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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)**

**ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE**

**ISSUE OF CONVERTIBLE BONDS**

On 3 April 2023 (after trading hours), the Company entered into the Subscription Agreements with each of the Subscribers, pursuant to which the Company has conditionally agreed to issue, and the Subscribers have agreed to subscribe for, the Convertible Bonds in the aggregate principal amount of HK\$39,200,000.

Based on the initial Conversion Price of HK\$0.15 per Conversion Share, an aggregate of 261,333,333 Conversion Shares will be allotted and issued by the Company upon the exercise in full of the conversion rights attaching to the Convertible Bonds, representing: (a) approximately 20% of the existing issued share capital of the Company; and (b) approximately 16.66% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares, assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds.

The initial Conversion Price of HK\$0.15 represents: (a) a discount of approximately 18.92% to the closing price of HK\$0.185 per Share as quoted on the Stock Exchange on the date of signing of the Subscription Agreements; and (b) a discount of approximately 13.79% to the average closing price of HK\$0.174 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of signing of the Subscription Agreements.

The gross and net proceeds from the issue of the Convertible Bonds are expected to be HK\$39,200,000. The Company intends to use such net proceeds for business development and the working capital requirement of the Group.

The Conversion Shares will be issued and allotted under the General Mandate granted to the Directors at the AGM. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

**Completion of the Subscription Agreements is conditional upon, among other things, the listing of, and permission to deal in the Conversion Shares being granted by the Listing Committee of the Stock Exchange. Accordingly, the issue of the Convertible Bonds may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.**

## **THE SUBSCRIPTION AGREEMENTS**

On 3 April 2023 (after trading hours), the Company entered into the Subscription Agreements with each of the Subscribers, pursuant to which the Company has conditionally agreed to issue, and the Subscribers have agreed to subscribe for, the Convertible Bonds in the aggregate principal amount of HK\$39,200,000.

The principal terms of the Subscription Agreements and the Convertible Bonds are set out as follows:

### **Date**

3 April 2023

### **Parties**

- (1) The Company (as the issuer); and
- (2) The Subscribers (as the subscribers)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscribers and their respective ultimate beneficial owner are Independent Third Parties of the Company and they are third parties independent to each others as at the date of this announcement.

### **Principal terms of the Convertible Bonds**

#### **Principal Amount**

(a) Subscriber A: HK\$19,600,000

(b) Subscriber B: HK\$19,600,000

#### **Interest**

The Convertible Bonds shall bear interest at the rate of 10% per annum from the date of issuance and will be payable by the Company (a) half-yearly in arrears after the issuance date of the Convertible Bonds; or (b) on the date of redemption, conversion or maturity.

In the event that the Bondholder has converted part or whole of the principal amount of the Convertible Bonds held by it, the Bondholder shall be entitled to interest in respect of only such part of the remaining principal amount of the Convertible Bonds for which the Bondholder has not converted into Conversion Shares.

<b>Maturity Date</b>	The third anniversary of the date of issue of the Convertible Bonds (or if such date is not a business day, the next Business Day)
<b>Early Redemption</b>	<p>The Convertible Bonds may not be repaid or redeemed by the Bondholders before the Maturity Date in any event.</p> <p>Upon receiving a Conversion Notice by a Bondholder, the Company shall be entitled by written notice to the Bondholder to be given within five Business Days of the date of the relevant Conversion Notice to redeem the Convertible Bonds or such part of the subject of such Conversion Notice rather than to issue the relevant Shares, the amount payable on redemption in such case shall be the Conversion Price subject to adjustment.</p>
<b>Conversion Period</b>	The period commencing on the date falling three months after the date of issue of the Convertible Bonds up to five Business Days before the Maturity Date.
<b>Conversion Rights</b>	<p>The Bondholders will have the right to convert the whole or part of the principal amount of the Convertible Bonds held by it into Conversion Shares at any time during the Conversion Period in amounts of not less than a whole multiple of the Minimum Denomination on each conversion by delivering a Conversion Notice to the Company and the Certificate, provided that the Conversion Rights shall only be exercised to the extent that such exercise will not:</p> <ul style="list-style-type: none"> <li>(a) cause the Company to be unable to meet the minimum public float requirements under the Rule 8.08 of the Listing Rules;</li> <li>(b) result in change of control (as defined under the Takeovers Code) of the Company; or</li> <li>(c) result in the Bondholder and all other Persons acting in concert with it jointly controlling or being interested in, directly or indirectly, such percentage of the voting rights of the Company as would trigger a mandatory general offer as may be specified from time to time under the Takeovers Code.</li> </ul>

## **Conversion Price**

Initially HK\$0.15 per Conversion Share, subject to adjustments

The Conversion Price of HK\$0.15 per Conversion Share was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the recent trading prices of the Shares and represents:

- (a) a discount of approximately 18.92% to the closing price of HK\$0.185 per Share as quoted on the Stock Exchange on the date of signing of the Subscription Agreement; and
- (b) a discount of approximately 13.79% to the average closing price of HK\$0.174 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and immediately prior to the date of signing of the Subscription Agreements.

## **Adjustment to Conversion Price**

The Conversion Price shall from time to time be adjusted in accordance with the relevant provisions under the terms and conditions of the Subscription Agreements upon occurrence of the following events:

- (a) an alteration of the nominal amount of the Shares by reason of consolidation, subdivision or reclassification;
- (b) an issue of Shares credited as fully paid to Shareholders by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve);
- (c) a capital distribution (as such term is defined in the conditions of the Convertible Bonds) to Shareholders being made by the Company;
- (d) offer to the Shareholders new Shares for subscription by way of rights, or a granting the Shareholders any options or warrants to subscribe for new Shares, at a price which is less than 80% of the market price per Share at the date of the announcement of the terms of the offer or grant;
- (e) an issue wholly for cash of any securities which are convertible into or exchangeable for or carry rights of subscription for new Shares, and the relevant consideration per new Share initially receivable is less than 80% of the market price at the date of the announcement of the terms of issue of such securities;

- (f) modification of the rights of conversion, exchange or subscription attaching to any such securities mentioned in (e) above arises, so that the relevant consideration per new Share initially receivable is less than 80% of the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription
- (g) an issue of Shares being made wholly for cash at a price per Share which is less than 80% of the market price per Share on the date of the announcement of the terms of issue of such Shares; and
- (h) if the Company otherwise determines that an adjustment should be made to the Conversion Price.

### **Conversion Shares**

Based on the initial Conversion Price of HK\$0.15 per Conversion Share, an aggregate of 261,333,333 Conversion Shares will be allotted and issued by the Company upon the exercise in full of the conversion rights attaching to the Convertible Bonds, representing:

- (a) approximately 20% of the existing issued share capital of the Company; and
- (b) approximately 16.66% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares, assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds.

### **Transferability**

The Convertible Bonds may be assigned or transferred in whole or in part (being an authorised denomination) by the Bondholders to other transferee with prior written consent of the Company, provided that no Convertible Bonds shall be transferred to (a) any connected person (as defined in the Listing Rules) of the Company; or (b) any Person who is engaged in any competing business with the Company.

## Event of Default

The Bondholders may give notice to the Company that the Convertible Bonds are immediately due and repayable if:

- (a) the Company fails to pay the principal or the interest on the Convertible Bonds when due in accordance with the terms of the Subscription Agreements, then unless non-payment of such interest is due solely to administrative or technical error and payment is made within 7 days of the due date thereof;
- (b) the Company defaults in performance or observance or compliance with any of its other obligations set out in the Subscription Agreements which default is incapable of remedy or, if capable of remedy, is not in the reasonable opinion of the Bondholders remedied within 14 days after notice of such default shall have been given to the Company by the Bondholders;
- (c) any present or future indebtedness of the Company for or in respect of any bonds, debentures, notes or similar instruments of indebtedness or any other monies borrowed or raised becomes due and payable prior to its stated maturity otherwise than at the option of the Company, or is not paid when due or as the case may be, within any applicable grace period and the amount of such indebtedness exceeds the equivalent of HK\$40,000,000;
- (d) a security holder takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company;
- (e) the Company becomes insolvent or the Company shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, composition or insolvency law or scheme of arrangement while insolvent and such proceedings shall not have been discharged or stayed within a period of 30 days (or such longer period as the Bondholders may consider appropriate);
- (f) an order of court is made or an effective resolution of Shareholders is passed for the winding-up of the Company or the Company ceases or threatens to cease carrying on all or substantially all or a material part of its business or operations;

- (g) a moratorium is agreed or declared in respect of any indebtedness of the Company or any governmental authority or agency seizes, compulsorily purchases, expropriates or nationalizes all or a substantial part of the assets of the Company;
- (h) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any part of the property, assets or revenues of the Company and is not discharged or stayed within 45 days (or such longer period as the Bondholders may consider appropriate in relation to the event concerned and confirm so in writing);
- (i) proceedings shall have been initiated (that is, issued and served) against the Company under any applicable bankruptcy, composition or insolvency law or scheme of arrangement while insolvent and such proceedings shall not have been discharged or stayed within a period of 60 days (or such longer period as the Bondholders may consider appropriate and confirm so in writing);
- (j) any warranties given by the Company under the Subscription Agreements is or proves to have been incorrect or misleading in any material respect when made or deemed to be made, or there is a material breach by the Company of any warranties or obligation under the Subscription Agreements;
- (k) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Convertible Bonds; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Convertible Bonds admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done by the requisite time or, if in the opinion of the Bondholders such situation is capable of remedy, within 30 days of the time when the Company becomes (or ought reasonably to have become) aware of the same; or

- (1) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under the Convertible Bonds.

**Voting**

The Bondholders shall not be entitled to attend or vote at any meetings of the Company by reason only of them being the Bondholders.

**Listing**

No application will be made for a listing of the Convertible Bonds. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

**Ranking of the Conversion Shares**

The Conversion Shares will rank *pari passu* and carry the same rights and privileges in all respects with the Shares in issue as at the date of conversion.

**Conditions Precedent**

Completion of the Subscription Agreements shall be subject to and conditional upon the following:

- (a) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Subscribers shall reasonably object) listing of and permission to deal in the Conversion Shares to be issued upon the exercise of the Conversion Rights attached to the Convertible Bonds;
- (b) all other necessary consents, approvals, reports and filings pursuant to the Listing Rules and applicable laws for the consummation of the transactions contemplated in this Agreement having been obtained by the Company and the Subscribers;
- (c) all Company's warranties remaining true and accurate in all material respects and not misleading in any material respect; and
- (d) all Subscribers' warranties remaining true and accurate in all material respects and not misleading in any material respect.

The above condition precedent (c) and (d) can be fully or partly waived by the Company and the Subscribers respectively. However, the above condition precedent (a) and (b) cannot be waived by the Subscribers and the Company.

The Subscribers and the Company undertake to use their reasonable endeavours to ensure that the conditions precedent are fulfilled as early as practicable. If any of the conditions precedent is not fulfilled by the relevant party (the defaulting party) or waived (as the case may be) at or before 5:00 p.m. on the Long Stop Date, the other party (the non-defaulting party) may:

- (a) defer the Completion Date to a later date (without prejudice to its rights under the Subscription Agreements); or



- (b) terminate the Subscription Agreements pursuant to the terms therein without prejudice to the defaulting party's obligations under the Subscription Agreements.

### **General Mandate**

At the AGM of the Company held on 29 June 2022, an ordinary resolution was passed by the Shareholders granting the General Mandate to the Directors, pursuant to which the Directors are authorised to allot, issue and otherwise deal with such Shares not exceeding 20% of the number of Shares in issue as at the date of the AGM. The Company is authorized to allot and issue a maximum of 261,353,400 Shares under the General Mandate.

As at the date of this announcement, the General Mandate has yet been utilized. Accordingly, the Subscription Agreements and the transactions contemplated therein including the issue and allotment of Conversion Shares under the General Mandate are not subject to Shareholders' approval.

### **REASONS FOR THE SUBSCRIPTIONS AND THE USE OF PROCEEDS**

The Company is an investment holding company and the Group is principally engaged in (i) the designing and manufacturing of silicone rubber products; (ii) the provision of healthcare and hotel services; and (iii) the provision of retail services in the United Kingdom.

The Board has considered it beneficial to strengthen the capital base of the Group through the Subscriptions in preparation for the Group's long-term development and further strengthening of financial position of the Group. The issue of the Convertible Bonds will not have an immediate dilution effect on the shareholding of the existing Shareholders and the Conversion Price was arrived at arm's length negotiations between the Company and the Subscribers. The Directors also consider that the issue of Convertible Bonds will provide an opportunity for the Company, if the conversion rights attached to the Convertible Bonds are exercised, to enlarge and strengthen its capital base and also broaden its Shareholders base by the introduction of new investors.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreements (including the terms of the Convertible Bonds and the Conversion Price) are on normal commercial terms and are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Subject to the completion of the Subscriptions, the aggregate gross proceeds and the net proceeds from the Subscription will be HK\$39,200,000. The Company intends to use the net proceeds from the Subscriptions for business development and the general working capital of the Group.

### **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

No equity fund raising activities were conducted by the Company in the twelve months immediately preceding this announcement.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structures of the Company: (i) as at the date of this announcement; and (ii) assuming the full conversion of the Convertible Bonds but with no other changes in the share capital of the Company since the date of this announcement:

Shareholders	Existing shareholding structure as at the date of this announcement		Shareholding structure immediately upon full conversion of the Convertible Bonds	
	No. of Shares	%	No. of Shares	%
Ms. Shi Qi ( <i>Note 1</i> )	796,875,490	60.98%	796,875,490	50.82%
Mr. Hu Jianbing ( <i>Note 2</i> )	850,000	0.07%	850,000	0.05%
Subscriber A	—	—	130,666,666	8.33%
Subscriber B	—	—	130,666,666	8.33%
Other Public Shareholders	<u>509,041,510</u>	<u>38.95%</u>	<u>509,041,510</u>	<u>32.46%</u>
<b>Total</b>	<u><u>1,306,767,000</u></u>	<u><u>100.00%</u></u>	<u><u>1,568,100,332</u></u>	<u><u>100%</u></u>

*Notes:*

- (1) Ms. Shi Qi is an executive Director.
- (2) Mr. Hu Jianbing is an independent non-executive Director.

## GENERAL

Completion of the Subscriptions is subject to the satisfaction and/or waiver of the conditions precedent contained in the Subscription Agreements. Accordingly, the issue of the Convertible Bonds may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

## DEFINITIONS

“AGM”	the annual general meeting of the Company held on 29 June 2022
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds

“Business Day(s)”	any day (other than a public holiday, Saturday, Sunday 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 banks are generally open for business in Hong Kong.
“Certificate”	the certificate to be issued by the Company to the Subscribers in respect of the Convertible Bonds
“Company”	Ta Yang Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange with stock code 1991
“Completion Date”	seven Business Days following the date on which the conditions precedent of the Subscription Agreements are fulfilled or waived as the case may be or such other date as may be agreed by the Company and the Subscribers in writing
“Conversion Notice”	the conversion notice to be completed, executed and submitted by the Bondholders pursuant to the Subscription Agreements in the event of the conversion of the Convertible Bonds by the Bondholders
“Conversion Period”	the period during which the Convertible Bonds may be converted into the Conversion Shares, commencing on the date falling three months after the date of issue of the Convertible Bonds up to five Business Days before the Maturity Date
“Conversion Price”	the price per Conversion Share at which the principal amount of the Convertible Bonds may be converted into Shares, being HK\$0.15 per Conversion Share, subject to adjustments
“Conversion Rights”	The Bondholders will have the right to convert the whole or part of the principal amount of the Convertible Bonds held by it into Conversion Shares at any time during the Conversion Period in amounts of not less than a whole multiple of the Minimum Denomination on each conversion by delivering a Conversion Notice to the Company and the Certificate.
“Conversion Shares”	the new Share(s) to be allotted and issued by the Company upon the exercise by the Bondholders of the conversion rights attaching to the Convertible Bonds

“Convertible Bond(s)”	the 10% per annum, three-year convertible bond(s) in the aggregate principal amount of HK\$39,200,000 proposed to be issued by the Company under the Subscription Agreements
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue and otherwise deal with new Shares not exceeding 20% of the shares in issue as at the date of the AGM
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2023, or any other date as agreed in writing between the Subscribers and the Company under the Subscription Agreements
“Maturity Date”	the third anniversary from the date of issue of the Convertible Bonds
“Minimum Denomination”	the minimum denomination of the Convertible Bonds for the purposes of registration, holding, transfer, conversion or redemption, being HK\$100,000
“Person”	an individual, firm, corporation, partnership, association, limited liability company, union, trust or estate or any other entity or organisation whether or not having separate legal existence;
“Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the existing share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	China Xinhai Group Limited (中國心海集團有限公司) a company incorporated with limited liability in Hong Kong

“Subscriber B”	Beijing Xingxiang Technology Co., Limited* (北京星想科技有限公司) a company established in the People’s Republic of China with limited liability
“Subscribers”	collectively, Subscriber A and Subscriber B
“Subscription”	the subscription of the Convertible Bonds in the principal amount of HK\$39,200,000 by the Subscribers on the terms and subject to the conditions of the Subscription Agreements
“Subscription Agreements”	the conditional subscription agreements dated 3 April 2023 entered into between the Company and the Subscribers in relation to the subscription of the Convertible Bonds
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“%”	per cent.

\* For identification purpose only

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

Hong Kong, 3 April 2023

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