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CHINA TANGSHANG HOLDINGS LIMITED

中國唐商控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE 2020 ANNUAL REPORT, THE 2021 ANNUAL REPORT AND UPDATE ON USE OF PROCEEDS

References are made to (i) the announcement of China Tangshang Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 26 July 2017 (the “**2017 Announcement**”), (ii) the announcement of the Company dated 31 August 2018 (the “**2018 Announcement**”), (iii) the annual report of the Company for the year ended 31 March 2020 (the “**2020 Annual Report**”), and (iv) the annual report of the Company for the year ended 31 March 2021 (the “**2021 Annual Report**”). Unless otherwise stated, the terms used in this announcement shall have the same meanings as those defined in the 2020 Annual Report.

This announcement is made to provide supplementary information to the 2020 Annual Report and 2021 Annual Report and an update of the use of proceeds from the issuance of convertible bonds as disclosed in the 2017 Announcement and the 2018 Announcement respectively.

USE OF PROCEEDS

As disclosed in the 2017 Announcement and the 2018 Announcement, convertible bonds in the aggregate principal amount of HK\$46,341,960 (the “**2017 CB**”) and HK\$42,031,080 (the “**2018 CB**”) were issued on 25 July 2017 and 31 August 2018 respectively.

The Company would like to provide supplementary information as to the use of the proceeds for funds raised by the 2017 CB and 2018 CB pursuant to Rules 8 and 11(8) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

For the 2017 CB, the net proceeds raised was approximately HK\$46.1 million:

Intended Use of Proceeds	Amount of	Amount	Amount of	Amount	Amount of	Expected
	Net Proceeds Brought Forward to the year ending 31 March 2020		utilized up to 31 March 2020			
Potential acquisition: approximately HK\$32.1 million	HK\$32.1 million	nil	HK\$32.1 million	HK\$32.1 million	nil	N/A
General working capital of the Group: approximately HK\$14.0 million	nil	nil	nil	nil	nil	N/A

For the 2018 CB, the net proceeds raised was approximately HK\$41.8 million:

Intended Use of Proceeds	Amount of Net Proceeds Brought Forward to the year ending 31 March 2020	Amount utilized up to 31 March 2020	Amount of Net Proceeds Brought Forward to the year ending 31 March 2021	Amount utilized up to 31 March 2021	Amount of unutilized proceeds	Expected timeline
	Money lending business of the Group in Hong Kong: approximately HK\$27.2 million	HK\$27.2 million	nil	HK\$27.2 million	nil	HK\$27.2 million
General working capital of the Group: approximately HK\$14.6 million	HK\$14.6 million	HK\$14.6 million	nil	nil	nil	N/A

Note:

- As at 31 March 2021, the amount of unutilized net proceeds raised from the 2018 CB was approximately HK\$ 27.2 million (the “Unutilised Net Proceeds”). The Board has resolved to change the use of the Unutilised Net Proceeds. Please refer to the section under “Reasons for and the benefits of the Change of Use of Proceeds” for further details.

REASONS FOR AND THE BENEFITS OF THE CHANGE OF USE OF PROCEEDS

As disclosed in the 2021 Annual Report, it was the plan of the Company to apply the Unutilised Net Proceeds of HK\$27.2 million towards the money lending business of the Group in Hong Kong.

The Board has resolved to change the use of the Unutilised Net Proceeds for more efficient use of the Company's financial resources for general working capital.

Given the prevailing market situation of the money lending business in Hong Kong, and after considering the business opportunities available to the Group, the Board has decided to discontinue the Group's business in the money lending business unless and until the Group observes improved market trends. As at the date of the announcement, there is no outstanding and uncollected debts due to the Group as a result of previous money lending businesses. In the circumstances, the Board considered that it is the appropriate timing for the Group to preserve its resources after focus on the Group's current businesses and operation.

Meanwhile, the Group requires working capital to meet the operation needs of its current businesses and operation, especially in view of the anticipated growth in business in the property development, property sub-leasing and investment projects in the PRC.

The Board believes that the above reallocation of the use of Unutilised Net Proceeds is in the interest of the Company and its shareholders as a whole and that it will enable the Group to have more flexibility in cash flow management. The Board will continuously monitor the situation and may make further revisions to the use of the Unutilised Net Proceeds where necessary and appropriate to respond to the changing market conditions.

The Board confirmed that the supplementary information provided in this announcement does not affect any other information contained in the 2020 Annual Report and 2021 Annual Report and, save as disclosed above, the content of the 2020 Annual Report and 2021 Annual Report remain unchanged.

By Order of the Board
China Tangshang Holdings Limited
Chen Weiwu
Chairman

Hong Kong, 25 August 2021

As at the date of this announcement, the executive Directors are Mr. Chen Weiwu (Chairman), Mr. Zhou Houjie and Mr. Jiang Ruowenhao; and the independent non-executive Directors are Mr. Chen Youchun, Ms. Lui Mei Ka and Mr. Zhou Xin.