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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)**

**(I) DISCLOSEABLE TRANSACTION  
IN RELATION TO THE LEASE AGREEMENTS;  
AND  
(II) UPDATE OF THE RETAIL SERVICE BUSINESS**

**THE LEASE AGREEMENTS**

The Board announces that on 11 May 2021, 22 October 2021 and 23 February 2022 (the United Kingdom time), East Shack, an indirectly non-wholly owned subsidiary of the Company, entered into the Lease Agreements pursuant to which East Shack agreed to lease the Premises 1, 2 and 3 respectively. The Group intended to utilize the Premises 1, 2 and 3 for operation of its retail service business.

**IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to HKFRS 16, the Company shall recognise the right-of-use asset in its consolidated financial statements as a result of the entering into of the Lease Agreements, and the transaction contemplated thereunder will be regarded as an acquisition of asset by the Group in accordance with Rule 14.04(1)(a) of the Listing Rules. As the Lease Agreements were conducted within a 12-month period prior to and inclusive of the date of the Lease Agreement 3, the transaction contemplated under the Lease Agreements were aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transaction contemplated under the Lease Agreements (as aggregated pursuant to Rule 14.22 of the Listing Rules) exceed 5% but are less than 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **(I) THE LEASE AGREEMENTS**

The Board announces that on 11 May 2021, 22 October 2021 and 23 February 2022 (the United Kingdom time), East Shack, an indirectly non-wholly owned subsidiary of the Company, entered into the Lease Agreements pursuant to which East Shack agreed to lease the Premises 1, 2 and 3 respectively.

Details of the Lease Agreements are summarised as follows:

### **Lease Agreement 1**

Date:	11 May 2021 (the United Kingdom time)
Lessee:	East Shack
Lessor:	Threadneedle Pensions Limited
Premises:	Part Ground Floor, The Heal's Building, 196 Tottenham Court Road, London W1
Use:	Retail
Terms:	11 May 2021 to 10 May 2031 (both days inclusive)
Rent-free period:	11 May 2021 to 10 November 2021
Rents:	GBP40,000 per annum for the first year from 11 November 2021 and GBP80,000 per annum thereafter, reviewable after 11 May 2026

### **Lease Agreement 2**

Date:	22 October 2021 (the United Kingdom time)
Lessee:	East Shack
Lessor:	GS Holloway Road GP Limited; and GS Holloway Road Nominee Limited
Premises:	Ground and Mezzanine floors of the commercial unit on 295 Holloway Road, London N7 8HS
Use:	Retail
Term of lease:	22 October 2021 to 21 October 2031 (both days inclusive)
Rent-free period:	22 October 2021 to 21 April 2023
Rent:	GBP100,000 per annum from 22 April 2023, reviewable after 22 October 2026

### **Lease Agreement 3**

Date:	23 February 2022 (the United Kingdom time)
Lessee:	East Shack
Lessor:	James Urquhart, Guy Forrester and Frank Green
Premises:	Ground floor premises situate at Unit 1 and 2, 31–39 Millharbour, London E14 9HB, and car parking spaces 10, 11, 12, 13, 14, 15 and 16 of The Icon, Millharbour, London E14 9TX
Use:	Retail
Term of lease:	23 February 2022 to 23 February 2032 (both days inclusive)
Rent-free period:	23 February 2022 to 23 August 2022
Rent:	GBP82,500 per annum for the first year from 24 August 2022 and GBP165,000 per annum thereafter, reviewable after 23 February 2027

The terms of each of the Lease Agreements were determined after arm's length negotiations between East Shack and the respective lessor(s) and with reference to the local leasing practices and the prevailing market price for properties of similar type, size and location. The rents under the Lease Agreements are expected to be funded by income of operating the retail business in such premises and/or the internal resources of the Group.

### **INFORMATION OF THE PARTIES**

#### **East Shack**

East Shack is a company incorporated in the United Kingdom and is principally engaged in the retail business. East Shack is an indirectly non-wholly owned subsidiary of the Company.

#### **Lessor 1**

Threadneedle Pensions Limited is a company incorporated in the United Kingdom. It is engaged in the business of life insurance and fund management.

#### **Lessor 2**

GS Holloway Road GP Limited and GS Holloway Road Nominee Limited both are companies incorporated in the United Kingdom for an on behalf of GS Holloway Road Limited Partnership (a limited partnership registered in the United Kingdom with number LP018847) which is engaged in property investment.

#### **Lessor 3**

James Urquhart, Guy Forrester and Frank Green are all individuals.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Lessor 1, the Lessor 2 and the Lessor 3 and their respective ultimate beneficial owners are Independent Third Parties.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENTS**

The Group is principally engaged in (i) designing and manufacturing of silicone rubber products; (ii) providing healthcare and hotel services; and (iii) providing retail services.

Reference is made to the announcement of the Company dated 26 January 2022 in relation to that the Group has resolved to commence its retail services business in the United Kingdom and launch the Group's silicone products directly to the end customers. In align with such business strategy, the Group has identified the Premises 1, 2 and 3 which are located in the areas with high population density and retailing potential. The terms of the Lease Agreements were determined after arm's length negotiations between the relevant parties and with reference to the prevailing market price of comparable premises in the vicinity. As entering into of the Lease Agreements is necessary for the retail services business, the Board considers that the terms of the Lease Agreements are on normal commercial terms and fair and reasonable, and the entering into of the Lease Agreements is in the interests of the Company and the Shareholders as a whole.

## **THE RIGHT-OF-USE ASSET**

The value of the right-of-use asset to be recognized by the Company in connection with the Lease Agreements is estimated to be approximately HK\$13,110,000, which is the present value of the aggregated lease payments in accordance with HKFRS 16 "Leases". The above estimated value of the right-of-use asset is subject to audit.

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to HKFRS 16, the Company shall recognize the right-of-use asset in its consolidated financial statements as a result of the entering into of the Lease Agreements, and the transaction contemplated thereunder will be regarded as an acquisition of asset by the Group in accordance with Rule 14.04(1)(a) of the Listing Rules. As the Lease Agreements were conducted within a 12-month period prior to and inclusive of the date of the Lease Agreement 3, the transaction contemplated under the Lease Agreements were aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transaction contemplated under the Lease Agreements (as aggregated pursuant to Rule 14.22 of the Listing Rules) exceed 5% but are less than 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **(II) UPDATE OF THE RETAIL SERVICE BUSINESS**

Upon entering into of the Lease Agreements, the Group will utilize its strength in silicone rubber products and market resources, with an aim to build its retail service brand — “YOHOME Oriental Life Style (有家東方生活範兒)” (the “**YOHOME Brand**”) in the United Kingdom. The product catalogue of the YOHOME Brand will cover high-quality silicone rubber products with oriental characteristics, and range from living utensils, kitchen utensils, stationaries to beauty products. Depending on the local tastes and demands, the YOHOME Brand may also include Asian snacks and food. The Group intended to create a cultural and life-style circle with oriental characteristics in the United Kingdoms, and serve the overseas Chinese and local customers who are fond of Asian culture.

As at this moment, the YOHOME Brand is focusing on physical retailing stores, but will actively study its expanding opportunities, which may include (i) launching brand flagship stores and life-experiencing halls; and (ii) establishing a comprehensive online shopping platform. Based on the local market demand in the United Kingdoms, the YOHOME Brand targets to build a commercial system which integrates both physical stores and online shopping, and focuses in both retailing services and social contacts.

The management of the Group has noticed that (i) the number of Chinese students in the United Kingdom have increased significantly in recent years, and indicated a large market potential of products with oriental characteristics and Asian snacks and food; (ii) more and more western people show a strong interest in eastern cultures, and become a significant portion of the target customers of the YOHOME Brand; and (iii) despite that there are Asian markets in each city of the United Kingdom, market saturation of the retail services which focus on Asian life-style remains low. On the other hand, the YOHOME Brand will not only largely utilize the production line and capacity of the Group’s silicone rubber products, but also expand its oversea markets and increase exportation. Such a business model will establish a more comprehensive industry chain of the Group’s silicone rubber products, and make it possible for the Group to deliver final products to the end customers at a lower price and higher quality. Finally, the YOHOME Brand is able to accede to material information about customer preference and demands, and increase the efficiency of the silicone business of the Group.

In light of the above, the Board is of the view that launching the YOHOME Brand is an organic extension of the Group’s silicone manufacturing business and may ultimately increase profitability of the Group, enhance the Group’s visibility and create value for the Shareholders. The Company will make further announcement(s) updating the business development of the Group as and when appropriate.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors of the Company
“Company”	Ta Yang Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“East Shack”	East Shack Limited, a company incorporated in the United Kingdom and an indirectly non-wholly owned subsidiary of the Company
“GBP”	British Pound, the lawful currency of the United Kingdom
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is(are) not connected with the Company and its connected persons (as defined in the Listing Rules)
“Lease Agreement 1”	the lease agreement dated 11 May 2021 (the United Kingdom time) and entered into between East Shack and the Lessor 1, in relation to the Premises 1
“Lease Agreement 2”	the lease agreement dated 22 October 2021 (the United Kingdom time) and entered into between East Shack and the Lessor 2, in relation to the Premises 2
“Lease Agreement 3”	the lease agreement dated 23 February 2022 (the United Kingdom time) and entered into between East Shack and the Lessor 3, in relation to the Premises 3
“Lease Agreements”	the Lease Agreement 1, the Lease Agreement 2 and the Lease Agreement 3
“Lessor 1”	Threadneedle Pensions Limited, a company incorporated in the United Kingdom and an Independent Third Party

“Lessor 2”	GS Holloway Road GP Limited and GS Holloway Road Nominee Limited, each being a company incorporated in the United Kingdom and an Independent Third Party
“Lessor 3”	James Urquhart, Guy Forrester and Frank Green, each being an individual and an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“the Premises 1”	Part Ground Floor, The Heal’s Building, 196 Tottenham Court Road, London W1
“the Premises 2”	Ground and Mezzanine floors of the commercial unit on 295 Holloway Road, London N7 8HS
“the Premises 3”	Ground floor premises situate at Unit 1 and 2, 31–39 Millharbour, London E14 9HB, and car parking spaces 10, 11, 12, 13, 14, 15 and 16 of The Icon, Millharbour, London E14 9TX
“United Kingdom”	The United Kingdom of Great Britain and Northern Ireland
“%”	per cent

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

Chengdu, 25 February 2022

*As at the date this announcement, the Board comprises four executive Directors, namely Ms. Shi Qi, Mr. Liu Wengang, Mr. Cheng Hong and Mr. Gao Feng; two non-executive Directors, namely, Mr. Han Lei and Mr. Chan Tsun Hong Philip; and three independent non-executive Directors, namely Mr. Lin Bing, Mr. Hu Jiangbing and Ms. Wang Lina.*