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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)**

**CLARIFICATION AND SUPPLEMENTAL ANNOUNCEMENT**

**DISCLOSEABLE TRANSACTION IN RELATION TO  
ACQUISITION OF 40% EQUITY INTERESTS  
IN THE TARGET COMPANY**

Reference is made to the announcement of Ta Yang Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 24 August 2023 (the “**Announcement**”) in relation to the acquisition of equity interests in the Target Company. Unless otherwise defined, capitalized terms used herein shall have the same meaning as defined in the Announcement.

**IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES**

The Board would like to clarify that, upon further assessment of the applicable percentage ratios under Rule 14.07 of the Listing Rules, one of the percentage ratios has exceeded 5% but remained below 25%. Thus, the Acquisition should constitute a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Due to the inadvertent mistake of the Company in the computation of the size tests pursuant to Chapter 14 of the Listing Rules, the Company has misclassified the Acquisition as a transaction which does not constitute a notifiable transaction of the Company and has not complied with the relevant notification and announcement requirements under Chapter 14 of the Listing Rules in a timely manner.

To prevent the re-occurrence of similar non-compliance incident, the Company will be more vigilant to the requirements of notifiable transactions under the Listing Rules and the Company has taken or will take the following remedial actions:

- (i) in addition to the Announcement, the Company hereby provides the supplement information in this announcement to inform the shareholders of the Company further details of the Acquisition which should have been timely disclosed on 16 January 2023;

- (ii) the Company will engage external adviser(s) to provide training to the Directors, senior management, company secretary and the responsible staff that handles transaction information of the Company on the compliance with the requirements of Chapter 14 of the Listing Rules;
- (iii) the Company shall further review its internal control and compliance system to improve its transaction reviewing and monitoring process, particularly on the classifications on notifiable transactions under Chapter 14 of the Listing Rules (the “**Internal Control Enhancement**”); and
- (iv) the Company shall, in case of any doubts on the classifications on notifiable transactions under Chapter 14 of the Listing Rules, timely seek advice from external adviser(s) on the required actions to be taken.

As part of the Internal Control Enhancement, the Company will ensure the strict implementation of the below protocol for the processing of any potential transactions of the Company:

- 1) The potential transaction would first be reviewed by two responsible staff from the finance department of the Company (the “**Responsible Staff**”), who shall be tasked with conducting preliminary diligence on the potential transaction by collecting all relevant information such as the draft transaction documents, background information of the counterparties and financial information relating to the subject matter of the transaction;
- 2) Based on the information collected during the due diligence process, the Responsible Staff shall then prepare the size test calculations following Chapter 14 of the Listing Rules and submit the results to both the chief operation officer and the company secretary of the Company for further inspection;
- 3) The chief operation officer and the company secretary of the Company shall review the information submitted by the Responsible Staff and check whether the appropriate figures are adopted for the calculation of each percentage ratio as required under Chapter 14 of the Listing Rules and assess whether the transaction give rise to any implications under the Listing Rules. Upon completion of the aforesaid, a summary report shall be prepared. In case of uncertainties, the Company’s external adviser(s) shall also be consulted;
- 4) The summary report would then be provided to at least two executive Directors of the Company for review and approval; and
- 5) If the potential transaction is confirmed to be a notifiable transaction, the two executive Directors will alert the Board and all information and documents collected will be submitted to the Board for their review and approval. The Board will also discuss the required actions to be taken in compliance with Chapter 14 of the Listing Rules.

To re-comply with the applicable notification and announcement requirements under the Listing Rules, the Board would like to provide the following supplemental information on the Acquisition in addition to information previously disclosed in the Announcement.

## INVESTMENT AGREEMENT

### Principal terms

- Date** : 16 January 2023 (after trading hours)
- Parties** :
- (1) Huarong Venture Capital Fund Management (Beijing) Company Limited\* (華融創投基金管理(北京)有限公司) (“**Investor**”);
  - (2) Beijing Jusheng Technology Company Limited\* (北京巨省科技有限公司) (“**Target Company**”);
  - (3) Beijing Congrongyoudao Management Advisory Limited\* (北京從容有道管理諮詢有限公司) (“**Beijing Congrongyoudao**”);
  - (4) Beijing Siyuanduxing Management Advisory Limited\* (北京思源篤行管理諮詢有限公司) (“**Beijing Siyuanduxing**”);
  - (5) Mr. Jia Hongwei;
  - (6) Mr. Ma Tao; and
  - (7) Ms. Wu Qingling

(parties (3) to (7) above collectively referred to as the “**Original Shareholders**”)

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Target Company and the Original Shareholders to the Investment Agreement are independent of and not connected with the Company and its connected persons.

- Subject Matter** : Pursuant to the Investment Agreement, the Investor agrees to subscribe for equity interests in the Target Company, the amount of which represents 40% of the enlarged share capital of the Target Company upon completion.

**Consideration** : The total consideration for the Acquisition is RMB14,000,000.

The terms of the Consideration were arrived at after arm's length negotiations between the parties to the Investment Agreement and having taken into account the valuation report (the "**Valuation Report**") prepared by an independent qualified valuer (the "**Valuer**"), the development plan, business prospect, recent financial performance and position of the Target Company. Based on the Valuation Report, the appraised total equity value of the Acquisition as at 31 December 2022 was approximately RMB14,300,000. Further details of the valuation are set out in the section headed "Valuation" below.

**Payment terms** : The Consideration shall be paid in accordance with the following schedule:

- (1) RMB500,000 payable before 20 March 2023;
- (2) RMB4,000,000 payable before 30 April 2023;
- (3) RMB3,500,000 payable before 20 May 2023;
- (4) RMB5,000,000 payable before 25 June 2023; and
- (5) RMB1,000,000 payable before 30 June 2023.

**Completion date** : 1 April 2023

**Conditions precedent** : Completion is conditional upon the following conditions being satisfied or waived by all parties to the Investment Agreement in writing:

- (a) the Investor has conducted and completed its due diligence on the Target Company to its satisfaction;

- (b) the Target Company has obtained all necessary approvals and authorisations in relation to the Acquisition and there are no encumbrances on the equity interests of the existing shareholders of the Target Company and the Acquisition shall not result in any conflict with any obligations (including, but limited to, contractual, personal and legal obligations) undertaken by the Target Company, Beijing Congrongyoudao, Beijing Siyuanduxing and their ultimate beneficial owners;
- (c) the Investor has obtained the necessary approvals from the relevant government or regulatory authorities in relation to the Acquisition; and
- (d) the representation and warranties provided by the Original Shareholders and Target Company remaining true and accurate in all material aspects up to the date of completion.

## VALUATION

In preparing the Valuation Report, the Valuer adopted a market approach to assess the total equity value of the Target Company, the methodology of which involves conducting a comparative analysis of the Target Company with other comparable companies with similar businesses. In doing so, the Valuer selected six public companies listed in Hong Kong and in the PRC that are also engaged in the advertising and media business (the “**Comparable Companies**”). In selecting the Comparable Companies, the Valuer looked at key value indicators such as multiples to earnings, book value, sales and cash flows, and took into consideration relevant adjustment factors to examine the differences between the Target Company and the Comparable Companies. The Valuer also adopted the following parameters in the valuation of the Target Company: 1) enterprise value-to-sales multiple of the Comparable Companies; 2) sales of the Target Company; 3) lack of marketability discount; and 4) total equity value.

## **INFORMATION OF THE PARTIES**

Set out below is the supplemental information on the parties to the Investment Agreement:

### **Beijing Congrongyoudao**

Beijing Congrongyoudao is a company limited by shares established in the PRC which is an investment holding company. It is wholly owned by Mr. Jia Hongwei.

### **Beijing Siyuanduxing**

Beijing Siyuanduxing is a company limited by shares established in the PRC which is an investment holding company. It is owned as to 99.9% and 0.1% by Mr. Ma Tao and Ms. Wu Qingling respectively.

## **INFORMATION ON TARGET COMPANY**

The Target Company is a limited liability company established under the laws of the PRC. Founded in September 2017, the Target Company is a professional digital marketing service company and principally engages in advertising and media business in the PRC. The Target Company has only commenced its business operation since July 2022.

Based on the audited financial statements of the Target Company for the year ended 31 December 2022, the net profit (before taxation) and net profit (after taxation) is approximately RMB320,440 and approximately RMB240,330 respectively. As at 31 December 2022, the audited total asset value and net asset value of the Target Company is approximately RMB18,213,063 and approximately RMB239,654 respectively.

## **COMPLETION**

The conditions have been fulfilled and the Acquisition was completed on 1 April 2023. The Consideration has been fully paid in cash in accordance with the terms of the Investment Agreement. Immediately following completion, the Investor has appointed three members to the board of directors of the Target Company in accordance to the Investment Agreement and has controlled the composition of a majority of the board of directors of the Target Company. As such, the Target Company's results have been consolidated into the financial statements of the Group. As of the date of this announcement, the Target Company is owned as to 40%, 30% and 30% by the Investor, Beijing Congrongyoudao and Beijing Siyuanduxing respectively.

Save as disclosed above, the Board confirms that the information in the Announcement remains unchanged.

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

Hong Kong, 28 September 2023

*As at the date of 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 four independent non-executive Directors, namely Mr. Chan Siu Tat, Mr. Hu Jiangbing, Ms. Wang Lina and Mr. Zheng Changxing.*

\* *For identification purpose only*