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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)**

**UPDATE ANNOUNCEMENT ON THE  
DELAY IN PUBLICATION OF THE 2022 ANNUAL RESULTS,  
AND  
CONTINUED SUSPENSION OF TRADING**

This announcement is made by Datang Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 21 March 2023, 31 March 2023 and 4 May 2023 (the “**Announcements**”) in relation to, among other things, suspension of trading in the Shares on the Stock Exchange, the change of auditors and the issues identified by PwC. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

As disclosed in the announcement of the Company dated 31 March 2023, PwC identified certain issues in the course of its audit for the 2022 Annual Results (the “**Issues**”), and the Company would like to provide further information on each of the Issues as follows:

**(A) THE TRANSACTION REGARDING THE SURRENDER OF LAND TO THE LOCAL GOVERNMENT FOR URBAN REDEVELOPMENT PURPOSE AND THE FUND MOVEMENTS OF THE COMPENSATION PAYMENT RECEIVED**

廈門盛善領商業管理有限公司 (for identification only, Xiamen Shengshanling Commercial Management Co., Ltd.) (formerly known as 廈門京鼎體育文化發展有限公司) (“**Shengshanling**”) is a company established in the People’s Republic of China with limited liability. Shengshanling was a subsidiary of 廈門大唐房地產集團有限公司 (for identification only, Xiamen Datang Real Estate Group Co., Ltd.) (“**Xiamen Datang**”), a wholly-owned subsidiary of the Company.

Shengshanling, being the owner of a land development project (comprising a mixed used complex with office, hotel, commercial and sports facilities, and certain adjacent land parcels pending development) located in Xiamen, China (the “**Land**”), entered into certain agreements with two government-related entities on 23 May 2022 and 30 September 2022, pursuant to which Shengshanling surrendered the Land to the local government authorities for urban redevelopment purpose, and received compensation payment (the “**Compensation Payment**”) from the government-related entities.

PwC had requested the Company to provide supporting documents in respect of the use of such proceeds and clarify the rationale for their payment arrangements, including: (i) certain cash advances or repayments made to intra-group companies and third parties, and (ii) the compensations paid to tenants.

Prism will perform the necessary audit procedures with respect to the payment arrangements and fund movements.

**(B) THE TRANSACTIONS REGARDING THE DISPOSAL OF CERTAIN SUBSIDIARIES OF THE COMPANY, THE BASIS OF DETERMINING THE CONSIDERATION AND PAYMENT ARRANGEMENTS, AND THE COMPANY’S ASSESSMENT TO SUPPORT THE ACCOUNTING TREATMENT OF THE SUBSIDIARY**

**(b1) The Shengshanling Disposal**

In July 2022, Xiamen Datang entered into an equity transfer agreement with an entity in relation to the disposal of 20% equity interests of Shengshanling (the “**Shengshanling Disposal**”), and the articles of association of Shengshanling were amended to the effect that all shareholders’ resolutions and board resolutions would require unanimous shareholders’ or directors’ approval, as the case may be. Due to incomplete understanding on the transactional background which might have been caused by the internal information barrier between different departments of the Group, the financial department of the Group considered that the Group had lost control over Shengshanling and accordingly informed PwC that Shengshanling was accounted for as a joint venture of the Group upon completion of the Shengshanling Disposal. Following discussions with PwC, the Group has clarified the above misunderstanding and the Company confirmed that it had consolidated Shengshanling as a subsidiary in the Company’s consolidated financial statements.

PwC had requested the Company (i) to clarify the rationale for amending the articles of association of Shengshanling upon completion of the Shengshanling Disposal and whether Shengshanling shall be regarded as a subsidiary of the Company after completion of the Shengshanling Disposal; (ii) to explain the commercial rationale for the Shengshanling Disposal and the basis of determining the consideration for the Shengshanling Disposal; and (iii) to explain the use of the disposal proceeds and clarify the relationship between certain entities involved in the fund movements of the disposal proceeds. PwC had also proposed certain interviews with such entities be conducted as a follow-up audit procedure.

The financial department of the Group will discuss with Prism to confirm the applicable accounting treatment in respect of Shengshanling and Prism will perform the necessary audit procedures with respect to the Shengshanling Disposal.

#### **(b2) The Datang Hotel Disposal**

In June 2022, Xiamen Datang entered into an equity transfer agreement with an entity for the disposal of 100% equity interests of 廈門大唐酒店有限公司 (for identification only, Xiamen Datang Hotel Co., Ltd.) (“**Datang Hotel**”) (the “**Datang Hotel Disposal**”).

PwC had requested the Company (i) to explain the commercial rationale for the Datang Hotel Disposal and the basis of determining the consideration for the Datang Hotel Disposal; and (ii) to explain the use of the disposal proceeds and clarify the relationship between certain entities involved in the fund movements of the disposal proceeds and certain payments received by Datang Hotel. PwC had also proposed certain interviews with such entities be conducted as a follow-up audit procedure.

Prism will perform the necessary audit procedures with respect to the Datang Hotel Disposal.

#### **(C) THE FUND MOVEMENTS BETWEEN THE GROUP AND ITS JOINT VENTURE, AND THE COMPANY’S ASSESSMENT ON THE RECOVERABILITY OF THE OUTSTANDING RECEIVABLES AMOUNT**

The Group recorded account receivables due from a joint venture of the Company (the “**Joint Venture**”) as at 31 December 2022, representing a significant net change in outstanding balance as compared to the position as at 31 December 2021 when the Group recorded account payables due to the Joint Venture.

PwC had identified certain cash movements between the Group and the Joint Venture, and had requested the Company (i) to clarify the commercial rationale for making certain repayments and payments to the Joint Venture; (ii) to clarify the relationship between certain entities involved in the fund movements; (iii) to provide documents to support the relevant payment entries; and (iv) to assess the possibility of recovery of such outstanding account receivables from the Joint Venture. PwC had also proposed certain interviews with such entities be conducted as a follow-up audit procedure.

The Company is working diligently to collate the necessary information and supporting documents, so as to confirm the amount of account receivables with the Joint Venture. The Company agrees with Prism's preliminary observation that, if there are outstanding account receivables due from the Joint Venture, the Company shall perform impairment assessment with respect to the account receivables due from the Joint Venture based on the expected credit loss model. The Company will engage a professional independent valuer to assist the Company to perform such assessment where required.

As at the date of this announcement, the amount of the account receivables has not yet been confirmed and the impairment assessment has not yet been completed.

**(D) THE GOING CONCERN ASSESSMENT OF THE GROUP, THE ASSESSMENT ON IMPAIRMENT LOSSES FOR CERTAIN ASSETS, PROJECTS AND RECEIVABLES, AND THE ASSESSMENT BY THE COMPANY'S MANAGEMENT ON THE EXPECTED CREDIT LOSS FOR THE GUARANTEE PROVIDED TO CERTAIN LOANS OF JOINT VENTURES**

The Company will, subject to completion of all necessary audit procedures by Prism, make relevant disclosures in the annual financial statement regarding the impairment and going concern assessment of the Company for the year ended 31 December 2022.

The Issues are subject to further verifications by the Company and Prism. Save as disclosed above, the Board is not aware of any matter in connection with the Issues that needs to be brought to the attention of the shareholders or creditors of the Company.

Subject to completion of audit, it is currently expected that the 2022 annual results and 2022 annual report will be published by 31 August 2023.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading of the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 21 March 2023 and will remain suspended until further notice.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.**

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

Hong Kong, 12 May 2023

*As at the date of this announcement, the executive directors of the Company are Mr. WU Di, Mr. HAO Shengchun, and Mr. TANG Guozhong, the non-executive director of the Company is Ms. CHEN Xiaoyun, and the independent non-executive directors of the Company are Mr. CHANG Eric Jackson, Ms. XIN Zhu and Mr. LOK Chiu Chan.*