

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF
20% EQUITY INTERESTS IN TIANYU JURONG

THE DISPOSAL

The Board hereby announces that, on 30 December 2022, Zhangzhou Tanglin (an indirect wholly-owned subsidiary of the Company) (as the Vendor), Jiayi Trading (as the Purchaser) and Tianyu Jurong (as the Target Company) entered into the Share Transfer Agreement, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase 20% of the equity interests in Tianyu Jurong at a total consideration of RMB395,800,000, comprising (1) the assumption of the debt by the Purchaser in the amount of RMB35,800,000 due by the Vendor to the Target Company; and (2) an offset of a debt in the amount of RMB360,000,000 due by the Vendor to the Purchaser. Upon Completion, the Company will cease to hold any equity interests in Tianyu Jurong.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 25% but all of such ratios are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Disposal may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transactions; and (2) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transaction.

Good Fountain and MeiDi Investment (together, the "**Group Shareholders**") are closely allied group of Shareholders who directly hold 418,585,136 Shares and 407,789,564 Shares, respectively, and together hold 826,374,700 Shares, which represent approximately 60.60% of the total issued Shares of the Company and voting rights in general meetings of the Company as at the date of this announcement. The Directors consider that the Group Shareholders as a closely allied group of Shareholders under Rules 14.44 and 14.45 of the Listing Rules taking into account among others, (i) the Group Shareholders have been long term Shareholders since the listing of the Company on the Stock Exchange; (ii) although Good Fountain and MeiDi Investment are not parties acting in concert, for the purpose of the Hong Kong Code on Takeovers and Mergers, the Group Shareholders have voted in the same way on most shareholders' resolutions of the Company, except for cases (if any) in which any of them was required to abstain from voting or absent from the general meetings; and (iii) Ms. Wong (the ultimate beneficial owner of Good Fountain) and Mr. Wu (the ultimate beneficial owner of MeiDi Investment) had known each other since 1980s and Ms. Wong had built up a professional management team of the Group led by Mr. Wu from an operation perspective. No Shareholder is required to abstain from voting on the Disposal if the Company were to convene a general meeting for the approval of the Disposal. As such, no special general meeting will be convened by the Company for the purpose of approving the Disposal and the Disposal has been approved by written Shareholders' approval from the Group Shareholders.

A circular containing, among other things, further details of the Share Transfer Agreement and the Disposal will be dispatched to the Shareholders as soon as possible but not later than 26 January 2023.

As Completion is subject to the satisfaction of the condition precedent as set out in the Share Transfer Agreement, the Disposal may or may not proceed. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Shares.

THE SHARE TRANSFER AGREEMENT

On 30 December 2022, Zhangzhou Tanglin (an indirect wholly-owned subsidiary of the Company) (as the Vendor), Jiayi Trading (as the Purchaser) and Tianyu Jurong (as the Target Company) entered into the Share Transfer Agreement, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase 20% of the equity interests in Tianyu Jurong at a total consideration of RMB395,800,000, comprising (1) the assumption of the debt by the Purchaser in the amount of RMB35,800,000 due by the Vendor to the Target Company; and (2) an offset of a debt in the amount of RMB360,000,000 due by the Vendor to the Purchaser. Upon Completion, the Company will cease to hold any equity interests in Tianyu Jurong.

The principal terms of the Share Transfer Agreement are set out as below:

- (1) **Date:** 30 December 2022
- (2) **Parties:** Zhangzhou Tanglin (the Vendor);
Jiayi Trading (the Purchaser); and
Tianyu Jurong (the Target Company)
(each a “**Party**”, collectively the “**Parties**”)

As at the date of this announcement, save as disclosed in this announcement, to the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, Jiayi Trading and its ultimate beneficial owners, Ms. Bai and Ms. Guo, are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

(3) **Subject matter**

Pursuant to the Share Transfer Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase 20% of the equity interests in the Target Company. Upon the Completion, the Company will cease to hold any equity interests in the Target Company.

(4) **Consideration**

Pursuant to the Share Transfer Agreement, the total consideration of the Disposal shall be RMB395,800,000, which shall be fully satisfied by:

- (a) the assumption of the debt by the Purchaser in the amount of RMB35,800,000 due by the Vendor to the Target Company. Such debt was mainly attributable to the daily operating expenses paid by the Target Company on behalf of the Vendor; and

- (b) an offset of a debt in the amount of RMB360,000,000 due by the Vendor to the Purchaser. Such amount was a financing advanced to the Vendor by the Purchaser.

The consideration of the Disposal was determined on the basis of normal commercial terms and after arm's length negotiations (i) with reference to the unaudited consolidated net asset value of the Target Company as at 30 September 2022 of approximately RMB1,947 million; and (ii) the benefits that will be brought to the Group by the Disposal as set out in the paragraph headed "Reasons for and Benefits of the Disposal" in this announcement.

(5) Rights and liabilities

Pursuant to the Share Transfer Agreement, the profit and loss of the Target Company during the period from the Transfer Benchmark Date to the Completion Date shall be enjoyed and borne by the Target Company. After the Completion Date, the profit and loss of the Target Company shall be enjoyed and borne by Jiaxi Trading.

(6) Condition precedent

The Completion is conditional upon the satisfaction of the following condition precedent on or before 30 June 2023:

- (a) the Company having obtained the written approval of the relevant Shareholders in respect of the Share Transfer Agreement and the Disposal contemplated thereunder as required under the Listing Rules.

The condition precedent as set forth above may not be waived by the Parties to the Disposal.

(7) Completion

The Completion is conditional upon the satisfaction of the condition precedent as set forth above. Pursuant to the Share Transfer Agreement, Jiaxi Trading shall be responsible for the industrial and commercial registration modification in relation to the Disposal within one day from the execution date of the Share Transfer Agreement. The Completion Date shall be the date of completion of the industrial and commercial registration modification of the Target Company. Upon Completion, the Company will cease to hold any equity interests in the Target Company.

INFORMATION ON ZHANGZHOU TANGLIN AND THE COMPANY

Zhangzhou Tanglin is a limited liability company established in Zhangzhou City, Fujian Province, the PRC. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in property development.

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

INFORMATION ON JIAXI TRADING

Jiayi Trading is a limited liability company established in Shenzhen City, Guangdong Province, the PRC. As at the date of this announcement, it is owned as to 90% by Ms. Bai and 10% by Ms. Guo. Jiayi Trading is principally engaged in multi-industrial investment.

INFORMATION ON TIANYU JURONG

(1) Shareholdings and business:

Tianyu Jurong is a company established in the PRC in July 2014 with limited liability. As at the date of this announcement, it is owned as to 80% by Tianyu Yujun, which is a subsidiary of Skyfame Realty, and 20% by Zhangzhou Tanglin. Tianyu Jurong has a registered capital of RMB3,029,650,000, and is principally engaged in real estate development and sales of commercial properties in Guangzhou, Nanning, Zhuhai, Chongqing and Xuzhou.

(2) Financial information:

The unaudited consolidated financial information of Tianyu Jurong for each of the two years ended 31 December 2021 is as follows:

	For the year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Total assets	12,734,673	10,246,974
Total equity	2,043,528	2,610,220
Net profit/(loss) before tax	(242,174)	865,704
Net profit/(loss) after tax	(414,056)	487,746

As at 30 September 2022, the unaudited consolidated net asset value of the Target Company was RMB1,947 million.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Company will cease to have any equity interests in Tianyu Jurong.

After taking into account the consideration and the net book value of the indebtedness, it is expected that a net loss of approximately RMB4 million will be recorded in relation to the Disposal upon Completion. The actual gain or loss to be recorded by the Company is subject to review by the auditor of the Company.

NET PROCEEDS FROM THE DISPOSAL

As the total consideration from the Disposal shall be satisfied by the assumption of the debt by Purchaser and an offset of a debt due by the Vendor to the Purchaser as aforementioned, no proceeds will be generated from the Disposal.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group acquired the 20% equity interests in Tianyu Jurong in July 2021 and the Board was of the view that the potential appreciation in the investments in the properties held by Tianyu Jurong could bring positive financial impact on the Group. However, due to unfavorable market condition since 2021, Tianyu Jurong had recorded a net loss in the amount of RMB414.1 million for the year ended 31 December 2021 and had incurred further loss during the nine months ended 30 September 2022. The property projects held by the Target Company are not expected to generate cash inflow in the near future as they are mostly under development. The Board considered that the Disposal will minimise the potential increase in loss in investment and to allow the Group to focus its resources on its existing property projects and property projects with higher potential and quick cash inflow which will best serve the interests of the Company and its shareholders in the long run.

The terms of the Share Transfer Agreement were determined by the Parties after arm's length negotiations. 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.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 25% but all of such ratios are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Disposal may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transactions; and (2) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transaction.

Good Fountain and MeiDi Investment (together, the “**Group Shareholders**”) are closely allied group of Shareholders who directly hold 418,585,136 Shares and 407,789,564 Shares, respectively, and together hold 826,374,700 Shares, which represent approximately 60.60% of the total issued Shares of the Company and voting rights in general meetings of the Company as at the date of this announcement. The Directors consider that the Group Shareholders as a closely allied group of Shareholders under Rules 14.44 and 14.45 of the Listing Rules taking into account among others, (i) the Group Shareholders have been long term Shareholders since the listing of the Company on the Stock Exchange; (ii) although Good Fountain and MeiDi Investment are not parties acting in concert, for the purpose of the Hong Kong Code on Takeovers and Mergers, the Group Shareholders have voted in the same way on most shareholders’ resolutions of the Company, except for cases (if any) in which any of them was required to abstained from voting or absent from the general meetings; and (iii) Ms. Wong (the ultimate beneficial owner of Good Fountain) and Mr. Wu (the ultimate beneficial owner of MeiDi Investment) had known each other since 1980s and Ms. Wong had built up a professional management team of the Group led by Mr. Wu from an operation perspective. No Shareholder is required to abstain from voting on the Disposal if the Company were to convene a general meeting for the approval of the Disposal. As such, no special general meeting will be convened by the Company for the purpose of approving the Disposal and the Disposal has been approved by written Shareholders’ approval from the Group Shareholders.

GENERAL

A circular containing, among other things, further details of the Share Transfer Agreement and the Disposal will be dispatched to the Shareholders as soon as possible but not later than 26 January 2023.

As Completion is subject to the satisfaction of the condition precedent as set out in the Share Transfer Agreement, the Disposal may or may not proceed. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Datang Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2117)
“Completion”	completion of the Disposal
“Completion Date”	the date of Completion
“Directors”	the director(s) of the Company
“Disposal”	the disposal of 20% of the equity interests in Tianyu Jurong pursuant to the Share Transfer Agreement
“Good Fountain”	Good Fountain Limited, a company incorporated in the British Virgin Islands and is ultimately owned by Ms. Wong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Code on Takeovers and Mergers”	the Code on Takeovers and Share Buy-backs
“Jiaxi Trading” or “Purchaser”	Shenzhen Jiaxi Trading Company Limited* (深圳市嘉西商貿有限公司), a company established in Shenzhen City, Guangzhou Province, the PRC with limited liability, mainly engaged in multi-industrial investment
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“MeiDi Investment”	MeiDi Investment Holding Limited (美地投資控股有限公司), a limited liability company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Wu
“Mr. Wu”	Mr. Wu Di, an executive Director

“Ms. Bai”	Ms. Bai Yu (白鈺), one of the ultimate beneficial owners of Jiaxi Trading
“Ms. Guo”	Ms. Guo Fu Ai (郭福愛), one of the ultimate beneficial owners of Jiaxi Trading
“Ms. Wong”	Ms. Wong Hei (黃晞), one of controlling shareholders of the Company and the ultimate beneficial owner of Good Fountain
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share Transfer Agreement”	the share transfer agreement dated 30 December 2022 entered into by Zhangzhou Tanglin, Jiaxi Trading and Tianyu Jurong in relation to the Disposal
“Shareholder(s)”	the holder(s) of ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shares”	ordinary shares with a nominal value of US\$0.01 each as the share capital of the Company
“Skyfame Realty”	Skyfame Realty (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 00059)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianyu Jurong” or “Target Company”	Nanning Tianyu Jurong Realty Company Limited* (南寧天譽巨榮置業有限公司), a company established in Nanning City, the PRC with limited liability and is a directly 80% owned subsidiary of Tianyu Yujun, mainly engaged in property development business
“Tianyu Yujun”	Nanning Tianyu Yujun Investment Co., Ltd.* (南寧天譽譽浚投資有限公司), a company established in Nanning City, the PRC with limited liability and is a subsidiary of Skyfame Realty mainly engaged in property investment business
“Transfer Benchmark Date”	30 June 2022, pursuant to the Share Transfer Agreement

“Zhangzhou Tanglin” or
“Vendor”

Zhangzhou Tanglin Real Estate Development Company Limited* (漳州唐林房地產開發有限公司), a company established in Zhangzhou City, Fujian Province, the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company, mainly engaged in property development business

“%”

per cent

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

Hong Kong, 30 December 2022

As at the date of this announcement, the executive Directors are Mr. WU Di, Mr. HAO Shengchun, and Mr. TANG Guozhong, the non-executive Director is Ms. CHEN Xiaoyun, and the independent non-executive Directors are Mr. CHANG Eric Jackson, Ms. XIN Zhu and Mr. TAM Chi Choi.

* *For identification purposes only*