9.8 million), which was mainly related to the expansion of production capacity of the Silicone Business. Such capital commitments will be financed by the net proceeds from operating activities. As at 31 December 2023, certain land and buildings, investment properties and right-of-use assets of the Group of approximately HK\$116.3 million (2022: approximately HK\$175.4 million) were pledged to secure banking facilities or bank and other borrowings granted to the Group.

CONTINGENT LIABILITIES

No material contingent liabilities of the Group were noted as at 31 December 2023 (2022: nil).

CURRENCY MANAGEMENT AND TREASURY POLICY

For the year ended 31 December 2023, the Group's cash receipts were denominated in United States dollars ("USD"), HKD, Pound Sterling ("GBP") and RMB, while the labour costs, manufacturing overheads, selling and administrative expenses of the Group were mostly negotiated, measured and settled in RMB. As at 31 December 2023, the majority of cash and cash equivalents were held in USD, HKD and RMB. As the Retail Business in the UK has become one of the principal businesses of the Group, it is expected that GBP will constitute a key functional currency of the Group in the future. Therefore, fluctuations of RMB and GBP will affect the Group's profitability. For the year ended 31 December 2023, the Group did not enter into any financial instrument for hedging purpose. The Group will closely monitor the currency movements and take appropriate measures to deal with such exchange-rate exposure.

The Group adopted a conservative approach to the cash management and investment of uncommitted funds. Unused funds were placed as short-term deposits with authorised financial institutions in Hong Kong and the PRC.

HUMAN RESOURCES AND REMUNERATION POLICIES

As the Group is committed to improving production capacity, developing high-quality products, and expanding industry chain, experienced workers, engineers and professionals are crucial to the Group. The Group offers on-the-job training and encourages staff to attend continuous professional training in order to enhance their skills and knowledge. The Group also offers competitive remuneration packages, including quality staff quarters, medical care, insurance coverage and retirement benefits, to employees. As at 31 December 2023, the Group employed 717 permanent and temporary employees (2022: 853). The total salaries and related costs for the year ended 31 December 2023 amounted to approximately HK\$115.9 million (2022: approximately HK\$123.8 million).

USE OF PROCEEDS FROM CONVERTIBLE BONDS

On 3 July 2023 (after trading hours), the Company entered into a subscription agreement (the “**Subscription Agreement**”) with and Rising Jiarui Investment Management Co., Ltd (北京日信嘉銳投資管理有限公司) (the “**Subscriber**”), who is an independent third party to the Group, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue convertible bonds (the “**Convertible Bonds**”) in the principal amount of HK\$40,000,000. The issue of the Convertible Bonds was completed on 21 July 2023.

Details of the terms and conditions of the Subscription Agreement are set out in the Company’s announcement dated 3 July 2023, 10 July 2023 and 21 July 2023.

The net proceeds (after deducting all the relevant costs and expenses) from the issue of the Convertible Bonds was approximately HK\$40,000,000. The Company intended to use such net proceeds for business development and the general working capital of the Group.

The Group had utilised the entire net proceeds from the issue of the Convertible Bonds for business development and the general working capital of the Group during the year ended 31 October 2023 according to the intentions previously disclosed in the announcements of the Company dated 3 July 2023 and 10 July 2023.

FINAL DIVIDEND

The Board does not recommend payment of final dividend for the year ended 31 December 2023 (2022: nil).

CORPORATE GOVERNANCE PRACTICES

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group as it believes that effective corporate governance practices are fundamental to enhancing Shareholder value and safeguarding interests of Shareholders and other stakeholders. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group’s business.

To the best knowledge of the Board, the Company has complied with the applicable code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules throughout the year ended 31 December 2023, except for the following.

Under Code Provision C.1.6 of the CG Code, independent non-executive Directors and other non-executive Directors, as equal Board members, should attend general meetings of the Company to gain and develop a balanced understanding of the views of the Shareholders. Mr. Chan Tsun Hong Philip and Mr. Han Lei, the non-executive Directors, did not attend the annual general meeting of the Company held on 29 June 2023 due to other work commitment.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code as its code of conduct regarding Directors' transactions in the securities of the Company. Specific enquiry has been made of all the Directors and all Directors confirmed that they had fully complied with the required standard of dealings and the code of conduct adopted by the Company and there was no event of non-compliance throughout the year ended 31 December 2023 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTION SCHEME

On 13 December 2018, the Company adopted the share option scheme (the "**Scheme**"). For the year ended 31 December 2023, no options or securities had been granted, exercised, cancelled or lapsed under the Scheme. As at 1 January 2023 and 31 December 2023, there was no outstanding option under the Scheme.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

Currently, the audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely, Mr. Chan Siu Tat, Mr. Hu Jiangbing and Ms. Wang Lina. Mr. Chan Siu Tat is the chairman of the Audit Committee, who has appropriate professional qualifications and experience in accounting. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed auditing, financial reporting, risk management and internal control matters. The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2023, and is of the view that the consolidated financial statements have been prepared in accordance with the applicable accounting standards, the Listing Rules and the statutory provisions and sufficient disclosures have been made.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the consolidated financial statements as set out in this result announcement have been agreed by the Group's independent auditor, CL Partners CPA Limited, to the amounts set out in the consolidated financial statements for the year ended 31 December 2023. The work performed by CL Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by CL Partners CPA Limited on this result announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This result announcement is published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.tayanggroup.com). The annual report of the Group for the year ended 31 December 2023 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company, and will be available on websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere thanks and gratitude to our management and staff for their hard work and dedication, as well as our shareholders, business partners and associates, bankers, auditors and other stakeholders for their continuous support to the Group.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 April 2024. Trading in the shares of the Company will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise due caution when dealing in the securities of the Company. When in doubt, Shareholders and potential investors of the Company are advised to seek advice from professional or financial advisers.

On behalf of the Board
Ta Yang Group Holdings Limited
Shi Qi
Chairlady

Hong Kong, 27 September 2024

As at the date of this announcement, the Board comprises three executive Directors, namely Ms. Shi Qi, Mr. Li Jiu-hua and Mr. Gao Feng; three non-executive Directors, namely, Mr. Chan Tsun Hong Philip, Mr. Gu Shixiang and Mr. Han Lei; and four independent non-executive Directors, namely Mr. Chan Siu Tat, Mr. Hu Jiangbing, Ms. Wang Lina and Mr. Zheng Changxing.

* *For identification purpose only*