

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

**FULFILMENT OF THE RESUMPTION GUIDANCE
AND
RESUMPTION OF TRADING**

This announcement is published by Ta Yang Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined in the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and Rule 13.09(2)(a) of the Listing Rules.

References are made to the announcements of the Company (i) dated 2 April 2024, 30 April 2024, 31 May 2024, 13 June 2024 and 18 June 2024 in relation to, among others, the delay in publication of the 2023 Annual Results; (ii) dated 28 June 2024 in relation to the resumption guidance for the Company as set out in a letter from the Stock Exchange (the “**Resumption Guidance Announcement**”); and (iii) dated 27 August 2024 in relation to, among others, the delay in the publication of the 2024 Interim Results (collectively, the “**Announcements**”). Unless otherwise specified, capitalised terms in this announcement shall have the same meanings as those set out in the Announcements.

RESUMPTION GUIDANCE

As disclosed in the Resumption Guidance Announcement, the Stock Exchange has set out the following resumption guidance for the Company (collectively, the “**Resumption Guidance**”):

- (i) publish all outstanding financial results and address any audit modifications;
- (ii) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rule; and
- (iii) inform the market of all material information for the Company’s shareholders and other investors to appraise the Company’s position.

FULFILLMENT OF RESUMPTION GUIDANCE

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that the Company has demonstrated to the Stock Exchange that the Company has fulfilled the Resumption Guidance for the resumption of trading in the Shares, the details of which are set out below.

(i) Publish all outstanding financial results and address any audit modifications

The Company published (i) the 2023 Annual Results; and (ii) the 2024 Interim Results on 27 September 2024. The 2023 Annual Results are not subject to any audit modifications but a material uncertainty with respect to the Group’s going concern has been identified, the details of which are set out on page 8 herein. Following the publication of the 2023 Annual Results and the 2024 Interim Results, the Company does not have any outstanding financial results required to be published under the Listing Rules and the Board is of the view that Resumption Guidance (i) has been adequately fulfilled.

(ii) Demonstrate the Company’s compliance with Rule 13.24 of the Listing Rule

Sufficient operations

The Group is principally engaged in (i) the designing and manufacturing of silicone rubber products (the “**Silicone Business**”); (ii) the provision of international digital marketing services (the “**Digital Marketing Business**”); (iii) the operation of retail business in the United Kingdom; and (iv) the provision of healthcare and hotel services.

As disclosed in the 2023 Annual Results, 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\$7.5 cents), representing a decrease of approximately 10.13% as compared with the corresponding period in 2022. As disclosed in the 2023 Annual Results, the increase in revenue was mainly attributable to the consolidation of the financial results of Beijing Jusheng Technology Company Limited (北京巨省科技有限公司) (“**Beijing Jusheng**”) and the increase in revenue from the retail business segment of the Group.

As disclosed in the 2024 Interim Results, for the six months ended 30 June 2024, the results of the Group showed a downward trend and recorded a (i) revenue of approximately HK\$514,096,000 (2023: approximately HK\$518,673,000), representing a decrease of approximately 0.88% as compared with the corresponding period in 2023; (ii) loss for the year of approximately HK\$31,657,000 (2023: approximately HK\$3,102,000), representing a significant increase as compared with the corresponding period in 2023; and (iii) loss per share of approximately HK\$1.44 cents (2023: approximately HK\$1.60 cents), representing a decrease of approximately 10% as compared with the corresponding period in 2023. The reasons for the increase in losses during the first half include additional professional service fees incurred due to the suspension of trading, which increased the group's operating costs. Additionally, the Digital Marketing Business experienced intense competition in the first half of 2024, resulting in the loss of some clients and the Group incurred higher expenses to maintain existing customers, leading to losses. The Digital Marketing Business is a relatively new industry that has emerged over the past two years, and the Group will need time to explore the direction of the industry, facing both opportunities and challenges in the future. The Board believes that short-term operational fluctuations are a normal part of its business operations, and the Company will focus on long-term developments, allowing each segment to fully develop and improve.

As at the date of this announcement, the business operations of the Group are operating as usual in all material respects and the Silicone Business continues to be the principal business of the Group. The Silicone Business has long been a pillar industry for the Group, possessing stable customer resources and revenue sources. In terms of results, the Silicone Business showed improvement in the first half of 2024 compared to the correspondence period in 2023. Revenue for the first six months ended 2024 increased to HK\$118,369,000 (2023: HK\$106,866,000), representing a rise of approximately 10.76%. The profitability of the Silicone Business also showed significant growth, with a recorded net profit of HK\$9,396,000 for the first six months ended 2024 (2023: -HK\$5,484,000). The aforesaid growth is an indication of the generally growing market demand for silicone products, which have been widely applied across industrial applications, consumer goods, electronic products, and more, indicating a sustained demand in the market. Additionally, as governments around the world continue their effort to strengthen environmental regulations, silicone, as a non-toxic and recyclable material, has potential room for further market growth. As the only listed company in the silicone sector, the Group enjoys a high level of trust in the industry and continues to provides products and services to various internationally renowned brands. Despite the significant increase of the overall loss of the Group in the first half of 2024 as compared to the correspondence period in 2023, the operational performance of the Silicone Business has generally shown a consistent upward trend.

Sufficient assets

As disclosed in the 2024 Interim Results, for the six months ended 30 June 2024, the Group recorded (i) total assets of approximately HK\$716,688,000; (ii) net asset value of approximately HK\$40,149,000; (iii) cash and cash equivalent of approximately HK\$18,939,000; and (iv) property, plant and equivalent of approximately HK\$71,492,000.

Future outlook and business strategies

Moving forward, the Group will continue to optimize the existing business structure and actively seek for new potential businesses to improve performance and maximize returns. In particular, the Group will place stronger emphasis on its Silicone Business, which has been the cornerstone of the Group's success, whilst also developing other business segments such as the Digital Marketing Business.

The Silicone 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 Group will rely on its technology, 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.

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. At the same time, the digital marketing business will expand its service scope by entering into long term cooperation with influencers with strong online presence and utilising their credibility and influence on social media platforms to provide customers with targeted marketing and promotion. The Group will pay close attention to the development trend of the digital marketing industry and flexibly adjust its strategies to adapt to the ever-changing internet marketing environment.

Based on the above, the Board is of the view that the Group has a viable and sustainable business with sufficient level of business operations and assets of sufficient value to support its operations to meet the requirements under Rule 13.24 of the Listing Rules and warrant the continued listing of the Shares on the Stock Exchange. As such, the Board is of the view that the Company has adequately fulfilled Resumption Guidance (ii).

(iii) Inform the market of all material information for the Company's shareholders and other investors to appraise the Company's position

Since the suspension of trading in the shares of the Company, the Company has been keeping its shareholders and potential investors informed of all material information to appraise the Company's position by way of publication of announcements on the website of the Stock Exchange in accordance with the Listing Rules. To the best knowledge of the Board, there is no other undisclosed information that is material for the Company's shareholders and other investors to appraise the Company's position. The Company will continue to keep its shareholders and potential investors informed of any material developments by making further announcement(s) as and when appropriate and in accordance with the Listing Rules.

Based on the above, the Board is of the view that the Company has fulfilled Resumption Condition (iii).

(iv) Disclosure of other related matters

(a) *Elite Partners Audit matters*

As disclosed in the announcement of the Company dated 18 June 2024, Elite Partners resigned as the auditor of the Company with effect from 17 June 2024. Pursuant to its letter of resignation, Elite Partners pointed out that the Company was unable to explain and provide sufficient audit evidence to support the appropriateness of adopting a gross revenue accounting treatment in reporting the revenue generated by the newly acquired subsidiary of the Group engaged in digital marketing business, Beijing Jusheng, which effectively treated Beijing Jusheng as a principal instead of an agent in its business operation. However the alleged failure of the Company to satisfy Elite Partner's audit requests was due mainly by the fact that there was a misunderstanding by Elite Partners on the business model of Beijing Jusheng. In particular, Elite Partners misunderstood Beijing Jusheng as a conventional advertising planning, filming and media production company when in fact it was actually an independent digital marketing company that is primarily engaged in the provision of precise traffic targeting and marketing services.

Due to the aforesaid misunderstanding of Elite Partners, the Company (1) was unable to provide certain information requested by Elite Partners at all as they relate to businesses that Beijing Jusheng does not engage in and simply do not exist; (2) was unable to furnish certain information requested by Elite Partners in full as such information relates to the business operation of the business partners or suppliers of Beijing Jusheng who are also engaged in the digital marketing industry, which the Company only had limited access or sometimes no access to at all due to their sensitive nature; and (3) had only furnished limited information to meet some of Elite Partners' information requests as the requested information relates to insignificant revenue segments which Elite Partners had falsely assumed to be key revenue segments. As a result of the aforesaid, Elite Partners was unable to complete the audit procedures for the 2023 Annual Results.

(b) Actions taken by CL Partners following its appointment

Following the appointment of CL Partners as the Company's replacement auditor on 17 June 2024, the Company worked closely with CL Partners on the audit of the consolidated financial statements for the year ended 31 December 2023. Upon completion of its audit process, CL Partners concurred with the Company on the adoption of the gross revenue accounting treatment in reporting the revenue generated by Beijing Jusheng. In reaching the aforesaid conclusion, CL Partners have considered, among others, the accounting guidance under Hong Kong Financial Reporting Standard ("HKFRS") 15 as well as the specific indicators for a principle and agent relationship which included: (1) whether the Group is primarily responsible for fulfilling the promise to provide the specified goods or services; (2) whether the Group has inventory risk before the specified goods or services has been transferred to a customer; and (3) whether the Group has discretion in establishing the prices for the specified goods or services. In assessing each of the aforesaid indicators, CL Partners conducted the following audit works:

- (1) Understood, evaluated and tested, on a sample basis, the key controls over management's principal-agent assessment, including management's approval and review of sales contracts;
- (2) Discussed with management and understood the indicators and judgement which management considered and applied when performing principal-agent assessment under different circumstances;
- (3) Understood and evaluated the experience, competence and capabilities of the key management and employees in fulfilling the promise to provide the contractually agreed services to the customers;
- (4) Conducted internet and company searches on customers and suppliers, on sample basis, to identify newly incorporated working parties and potential relationship between customers and suppliers;

- (5) Checked the online marketing solution services transactions, on a sample basis, for the key indicators that management considered in the principal-agent assessment to the relevant evidence, including the relevant sales contracts (focusing on scope of service and pricing terms), reports/screenshots generated from data management platform which manages advertisement creation and placement, and contracts of traffic acquisition from media partners. Also interviewed the Company's key employees and observed the process on how they created and placed advertisement on the data management platform for the selected customers; and
- (6) For the above samples selected, considered whether the judgements made by management in assessing gross versus net basis would give rise to indicators of possible management bias.

Based on the above, CL Partners had confirmed with the Company that all information necessary for the audit of the 2023 Annual Results had been provided, and they had obtained sufficient and appropriate audit evidence to complete the audit of the 2023 Annual Results.

(c) *Audit Committee's view on CL Partners' audit procedures*

The audit committee of the Company (the "**Audit Committee**") has been closely monitoring the audit procedures of the Company since the preparation of the 2023 Annual Results and has maintained ongoing communications with the Board. During the final audit meeting on 27 September 2024, CL Partners presented in detail its audit procedures and findings to the Audit Committee. The Audit Committee considered that CL Partners has adequately performed the necessary audit procedures in compliance with the applicable accounting standards and is satisfied with CL Partners' findings and conclusion on the appropriateness of the adoption of the gross revenue accounting treatment in reporting the revenue generated by Beijing Jusheng.

(d) *Audit opinion*

In CL Partners' 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 HKFRS and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

(e) ***Material uncertainty related to going concern***

CL Partners has conducted an assessment of the Group's going concern and has identified a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The Board and the Company are considering a number of financing measures 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) 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 (iii) 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 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. CL Partners' opinion is not modified in respect of this matter.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended since 9:00 a.m. on 2 April 2024. As the Resumption Guidance has been fully fulfilled to the Stock Exchange's satisfaction, an application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 30 September 2024.

Shareholders and potential investors are advised to exercise caution when dealing in the shares and/or securities of the Company.

By Order 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 Jihua 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.