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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)

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS AND
(2) CLOSURE OF THE REGISTER OF MEMBERS**

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.120 per Rights Share, to raise up to (i) approximately HK\$78.4 million (before deducting professional fees and other related expenses) by issuing up to 653,383,500 Rights Shares (assuming no changes in the share capital of the Company on or before the Record Date); or (ii) approximately HK\$87.7 million (before deducting professional fees and other related expenses) by issuing up to 731,204,511 Rights Shares (assuming no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds) to the Qualifying Shareholders.

The Subscription Price of HK\$0.120 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

Assuming no change in the number of issued Shares on or before the Record Date, the Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) 50.0% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Subject to the fulfilment and/or waiver (where applicable) for the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

If there is an under-subscription of the Rights Issue as a result of Untaken Rights not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. If there is an undersubscription of the Rights Issue as a result of Untaken Rights not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 27 February 2024 to Monday, 4 March 2024 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

LISTING RULES IMPLICATIONS

The Rights Issue is not subject to Shareholders' approval under the Listing Rules and will be carried out in compliance with Rule 7.21(1) of the Listing Rules.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment and/or waiver (where applicable) of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed "Conditions of the Rights Issue" in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied and/or waived (where applicable), the Rights Issue will not proceed.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled and/or waived (where applicable), and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.120 per Rights Share, to raise up to (i) approximately HK\$78.4 million (before deducting professional fees and other related expenses) by issuing up to 653,383,500 Rights Shares (assuming no changes in the share capital of the Company on or before the Record Date); or (ii) approximately HK\$87.7 million (before deducting professional fees and other related expenses) by issuing up to 731,204,511 Rights Shares (assuming no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds) to the Qualifying Shareholders.

The Rights Issue will not be extended to the Excluded Shareholder(s). The terms of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.120 per Rights Share
Number of Shares in issue as at the date of this announcement	:	1,306,767,000 Shares
Number of Rights Shares to be issued under the Rights Issue	:	Up to 653,383,500 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) Up to 731,204,511 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the conversion in full of the Convertible Bonds)
Aggregate nominal value of the Rights Shares	:	Up to HK\$65,338,350.00 (assuming no change in the number of Shares in issue on or before the Record Date) Up to HK\$73,120,451.10 (assuming no change in the number of Shares in issue on or before the Record Date other than the conversion in full of the Convertible Bonds)

Total number of Shares in issue : Up to 1,960,150,500 Shares (assuming no change in upon completion of the Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date))

Up to 2,193,613,534 Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the conversion in full of the Convertible Bonds)

Gross proceeds from the proposed Rights Issue : Up to approximately HK\$78.4 million (assuming no changes in the share capital of the Company on or before the Record Date and all the Rights Shares are taken up)

Up to approximately HK\$87.7 million (assuming no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds and all the Rights Shares are taken up)

Net price per Rights Share : Approximately HK\$0.118 per Rights Share (assuming no changes in the share capital of the Company on or before the Record Date)

Approximately HK\$0.119 per Rights Share (assuming no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds)

As at the date of this announcement, there are outstanding Convertible Bonds in the aggregate principal amount of HK\$40,000,000, which are convertible into 155,642,023 new Shares at a conversion price of HK\$0.257 per Share. Assuming full conversion of the Convertible Bonds, the maximum number of new Shares that would fall to be allotted and issued under the terms and conditions of the Convertible Bonds on or before the Record Date would be 155,642,023 Shares, which would result in the issue and allotment of 77,821,011 additional Rights Shares.

As at the date of this announcement, save as disclosed above, the Company (a) has no other outstanding derivatives, options, warrants, conversion securities or other similar securities which are convertible or exchangeable into Shares; and (b) has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no change in the number of issued Shares on or before the Record Date, the Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) 50.0% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Subscription Price

The Subscription Price of HK\$0.120 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or, where applicable, applies for excess Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 9.77% to the closing price of HK\$0.133 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 12.03% to the average closing price of approximately HK\$0.136 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 13.04% to the average closing price of approximately HK\$0.138 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 6.98% to the theoretical ex-rights price of approximately HK\$0.129 per Share based on the closing price of HK\$0.133 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a premium of approximately 14.29% to the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2022 of approximately HK\$0.105 per Share, which is calculated by dividing the audited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$137,463,000 as at 31 December 2022 as set out in the annual report of the Company for the year ended 31 December 2022 by the number of Shares as at the date of this announcement;
- (vi) a premium of approximately 7.14% to the unaudited consolidated net asset value per Share attributable to the Shareholders as at 30 June 2023 of approximately HK\$0.112 per Share, which is calculated by dividing the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$124,086,000 as at 30 June 2023 as set out in the interim report of the Company for the six months ended 30 June 2023 by the number of Shares as at the date of this announcement;
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 3.68%, represented by the theoretical diluted price of approximately HK\$0.131 per Share to the benchmarked price of approximately HK\$0.136 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of this announcement).

The Subscription Price was determined with reference to, among other things, the recent market prices of the Shares, the current market conditions, the financial position of the Group and the reasons and benefits of the Rights Issue as discussed in the section headed “Reasons for the Rights Issue and Use of Proceeds” in this announcement.

The Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The theoretical dilution price, the benchmarked price and the theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) for the Rights Issue are approximately HK\$0.131 per Share, HK\$0.136 per Share and approximately 3.68%. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) Shares held by a Qualifying Shareholder as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date.

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong for registration by no later than 4:00 p.m. on Monday, 26 February 2024.

The last day of dealings in the Shares on a cum-rights basis is Thursday, 22 February 2024. The Shares will be dealt with on an ex-rights basis from Friday, 23 February 2024.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

Excluded Shareholder(s)

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Directors will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Excluded Shareholder(s). The basis for excluding the Excluded Shareholders(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will despatch the Prospectus Documents to the Qualifying Shareholders only and will, subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant overseas jurisdictions of the Overseas Shareholders, if any, and to the extent reasonably practicable, send the Prospectus (excluding the PAL and EAF) to the Excluded Shareholder(s) for information purposes only.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in their nil-paid form, to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Excluded Shareholder(s) in Hong Kong dollars. The Company will retain individual amount of less than HK\$100 for its own benefit. Any unsold entitlements of the Excluded Shareholders will be made available for excess application by the Qualifying Shareholders.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares in issue at the date of allotment and issue of the Rights Shares. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and sold by the Company in the open market if a premium (net of expenses) can be obtained. Any unsold fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders. No odd-lot matching services will be provided.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for, by way of excess application:

- (i) any unsold entitlements to the Rights Shares of the Excluded Shareholder(s) (if any);
- (ii) any unsold Rights Shares created by aggregating fractions of the Rights Shares; and
- (iii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares.

(i) to (iii) collectively referred to as “**Untaken Rights**”.

Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and
- (iv) pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any controlling shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Right Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under PALs is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, investors should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually. Investors whose Shares are held by a nominee company (or held through CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. For those investors who would like to have their names registered on the register of members of the Company, all necessary documents must be lodged with the Registrar, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong for registration by no later than 4:00 p.m. on Monday, 26 February 2024.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

The board lot size of the nil-paid Rights Shares shall be the same as that of the fully-paid Rights Shares, i.e. 2,000 Shares in one board lot.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy or any other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for Rights Issues

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Wednesday, 27 March 2024.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Wednesday, 27 March 2024 by ordinary post to the applicants' registered address, at their own risk.

The Rights Issue on a non-underwritten basis

Subject to the fulfilment and/or waiver (where applicable) for the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. If there is an under-subscription of the Rights Issue as a result of Untaken Rights not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholder(s) who apply to take up all or part of its entitlement under PAL or applies for excess Rights Shares under EAF may unwittingly incur an obligation to make a general offer under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will, pursuant to Rule 7.19(5) of the Listing Rules, provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder (except for HKSCC Nominees Limited) for his/her/its entitlement under the PAL or for excess Rights Shares under the EAF will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code.

As at the date of this announcement, the Company has not received any undertaking from any substantial shareholder of the Company of any intention as to whether such Shareholder will take up his/her/its entitlements under the Rights Issue (or otherwise).

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment, non-occurrence or waiver (as appropriate) of each of the following conditions:

- (a) the meeting(s) of the Board properly and validly convened to approve and implement the Rights Issue;
- (b) the Stock Exchange having authorised the registration of, and the Companies Registry in Hong Kong having registered, respectively, each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other accompanying documents required) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) not later than the Prospectus Posting Date;
- (c) to the extent permitted under all applicable laws and regulations and the Company's constitutional documents, the Prospectus being made available on the Company's website and the Stock Exchange's website and the sending of PAL and EAF to the Qualifying Shareholders on the Prospectus Posting Date;
- (d) the Listing Committee granting and not having revoked, listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Prospectus Posting Date and such listings and permission to deal not having been withdrawn or revoked;
- (e) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;
- (f) there shall not have occurred and be continuing any of the following:
 - (i) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Company in any material respect affect the success of the Rights Issue (such success being the taking up of the Rights Shares by the Shareholders or the transferees of the nil-paid rights) or otherwise in the absolute opinion of the Company makes it inexpedient or inadvisable or inappropriate for the Company to proceed with the Rights Issue; or

- (ii) any event of force majeure including, without limiting the generality thereof, any act of God, war, fire, flood, explosion, epidemic, terrorism, which in any material respect adversely affect the business or the financial or trading position or prospects of the Company or the Rights Issue; or
- (iii) any other material adverse change in relation to the business or the financial or trading position or prospects of the Company occurs, whether or not of the same kind with any of the foregoing; or
- (iv) any suspension in the trading of the securities generally or the Company's securities on the Stock Exchange for a period of more than 30 consecutive trading days occurs, excluding any halt or suspension in connection with the clearance of the announcement or circular or prospectus of the Company for the Rights Issue or other announcements or circulars in connection with the Rights Issue.

The Company shall use all reasonable endeavours to procure the fulfilment of the above conditions by the respective dates specified above. If any of the conditions above are not fulfilled, the Rights Issue will not proceed.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment and/or waiver (where applicable) of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed "Conditions of the Rights Issue" in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. If there is an undersubscription of the Rights Issue as a result of Untaken Rights not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled and/or waived (where applicable), and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 27 February 2024 to Monday, 4 March 2024 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

EXPECTED TIMETABLE

Event	Time and Date (Hong Kong time)
Date of the Rights Issue announcement	Monday, 19 February 2024
Last day of dealings in the Shares on a cum-rights basis of the Rights Issue	Thursday, 22 February 2024
First day of dealings in the Shares on an ex-rights basis of the Rights Issue	Friday, 23 February 2024
Latest time for lodging transfer of Shares in order to qualify for the Rights Issue	4:00 p.m. on Monday, 26 February 2024
Register of members of the Company closes for determining entitlements to the Rights Issue (both days inclusive)	Tuesday, 27 February 2024 to Monday, 4 March 2024
Record Date	Monday, 4 March 2024
Register of members of the Company re-opens.	Tuesday, 5 March 2024
Despatch of the Prospectus Documents	Tuesday, 5 March 2024
First day of dealings in nil-paid Rights Shares	Thursday, 7 March 2024
Latest time for splitting of PALs	4:00 p.m. on Monday, 11 March 2024
Last day of dealings in nil-paid Rights Shares	Thursday, 14 March 2024
Latest Time for Acceptance of and payment for the Rights Shares and application for and payment for excess Rights Shares	4:00 p.m. on Tuesday, 19 March 2024

Event	Time and Date (Hong Kong time)
Latest time for the Rights Issue to become unconditional.	4:30 p.m. on Wednesday, 20 March 2024
Announcement of results of the Rights Issue.	Tuesday, 26 March 2024
Despatch of refund cheques for wholly or partially unsuccessful excess applications, if any.	Wednesday, 27 March 2024
Despatch of share certificates for fully-paid Rights Shares	Wednesday, 27 March 2024
Commencement of dealings in the fully-paid Rights Shares	9:00 a.m. on Thursday, 28 March 2024

All times and dates in this announcement refer to Hong Kong local times and dates.

Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE

Whenever any part of the expected timetable of the Rights Issue may be interrupted by a typhoon, a black rainstorm warning or Extreme Conditions, the Company shall properly inform the Shareholders of the corresponding contingency arrangements, which contingency arrangements shall include the Latest Time for Acceptance not taking place on the time as scheduled:

- (a) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 5:00 p.m. on the same Business Day; or
- (b) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest time for Acceptance does not take place on or before 4:00 p.m. on Tuesday, 19 March 2024, the dates mentioned in the section headed “Expected timetable” in this announcement may be affected. An announcement will be made by the Company in such event.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue (assuming all Shareholders have taken up their entitled Rights Shares); and (iii) Immediately after completion of the Rights Issue (assuming none of the Shareholders have taken up any entitled Rights Share), for illustration purposes only:

Assuming there are no changes in the share capital of the Company on or before the Record Date:

Shareholders	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming all Shareholders take up their respective entitlements to the Rights Shares in full)		Immediately after completion of the Rights Issue (assuming nil acceptance by the Shareholders of their entitlements to the Rights Shares)	
	<i>Number of Shares held</i>	<i>%</i>	<i>Number of Shares held</i>	<i>%</i>	<i>Number of Shares held</i>	<i>%</i>
Lytton Maison Limited (Note 1)	796,875,490	60.98%	1,195,313,235	60.98%	796,875,490	60.98%
Hu Jiangbing (Note 2)	850,000	0.07%	1,275,000	0.07%	850,000	0.07%
Public Shareholders	509,041,510	38.95%	763,562,265	38.95%	509,041,510	38.95%
Total	<u>1,306,767,000</u>	<u>100.00%</u>	<u>1,960,150,500</u>	<u>100.00%</u>	<u>1,306,767,000</u>	<u>100.00%</u>

Notes:

1. Lytton Maison Limited, is a limited company incorporated in the British Virgin Islands and solely owned by Ms. Shi Qi, an executive Director and the Chairlady of the Board, and is interested in 796,875,490 shares. The 796,875,490 shares held by Lytton Maison Limited, are charged to Mason Resources Finance Limited. To the best knowledge of the Directors, Mason Resources Finance Limited was an indirect wholly-owned subsidiary of Mason Group Holdings Limited.
2. Mr. Hu Jiangbing is an independent non-executive Director.
3. The above percentage figures are subject to rounding adjustments.

Assuming there are no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds:

Shareholders	Assuming all Convertible Bonds are converted on or before the Record Date		Immediately after completion of the Rights Issue (assuming all Shareholders take up their respective entitlements to the Rights Shares in full)		Immediately after completion of the Rights Issue (assuming nil acceptance by the Shareholders of their entitlements to the Rights Shares)	
	<i>Number of Shares held</i>		<i>Number of Shares held</i>		<i>Number of Shares held</i>	
		%		%		%
Lytton Maison Limited (Note 1)	796,875,490	54.49%	1,195,313,235	54.49%	796,875,490	54.49%
Hu Jiangbing (Note 2)	850,000	0.06%	1,275,000	0.06%	850,000	0.06%
Rising Jiarui (Note 3)	155,642,023	10.64%	233,463,034	10.64%	155,642,023	10.64%
Public Shareholders	509,041,510	34.81%	763,562,265	34.81%	509,041,510	34.81%
Total	<u>1,462,409,023</u>	<u>100.00%</u>	<u>2,193,613,534</u>	<u>100.00%</u>	<u>1,462,409,023</u>	<u>100.00%</u>

Notes:

1. Lytton Maison Limited, is a limited company incorporated in the British Virgin Islands and solely owned by Ms. Shi Qi, an executive Director and the Chairlady of the Board, and is interested in 796,875,490 shares. The 796,875,490 shares held by Lytton Maison Limited are charged to Mason Resources Finance Limited. To the best knowledge of the Directors, Mason Resources Finance Limited is an indirect wholly-owned subsidiary of Mason Group Holdings Limited.
2. Mr. Hu Jiangbing is an independent non-executive Director.
3. Rising Jiarui Investment Management Co., Ltd (北京日信嘉銳投資管理有限公司) (“**Rising Jiarui**”) is a company established in the PRC with limited liability. To the best knowledge of the Directors, Rising Jiarui is owned as to 60% by Mr. Li Bing and 40% by Mr. Zhang Baohui.
4. The above percentage figures are subject to rounding adjustments.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in the design, research and development, and manufacturing of new eco-friendly silicone products, and its product categories cover, amongst others, new energy vehicles, photovoltaic components, aerospace materials, medical devices, consumer electronics, and beauty products. In addition to the aforesaid principal business, the Group is also engaged in (i) the provision of healthcare and hotel services; (ii) the operation of retail business in the United Kingdom; (iii) the operation of international digital marketing business; and (iv) the operation of businesses in the digital economy and new energy vehicle industry.

As part of the Company's business strategy, the Group has commenced business expansion plans to strengthen its silicone products business and new energy sector capabilities. These plans involve long term investments and additional funding is required for such expansions. As disclosed in previous announcement of the Company on 10 July 2023, HK\$15 million had been applied towards funding the development of its new silicone materials business, which has since been fully utilized.

The estimated net proceeds of the Rights Issue (after deduction of estimated professional fees and other related expenses of approximately HK\$1.0 million) will be up to (i) approximately HK\$77.4 million (assuming no changes in the share capital of the Company on or before the Record Date); or (ii) approximately HK\$86.7 million (assuming no changes in the share capital of the Company on or before the Record Date other than the conversion in full of the Convertible Bonds).

Assuming the Rights Issue is fully subscribed and there will be no changes in the share capital of the Company on or before the Record Date, the Company intends to apply the net proceeds from the Rights Issue in the following manner:

- (a) Approximately HK\$16.3 million (being approximately 21% of the net proceeds) is intended to be applied towards the Group's silicone product business for the research, development and manufacturing of new environmentally friendly silicone products;
- (b) Approximately HK\$38.7 million (being approximately 50% of the net proceeds) is intended to be applied towards the Group's investment in new energy projects in the PRC. With the growing global demand for clean energy, the new energy vehicle market is facing unprecedented development opportunities. In accordance with the Group's business strategy, the Group will actively invest in the digital economy and new energy industry. As at the date of this announcement, the Group has established a joint venture with Contemporary Intelligence Technology (Fujian) Ltd. (時代智慧實業(福建)有限公司) and Shenzhen Zhonghong Investment Development Limited* (深圳市中竝投資發展有限公司) in Shenzhen, China, pursuant to which the parties seek to leverage their respective strength and resources to promote the development of the new energy vehicle industry and to provide comprehensive solutions and services for new energy vehicles. At the same time, the Group has also reached a cooperation agreement with Hangzhou Taipu Automobile Technology Co., Ltd* (杭州太僕汽車科技有限公司) pursuant to which the parties seek to leverage their complementary strengths to develop new energy vehicles charging station business in the PRC; and
- (c) Approximately HK\$22.4 million (being approximately 29% of the net proceeds) is intended to be used as general working capital of the Group for purposes including, but not limited to, the Group's daily expenses, part repayment of the Group's commercial loans and repayment of interests and fees for various professional services.

In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

Apart from the Rights Issue, the Directors have considered other debt or equity fundraising alternatives such as bank borrowings, placing or an open offer. The Directors note that bank borrowings, if available, carry additional interest costs and create pressure to the liquidity of the Company, and placing of new shares dilutes the interests of existing Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid Rights Shares in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group. Having considered the above alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole and that the Rights Issue is an appropriate fundraising method to strengthen the capital base of the Company, which in turn will support the Company's continuing development and business growth, while allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Set out below is the fundraising activities conducted by the Company during the past twelve months immediately prior to the date of this announcement:

Date of announcement of completion	Event	Net Proceeds	Intended use of proceeds	Actual use of proceeds as at the date of announcement
21 July 2023	Issue of convertible bonds in the principal amount of HK\$40 million under general mandate granted by the Shareholders at the annual general meeting held on 29 June 2023	HK\$40 million	Business development and general working capital of the Group	The net proceeds have been fully utilized as intended.

Save for the above, the Company has not conducted any other fundraising exercise in the past twelve months immediately preceding the date of this announcement.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement and the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not subject to Shareholders' approval under the Listing Rules.

GENERAL

Subject to the fulfillment of certain conditions of the Rights Issue, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on Tuesday, 5 March 2024. The Company will despatch the Prospectus to the Excluded Shareholders (if any) to the extent legally permitted for their information only, but the Company will not send the PALs and EAFs to the Excluded Shareholders.

DEFINITIONS

Terms used in this announcement have the following meanings unless the context otherwise requires:

“AFRC”	the Accounting and Financial Reporting Council in Hong Kong
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in effect

“Company”	Ta Yang Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1991)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Convertible Bonds”	the 10% per annum, 3 years convertible bond in the principal amount of HK\$40,000,000 issued by the Company on 21 July 2023 which are convertible into 155,642,023 Shares at the initial conversion price of HK\$0.257 per Share
“Director(s)”	the director(s) of the Company for the time being
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess for their provisional entitlements under the Rights Issue
“Excluded Shareholder(s)”	the Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue
“Extreme Conditions”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	19 February 2024, being the last trading day of the Shares on the Stock Exchange before the release of this announcement

“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 19 March 2024 (or such later time or date as may be determined by the Company), being the last day for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus (including any supplementary prospectus, if any) to be despatched to the Qualifying Shareholders (and the Excluded Shareholder(s) for information only) in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Tuesday, 5 March 2024 or such other date as may be determined by the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders (or in case of Excluded Shareholder(s), the Prospectus only)
“Qualifying Shareholder(s)”	Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Monday, 4 March 2024 (or on such other date as the Company may determine), being the date by reference to which the Shareholders’ entitlements to the Rights Issue will be determined
“Registrar”	Union Registrars Limited, the Hong Kong branch share registrar and transfer office of the Company

“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price
“Rights Shares”	the new Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.120 per Rights Share
“substantial shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent

By order of the Board
Ta Yang Group Holdings Limited
Shi Qi
Chairlady

Hong Kong, 19 February 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.

* For identification purpose only