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# Datang Group Holdings Limited
# 大唐集團控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2117)**

## DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 20% EQUITY INTERESTS OF CHONGQING ZHIYUAN

Reference is made to the announcement of the Company dated 9 July 2021 in relation to, among others, the acquisition of 20% equity interests of Tianyu Jurong.

### THE CO-OPERATIVE DEVELOPMENT AGREEMENT

The Board announces that on 30 September 2021, Tianyu Jurong, Chongqing Hesheng, Chongqing Tangcheng (being an indirect wholly-owned subsidiary of the Company) and the Target Company entered into the Co-operative Development Agreement pursuant to which, Chongqing Hesheng agreed to increase its capital contribution in the Target Company from RMB20,820,000 to RMB60,000,000 and Chongqing Tangcheng agreed to make a capital contribution of RMB20,000,000 in the Target Company. Since the Capital Injection will result in the dilution of shareholding of Tianyu Jurong in the Target Company, Chongqing Tangcheng agreed to pay to Tianyu Jurong an amount of RMB84,778,000 as the consideration.

Before the Capital Injection, the registered and paid up capital of the Target Company is RMB40,820,000, which is 49% and 51% owned by Tianyu Jurong and Chongqing Hesheng, respectively. After the completion of the Capital Injection, the registered and paid up capital of the Target Company will be increased to RMB100,000,000 and will be held by Tianyu Jurong, Chongqing Hesheng and Chongqing Tangcheng as to 20%, 60% and 20%, respectively.

### LISTING RULES IMPLICATIONS

As the acquisition of 20% equity interests of Tianyu Jurong and the Acquisition took place within a 12-month period, these two transactions are required to be aggregated pursuant to Rule 14.22 of the Listing Rules. Since certain of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition (after aggregated with the acquisition of 20% equity interests

of Tianyu Jurong) exceed 5% and all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 9 July 2021 in relation to, among others, the acquisition of 20% equity interests of Tianyu Jurong.

## THE CO-OPERATIVE DEVELOPMENT AGREEMENT

On 30 September 2021, Tianyu Jurong, Chongqing Hesheng, Chongqing Tangcheng and the Target Company entered into the Co-operative Development Agreement.

The details of the Co-operative Development Agreement are set out below:

**Date:**

30 September 2021

**Parties:**

(1) Tianyu Jurong
(2) Chongqing Hesheng
(3) Chongqing Tangcheng
(4) Chongqing Zhiyuan (as the Target Company)

**Acquisition**

Chongqing Hesheng agreed to increase its capital contribution in the Target Company from RMB20,820,000 to RMB60,000,000 and Chongqing Tangcheng agreed to make a capital contribution of RMB20,000,000 in the Target Company. Since the Capital Injection will result in the dilution of shareholding of Tianyu Jurong in the Target Company, Chongqing Tangcheng agreed to pay to Tianyu Jurong an amount of RMB84,778,000 as the consideration.

Before the Capital Injection, the registered and paid up capital of the Target Company is RMB40,820,000 which is owned as to 49% by Tianyu Jurong and 51% by Chongqing Hesheng. Upon completion of the Capital Injection, the registered and paid up capital of the Target Company will be increased to RMB100,000,000 and thus Chongqing Tangcheng will acquire 20% of shareholding in the Target Company. The Target Company will be owned as to 20% by Tianyu Jurong, 60% by Chongqing Hesheng, and 20% by Chongqing Tangcheng.

The consideration paid to Tianyu Jurong and the amount of capital contribution made by Chongqing Tangcheng were determined on the basis of normal commercial terms and after arm's length negotiations with reference to the net asset value of the Target Company for financial year ended 31 December 2020 and the investment costs previously incurred by Tianyu Jurong for the operation of the Target Company.

**Payment terms**

Chongqing Hesheng and Chongqing Tangcheng shall make the capital contribution of RMB39,180,000 and RMB20,000,000 respectively in Chongqing Zhiyuan upon fulfillment of the conditions precedent under the Co-operative Development Agreement; and Chongqing Tangcheng shall pay the net consideration amount of RMB77,581,956.20 to Tianyu Jurong (after netting off the proportionate distribution of surplus cash in the Target Company of RMB7,196,043.80) in an escrow account within 5 business days upon the fulfillment of the conditions precedent under the Co-operative Development Agreement which will then be released to Tianyu Jurong after completion of the business registration with the local Administration for Industry and Commerce concerning the Capital Injection and other relevant closing procedures. The Group intends to satisfy the capital contribution and the consideration to Tianyu Jurong by its internal resources.

**Conditions precedent**

Completion of the Capital Injection is subject to the fulfilment of the condition precedent that the relevant pledges on lands of the Target Company having been released.

**Shareholding structure**

Before completion of the Capital Injection, the registered capital of the Target Company is 49% owned by Tianyu Jurong and 51% owned by Chongqing Hesheng. Upon completion of the Capital Injection, the Target Company will be owned as to 20% by Tianyu Jurong, 60% by Chongqing Hesheng, and 20% by Chongqing Tangcheng.

**Completion**

Completion of the Acquisition shall take place upon the business registration with the local Administration for Industry and Commerce in respect of the Acquisition and other relevant closing procedures are completed.

**Information of the Target Company**

The Target Company is 49% owned by Tianyu Jurong and 51% owned by Chongqing Hesheng, before the Capital Injection. Being a limited liability company established in the PRC, the Target Company has a registered and paid up capital of RMB40,820,000, is principally engaged in real estate development and commercial housing sales. As at the date of this announcement, the Target Company held a residential property project under construction in Xinsheng Village, Bicheng Street, Bishan

District, Chongqing City, the PRC with a total site area of approximately 127,000 sq.m. The Target Company intends to develop the residential property project into a residential building with a total planned gross floor area of approximately 448,000 sq.m.

The table below sets forth a summary of certain unaudited financial information of the Target Company (prepared in accordance with the applicable financial reporting standards in the PRC) for the financial years of 2020 and 2019 respectively:

| | **For the year ended 31 December** | |
|---|---|---|
| | **2020** | **2019** |
| | *RMB'000* | *RMB'000* |
| | (unaudited) | (unaudited) |
| Total asset | 682,554 | 601,656 |
| Total equity | 575,005 | 581,606 |
| Net loss before taxation | 6,600 | 49 |
| Net loss after taxation | 6,600 | 49 |

As at 31 December 2020, the net asset value of the Target Company was RMB575,005,000.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

It is the business strategy of the Group to focus on the property development and expand the property investment business in the PRC. The Board is optimistic in the property investment business and believes the Acquisition will further provide a stable income stream to the business of the Group. Meanwhile, in order to increase the overall revenue of the Group, the Group has been actively exploring business opportunities based on the experience and business connections of its management.

The Board considers that for the Group, the Acquisition represents an investment with the potential for appreciation to obtain indirect equity interests, and is conducive to the Group to establish cooperative alliance with the strategic partners by leveraging the strengths of both parties.

Therefore, the Board considers the transactions contemplated thereunder are in the interests of the Company. The terms of the Co-operative Development Agreement were determined by the parties after arm's length negotiations and in view of the above factors, the Directors consider that the terms of the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

## INFORMATION ON THE PARTIES TO THE ACQUISITION

### The Company

The Company is an investment holding company. The Group is principally engaged in property development business in the PRC.

### Tianyu Jurong

Tianyu Jurong is 20% indirectly owned by the Company and 80% owned by Tianyu Yujun which is a indirect wholly-owned subsidiary of Skyfame Realty, a company listed on the Stock Exchange (stock code: 00059). Tianyu Jurong is a limited liability company established in Nanning City, the PRC, and is principally engaged in property development business.

### Chongqing Hesheng

Chongqing Hesheng, an indirect wholly-owned subsidiary of Skyfame Realty, is a limited liability company established in Chongqing, the PRC, and is principally engaged in property development business.

### Chongqing Tangcheng

Chongqing Tangcheng is a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in property development and is an indirect wholly-owned subsidiary of the Company.

At the date of this announcement, save as disclosed in this announcement, each of Tianyu Jurong, Chongqing Hesheng, and the Target Company and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

## LISTING RULES IMPLICATIONS

As the acquisition of 20% equity interests of Tianyu Jurong and the Acquisition took place within a 12-month period, these two transactions are required to be aggregated pursuant to Rule 14.22 of the Listing Rules. Since certain of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition (after aggregated with the acquisition of 20% equity interests of Tianyu Jurong) exceed 5% and all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

| | |
|---|---|
| "Acquisition" | the acquisition of 20% equity interests in the Target Company pursuant to the Co-operative Development Agreement |
| "associate(s)" | has the meaning ascribed to it under the Listing Rules |
| "Board" | board of Directors |
| "Capital Injection" | the increase in capital contribution to be made by Chongqing Hesheng and Chongqing Tangcheng to the Target Company pursuant to the Co-operative Development Agreement |
| "Company" | Datang Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (Stock Code: 2117) |
| "connected person(s)" | has the meaning ascribed to it under the Listing Rules |
| "Co-operative Development Agreement" | the co-operative development agreement dated 30 September 2021 entered into by Tianyu Jurong, Chongqing Tangcheng, Chongqing Hesheng and the Target Company |
| "Chongqing Hesheng" | 重慶核盛房地產開發有限公司 (Chongqing Hesheng Property Development Co., Ltd.*), a limited liability company established in the PRC |
| "Chongqing Tangcheng" | 重慶唐承房地產開發有限公司 (Chongqing Tangcheng Property Development Co., Ltd.*), a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of the Company |
| "Chongqing Zhiyuan" or "Target Company" | 重慶之遠地產有限公司 (Chongqing Zhiyuan Property Co., Ltd.*), a limited liability company established in the PRC |
| "Director(s)" | director(s) of the Company |
| "Group" | the Company and its subsidiaries |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |

| | |
|---|---|
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange |
| "PRC" | the People's Republic of China |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "Shareholder(s)" | the holder(s) of ordinary share(s) of US$0.01 each in the share capital of the Company |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Tianyu Jurong" | 南寧天譽巨榮置業有限公司 (Nanning Tianyu Jurong Realty Co., Ltd.*), being a limited liability company established in the PRC |
| "Tianyu Yujun" | 南寧天譽譽浚投資有限公司 (Nanning Tianyu Yujun Investment Co., Ltd.*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Skyfame Realty |
| "Skyfame Realty" | 天譽置業(控股)有限公司 (Skyfame Realty (Holdings) Limited), a company listed on the Stock Exchange (stock code: 00059) and incorporated in Bermuda with limited liability |
| "%" | per cent |

* *for identification purpose only*

On behalf of the Board
**Datang Group Holdings Limited**
**WU Di**
*Chairman*

Hong Kong, 30 September 2021

*As at the date of this announcement, the executive Directors are Mr. WU Di, Mr. HAO Shengchun, Mr. TANG Guozhong and Ms. ZHANG Jianhua, the non-executive Directors are Ms. CHAN Tan Yee and Ms. CHEN Xiaoyun, and the independent non-executive Directors are Mr. QU Wenzhou, Ms. XIN Zhu and Mr. TAM Chi Choi.*