

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.



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)

SUPPLEMENTAL ANNOUNCEMENT ON THE AUDITED ANNUAL RESULTS FOR THE SEVENTEEN MONTHS ENDED 31 DECEMBER 2019

The board of directors (the “**Board**”) of Ta Yang Group Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the audited results of the Group for the 17 months ended 31 December 2019 (“**Audited Results**”).

References are made to the announcements of the Company (i) on 31 March 2020 relating to the unaudited consolidated annual results of the Group for the 17 months ended 31 December 2019 (“**Unaudited Results**”) and (ii) on 29 April 2020 relating to the delay of despatch of annual report for the 17 months ended 31 December 2019 (“**Annual Report**”).

AUDITOR’S AGREEMENT ON THE AUDITED RESULTS

The Board announced that the Company’s auditor, Elite Partners CPA Limited, has completed its audit of the annual results of the Group for the 17 months ended 31 December 2019 in accordance with Hong Kong Standard on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The Audited Results remain substantially the same as the Unaudited Results, except for the following major adjustments with details set out below:

(1) Changes on consolidated statement of profit and loss and other comprehensive income

	For the period ended		Difference	<i>Notes</i>
	31 December	31 December		
	2019	2019		
	<i>(Audited)</i>	<i>(Unaudited)</i>		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	520,956	520,956	—	
Cost of sales	<u>(416,002)</u>	<u>(416,002)</u>	—	
Gross profit	104,954	104,954	—	
Other operating income	71,054	72,825	(1,771)	a
Selling and distribution expenses	(26,863)	(26,863)	—	
Administrative expenses	(196,713)	(183,406)	(13,307)	b
Other expenses	(2,367)	(3,159)	792	
Share of results of associates	(1,776)	(22,913)	21,137	c
Finance costs	(28,322)	(28,322)	—	
Impairment losses under expected credit loss model, net of reversal	<u>(3,063)</u>	<u>(3,075)</u>	12	
(Loss) profit before tax	(83,096)	(89,959)		
Income tax expense	<u>(7,884)</u>	<u>(17,783)</u>	9,899	b
Loss for the period/year	<u><u>(90,980)</u></u>	<u><u>(107,742)</u></u>	16,762	

(2) Changes on consolidated statement of financial position

	31 December 2019 (Audited) HK\$'000	31 December 2019 (Unaudited) HK\$'000	Difference HK\$'000	Notes
Non-current assets				
Property, plant and equipment	153,964	150,384	3,580	e
Intangible assets	—	370	(370)	
Prepaid lease payments	114,522	110,744	3,778	e
Investment properties	87,191	87,191	—	
Financial assets at fair value through other comprehensive income	2,648	2,648	—	
Available-for-sale financial assets	—	—	—	
Interests in associates	60,246	39,629	20,617	e
Deposits for acquisition of land use rights	—	—	—	
	<u>418,571</u>	<u>390,966</u>		
Current assets				
Inventories	31,734	31,734	—	
Trade and other receivables	247,451	241,362	6,089	e
Prepaid lease payments	2,465	2,465	—	
Held-for-trading investments	116	116	—	
Pledged bank deposit	1,110	—	1,110	e
Bank balances and cash	94,908	95,257	(349)	
	<u>377,784</u>	<u>370,934</u>		
Non-current assets classified as held for sale	—	—		
	<u>377,784</u>	<u>370,934</u>		
Current liabilities				
Trade and other payables	132,404	100,232	32,172	e
Income tax payable	38,387	48,243	(9,856)	e
Secured bank borrowings	276,350	276,350	—	
	<u>447,141</u>	<u>424,825</u>		
Net current (liabilities)/assets	<u>(69,357)</u>	<u>(53,891)</u>		
Total assets less current liabilities	<u>337,075</u>	<u>337,075</u>		

	31 December 2019 (Audited) HK\$'000	31 December 2019 (Unaudited) HK\$'000	Difference HK\$'000	<i>Notes</i>
Capital and reserves				
Share capital	87,118	87,118	—	
Reserves	<u>246,647</u>	<u>231,087</u>	15,560	e
Equity attributable to owners of the Company	333,765	318,205	15,560	
Non-controlling interests	<u>3,155</u>	<u>(2,275)</u>	5,430	
Total equity	<u><u>336,920</u></u>	<u><u>315,930</u></u>		
Non-current liabilities				
Secured bank borrowings	3,330	3,330	—	
Deferred income	3,112	3,112	—	
Deferred tax liabilities	<u>13,860</u>	<u>14,703</u>	(843)	
	<u><u>20,302</u></u>	<u><u>21,145</u></u>		
	<u><u>357,222</u></u>	<u><u>337,075</u></u>		

Notes

(a) Other operating income

Being adjustments for the gain on disposal of subsidiaries and reclassification of certain items to other operating expenses.

(b) Administrative expenses

Being adjustments for recognition of expenses incurred during the period.

(c) Share of result of associate

Being adjustment for the share of results of associates.

(d) Taxation

Being adjustment for PRC Land Appreciation Tax recognised during the period.

(e) Property, plant and equipment, prepaid lease payment, pledged bank balance, trade and other receivables and trade and other payables

Being adjustments for:

- (i) Exchange difference arising on translation of foreign operation; and
- (ii) Reclassification between items among the consolidated statements of financial position in accordance with relevant recognition criteria.

Save as disclosed above, all other information in the announcement of the Company on 31 March 2020 relating to the Unaudited Results remains unchanged.

REVIEW OF AUDITED RESULTS BY AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has reviewed with the management of the Company and the Company’s external auditors the consolidated financial statements of the Group for the 17 months ended 31 December 2019, including accounting principles and practices adopted by the Group, and discussed the risk management, internal controls and financial reporting matters related to the preparation of the annual results of the Group for 2019.

The Group’s Audited Results have been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

EXTRACT OF THE AUDITOR’S REPORT

The following is the extract of the independent auditor’s report from the external auditor of the Company:

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 2019 and of its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with 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 as of 31 December 2019, the Group had net current liabilities of approximately HK\$69,357,000. 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.

PUBLICATION OF ANNUAL REPORT

As disclosed in the announcement of the Company on 29 April 2020, the Company proposes to have the Annual Report and the announcement of the Audited Results consolidated in one document containing disclosure as required under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This announcement, containing the full text of the Annual Report, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results. Printed version of the Annual Report will be delivered to the Shareholders on 15 May 2020.

By order of the Board
Ta Yang Group Holdings Limited
Shi Qi
Chairlady and Chief Executive Officer

Chengdu, 15 May 2020

As at the date this announcement, the Board comprises five executive Directors, namely Ms. Shi Qi, Mr. Yin Zhiqiang, Mr. Cheng Hong, Mr. Gao Feng and Mr. Zhao Ang; two non-executive Directors, namely, Mr. Han Lei and Mr. Sze Wai Lun; and five independent non-executive Directors, namely Mr. Lin Bing, Mr. Liu Gang, Ms. Zhang Lijuan, Mr. Hu Jiangbing and Ms. Wang Lina.

* *for identification purpose only*