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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
PROVISION OF FINANCIAL ASSISTANCE

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On 26 October 2022, the Loan Agreement was entered into between Chongqing Hesheng as the Borrower and Chongqing Tangcheng (a wholly-owned subsidiary of the Company) as the Lender, pursuant to which Chongqing Tangcheng agreed to advance the Loan in the principal amount of up to RMB350,000,000 to Chongqing Hesheng for a term of one year, which carries interest at an interest rate of 6% per annum.

LISTING RULES IMPLICATIONS

As Chongqing Tangcheng is a wholly-owned subsidiary of the Company, the Loan Agreement shall be regarded as entered into by the Group with Chongqing Hesheng. As one of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Loan exceeds 5% but all of such ratios are less than 25%, the Loan Agreement and the transactions contemplated thereunder constitute a disclosable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company acknowledges that the notification and announcement in respect of the Loan Agreement as required under Chapter 14 of the Listing Rules had been delayed. The delay was due to the interruption of the reporting line within the Group due to COVID-19 which had caused an inadvertent failure to report on the potential implications of the Loan Agreement under the Listing Rules.

After having acknowledged that the Loan Agreement constituted notifiable transactions under Chapter 14 of the Listing Rules which required disclosure, the Company had immediately strengthened its internal control and implemented certain plans to avoid recurrence of similar incidents.

INTRODUCTION

On 26 October 2022, the Loan Agreement was entered into between Chongqing Hesheng as the Borrower and Chongqing Tangcheng as the Lender, pursuant to which Chongqing Tangcheng agreed to advance a Loan in the principal amount of up to RMB350,000,000 to Chongqing Hesheng for a term of one year, which carries interest at an interest rate of 6% per annum.

LOAN AGREEMENT

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

Date:	26 October 2022
Parties:	<ol style="list-style-type: none">1. Chongqing Tangcheng (a wholly-owned subsidiary of the Company, as the Lender)2. Chongqing Hesheng (as the Borrower)
Term of the Loan:	One year from the drawdown date of the Loan
Principal amount:	Pursuant to the Loan Agreement, the Lender agreed to provide the Loan of up to RMB350,000,000 to the Borrower. Within the one-year-term of the facility period, the Borrower may draw down the loan facilities at any time, but in any event not exceeding the cap of the Loan of RMB350,000,000 in aggregate.
Interest rate:	6% per annum. The interest rate charged on the Loan is determined with reference to the interest rate of 3.65% per annum offered by the People's Bank of China for loans with a term of one year plus a premium. Furthermore, the Company had compared the interest rate with the rates that it had obtained from banks for its loans, the majority of which ranges from 4.75% to 6.90%.
Purpose of the Loan:	For financing the general working capital of the Borrower and its subsidiaries
Repayment:	The Borrower shall make one-off payment of the principal with the interest at the end of the one-year-term of the Loan.
Early repayment:	The Borrower may make an early repayment of all or part of the Loan with all the interest accrued without bearing any penalties.

Default: In case of default by the Borrower in repayment under the Loan Agreement, the debt shall be settled in the following sequence:

any fees for realization of the debt amount, damages (if any), penalties (if any), penalty interest (if any), interest, and finally the maximum principal loan amount.

REASONS FOR AND BENEFITS OF THE LOAN AGREEMENT

The Board believes that the Group can generate interests income under the Loan, which would bring better returns to the Group than bank deposits. The terms and conditions of the Loan Agreement (including the interest rate) were negotiated on an arm's length basis between the Lender and the Borrower with reference to the normal prevailing commercial practice. The Directors considered that the Loan and the Loan Agreement are on normal commercial terms entered into based on the Group's credit assessment towards the Borrower.

Taking into account the assets owned by the Borrower, the creditability of the Borrower and the expected return to be generated from the Loan based on the assessment and work done on the determination of the interest rates, the Directors considered that the terms of the transaction under the Loan Agreement were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES TO THE LOAN AGREEMENT

Chongqing Hesheng

Chongqing Hesheng, an 97.02% indirectly owned subsidiary of Skyfame Realty (a company listed on the Stock Exchange (stock code: 00059)), is a company established in Chongqing, the PRC with limited liability, and is principally engaged in property development business.

Chongqing Tangcheng and the Company

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

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in property development business in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Chongqing Hesheng and its ultimate beneficial owners are not connected persons (as defined under the Listing Rules) of the Company and are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As the Lender is a wholly-owned subsidiary of the Company, the Loan Agreement shall be regarded as entered into by the Group with the Borrower. As one of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Loan exceeds 5% but all of such ratios are less than 25%, the Loan Agreement and the transactions contemplated thereunder constitute a disclosable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

However, at the material time of entering into the Loan Agreement, the personnel of the relevant departments of Chongqing Tangcheng were infected with COVID-19 and absent from work. The reporting line was hence interrupted and Chongqing Tangcheng had inadvertently failed to report to the Company's compliance department of the potential implications of the Loan Agreement under the Listing Rules.

After having acknowledged that the Loan Agreement and the transactions contemplated thereunder constituted a notifiable transaction under Chapter 14 of the Listing Rules, the Company has immediately assessed and further reviewed the Loan Agreement. After various internal discussion and careful assessment of the impact on the shareholders of such non-disclosure, the Directors are of the view that the non-disclosure of the Loan Agreement at the material time would not materially prejudice the interests of the shareholders and potential investors of the Company.

Furthermore, the Company also assessed the internal control measures and implemented the remedial measures below in order to avoid similar non-compliance in the future:

- (a) the Company has reviewed and updated the succession plan of different staff level for the Group, and will continue to monitor the implementation of the plan to ensure that suitable back-up personnel have been arranged to substitute and cover the staff who is on leave or is unable to perform his/her duties tentatively and prevent interruption in the reporting line within the Group;
- (b) the Company's management team will assess the Group's existing and future finance transactions together with the Company's auditors and legal counsel prior to the entry of any of such transactions to ensure the Company's compliance with the Listing Rules;
- (c) the Company will ensure compliance of the Group with all applicable laws and regulations by timely seeking professional advice, from time to time when necessary; and
- (d) the executive Directors and members of the senior management team will continuously monitor the internal control measures of the Group and will report findings and make appropriate recommendations to the Board on a regular basis.

Going forward, the Company will comply strictly with the relevant requirements of the Listing Rules and monitor the internal control measures adopted by the Group.

DEFINITIONS

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

“Board”	the board of Directors
“Chongqing Hesheng” or “Borrower”	Chongqing Hesheng Property Development Co., Ltd.* (重慶核盛房地產開發有限公司), a company established in the PRC with limited liability
“Chongqing Tangcheng” or “Lender”	Chongqing Tangcheng Property Development Co., Ltd.* (重慶唐承房地產開發有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Chongqing Zhiyuan”	Chongqing Zhiyuan Property Co., Ltd.* (重慶之遠地產有限公司), a company established in the PRC with limited liability
“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)
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	the 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 of Hong Kong Limited
“Loan”	the principal amount up to RMB350,000,000 to be drawn down by the Borrower pursuant to the Loan Agreement

“Loan Agreement”	the loan agreement dated 26 October 2022 entered into between Chongqing Hesheng and Chongqing Tangcheng in relation to the loan facilities advanced by Chongqing Tangcheng to Chongqing Hesheng
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) with a nominal value of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Skyfame Realty”	Skyfame Realty (Holdings) Limited (天譽置業(控股)有限公司), a company incorporated in Bermuda with limited liability and listed on the Stock Exchange (stock code: 00059)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 11 January 2023

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. LOK Chiu Chan.

* *For identification purpose only*