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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)

VOLUNTARY ANNOUNCEMENT
BUSINESS UPDATE

This announcement is made by Ta Yang Group Holdings Limited (the "**Company**") on a voluntary basis to provide the shareholders of the Company (the "**Shareholders**") and potential investors of the Company with an update on the latest business development of the Company and its subsidiaries (the "**Group**").

THE SANYA PROJECT AND THE HEALTHCARE AND HOSPITALITY BUSINESS

The Group ventured into the healthcare and hospitality business in the PRC after it acquired four hotel buildings at Sanya, Yalong Bay, Hainan Province, the PRC in 2016 (the "**Sanya Project**"). Details of the Sanya Project were set out in the announcement of the Company dated 21 June 2016 and the circular of the Company dated 12 August 2016.

Owing to macroeconomic factors in the real estate sector and the severe impact of the COVID-19 pandemic on tourism and hospitality, the Sanya Project has been underperforming and loss-making since 2021. As disclosed in the annual reports of the Company since the year ended 31 December 2021 and the interim reports of the Company since the period ended 30 June 2021, the Company's healthcare and hospitality business segment, which consists primarily of the Sanya Project, has been underperforming and was identified by the Board as being of low strategic importance to the Group, with minimal or no revenue contribution and continued segment losses.

In light of the sustained underperformance of the Sanya Project and the healthcare and hospitality business, the Board has since then been actively exploring opportunities to realise the value of its investments in this segment and to wind down and cease its healthcare and hospitality business operations.

THE ARBITRATION

In 2021, Ta Yang (Hainan) Health Industry Development Limited* (大洋(海南)健康產業發展有限公司) ("**Ta Yang Hainan**"), Ta Yang Medical Investment Limited (大洋醫療投資有限公司) ("**Ta Yang Medical**"), and the Company entered into a loan restructuring agreement with Chongqing Ji'ai No. 2 Enterprise Management Limited Partnership ("**Chongqing Ji Ai**"), pursuant to which the Chongqing Ji Ai provided financing equivalent to approximately RMB148 million (approximately HKD169 million), restructured to RMB143 million (approximately HKD163 million) (the "**Loan**"), to refinance an original bank loan in relation to the Sanya Project The Loan was secured by, among others, mortgage over 72 properties of the Sanya Project (the "**Sanya Properties**") and pledge of Ta Yang Medical's 100% equity interest in Ta Yang Hainan (the "**Securities**").

As part of the process to resolve the Loan and to facilitate the disposal of its assets, the Group and Chongqing Ji Ai mutually agreed that arbitration and the resulting judicial auction would likely result in more favorable tax consequences. Pursuant to this mutual understanding, on 26 June 2025, Chongqing Ji Ai initiated an arbitration proceeding against Ta Yang Hainan, Ta Yang Medical, and the Company (the "**Arbitration**") regarding the overdue debts of approximately RMB113 million (approximately HKD129 million) (the "**Total Indebtedness**").

On 17 September 2025, an arbitration award was issued based on the settlement agreement signed between the parties on 4 September 2025, which confirmed the Total Indebtedness and Chongqing Ji Ai's right to apply for judicial enforcement against the Securities in the event of non-payment. Subsequently, Chongqing Ji Ai will apply for enforcement of the award, which is expected to result in the judicial auction of the Sanya Properties.

In the event that the proceeds from the judicial auction are less than the Total Indebtedness, the Company shall enter into negotiations with Chongqing Ji Ai regarding the extension of the outstanding loan. In such circumstances, it is expected that the parties will enter into a new loan agreement for the remaining balance on terms to be further negotiated between them.

As at the date of this announcement, no liquidation order has been issued against the Group in connection with the Arbitration.

CONCLUSION

The Company considers that the Arbitration was the result of a pre-discussed settlement and a mutually agreed solution between the Group and Chongqing Ji Ai for the purpose of both resolving the Loan and disposing of the assets in the healthcare and hospitality business segment of the Company. Given that the healthcare and hospitality business has been loss-making with minimal or no revenue contribution since 2021, the Company is of the view that the anticipated disposal of the Sanya Project assets pursuant to the Arbitration and the consequent cessation of the Group's healthcare and hospitality business will not give rise to a sudden material deterioration in the Group's overall financial position or have a material adverse impact on its core operations.

The Company will continue to monitor the progress of the Arbitration enforcement and the related disposal of the Sanya Project assets and will make further announcement(s) as and when appropriate in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other applicable requirements. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 23 March 2026

As at the date of this announcement, the Board comprises two executive Directors, namely Ms. Shi Qi and Mr. Li Jiuhua; four non-executive Directors, namely, Mr. Gu Shixiang, Mr. Han Lei, Mr. Wang Dongzhu and Mr. Law Wai Ip Vincent; and three independent non-executive Directors, namely Ms. Zhang Li, Mr. Zhang Li and Dr. Xie Jun.

* *For identification purpose only*