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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)**

### **VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO LEASE CONTRACTS**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**

**RAINBOW.**

RAINBOW CAPITAL (HK) LIMITED  
宏博資本有限公司

On 11 December 2020, Beijing Mingchuang, an indirect wholly-owned subsidiary of the Company, entered into the Lease Contracts with BTIT, pursuant to which Beijing Mingchuang agreed conditionally to rent the Property, and BTIT agreed conditionally to lease the Property.

The entering into of the Lease Contracts as the lessee will require Beijing Mingchuang to recognize RMB468,500,000 as an investment property, and thus the entering into of the Lease Contracts and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group.

Beijing Mingchuang and BTIT have entered into the Previous Lease Contracts on 27 December 2019. As certain applicable percentage ratios of the Property as a deemed acquisition of investment property together with the Previous Lease Contracts exceed 100% on an aggregated basis, the entering into of the Lease Contracts constitutes a very substantial acquisition 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.

As at the date of this announcement, Mr. Chen Weiwu, the executive Director of the Company, is interested in approximately 73.48% of the shares of the Company and is an ultimate controlling shareholder of the Company. As Mr. Chen Weiwu indirectly holds 100% of the equity interest in BTIT, BTIT is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Lease Contracts and the transactions contemplated thereunder also constitute connected transactions of the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee will advise the Independent Shareholders in respect of the relevant terms of the Lease Contracts. Rainbow Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, further information on the terms of the Lease Contracts, a letter from the Independent Board Committee, an opinion from the independent financial adviser, together with a notice to convene a special general meeting to approve the Lease Contracts, is expected to be despatched to the shareholders as soon as possible and in any event, no later than 29 January 2021 after taking into account the estimated time required for the Company to prepare relevant information for inclusion in the circular.

## INTRODUCTION

On 11 December 2020, Beijing Mingchuang, an indirect wholly-owned subsidiary of the Company, entered into the Lease Contracts with BTIT, pursuant to which Beijing Mingchuang agreed conditionally to rent the Property, and BTIT agreed conditionally to lease the Property. The principal terms of the Lease Contracts are as follows:

### I. Lease Contract for Building 12

Date: 11 December 2020

Parties: Lessor: BTIT

Lessee: Beijing Mingchuang

Property: Building No. 12, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing, with a total rental area of 3,504.38 sq.m. (subject to the on-site examination of the building).

Lease term: From 18 February 2021 to 17 February 2031 (10 years)

The parties may not terminate the contract before the expiry of the term.

**Rental:** For the first year of the lease, the rental standard is RMB1.47/sq.m. per day; for the second year, the rental standard is RMB1.51/sq.m. per day; for each year thereafter, the rental standard is 3.00% above the last rental standard. The total rent to be paid within 2021 is RMB1,880,275.09.

The above rent was determined after arm's length negotiations between the parties and on normal commercial terms or better, with reference to the prevailing rent of similar properties in the surrounding area. The Company understands that the similar property in the surrounding area would include Kingdom Guorui (國銳金嶺), Zhonghangji Plaza (中航披廣場), Hans Plaza (大族廣場) and V Park (鋒創科技園), with the current rental ranging from approximately RMB3.2/sq.m. to RMB7/sq.m. per day. The Group shall pay the rent with its internal funds.

**Deposit:** The lessee shall pay a deposit of RMB463,629.47 to the lessor before the commencement of the lease term. After the lease term expires or the contract is terminated, if there is damage to the leased property, ancillary equipment and facilities, and the items in the handover receipt of the property, the lessor has the right to deduct the corresponding repair expense for the damaged part from the rental deposit refund.

**Other expense:** The lessee shall pay management fee of RMB5.8/sq.m. per month.

**Usage:** Office, research and development

**Condition:** The transactions under the lease contract are subject to the obtaining of approval of the shareholders in accordance with the applicable regulations (including the Listing Rules) by the Company.

**Sublet:** The lessee may sublet the property provided that the consent of the lessor is obtained. Such consent is already obtained and is not revocable.

## **II. Lease Contract for Building 27**

**Date:** 11 December 2020

**Parties:** Lessor: BTIT

Lessee: Beijing Mingchuang

**Property:** Building No. 27, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing, with a total rental area of 4,828.52 sq.m. (subject to the on-site examination of the building).

Lease term:	From 18 February 2021 to 17 February 2031 (10 years)
	The parties may not terminate the contract before the expiry of the term.
Rental:	For the first year of the lease, the rental standard is RMB1.54/sq.m. per day; for the second year, the rental standard is RMB1.59/sq.m. per day; for each year thereafter, the rental standard is 3.00% above the last rental standard. The total rent to be paid within 2021 is RMB2,714,111.08.
	The above rent was determined after arm's length negotiations between the parties and on normal commercial terms or better, with reference to the prevailing rent of similar properties in the surrounding area. The Company understands that the similar property in the surrounding area would include Kingdom Guorui (國銳金嶺), Zhonghangji Plaza (中航披廣場), Hans Plaza (大族廣場) and V Park (鋒創科技園), with the current rental ranging from approximately RMB3.2/sq.m. to RMB7/sq.m. per day. The Group shall pay the rent with its internal funds.
Deposit:	The lessee shall pay a deposit of RMB669,232.87 to the lessor before the commencement of the lease term. After the lease term expires or the contract is terminated, if there is damage to the leased property, ancillary equipment and facilities, and the items in the handover receipt of the property, the lessor has the right to deduct the corresponding repair expense for the damaged part from the rental deposit refund.
Other expense:	The lessee shall pay management fee of RMB5.8/sq.m. per month.
Usage:	Office, research and development
Condition:	The transactions under the lease contract are subject to the obtaining of approval of the shareholders in accordance with the applicable regulations (including the Listing Rules) by the Company.
Sublet:	The lessee may sublet the property provided that the consent of the lessor is obtained. Such consent is already obtained and is not revocable.

### III. Lease Contract for Building 52

Date:	11 December 2020
Parties:	Lessor: BTIT  Lessee: Beijing Mingchuang
Property:	Building No. 52, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing, with a total rental area of 15,740 sq.m. (subject to the on-site examination of the building).
Lease term:	From 18 February 2021 to 31 May 2037 (16 years and 3 months)  The parties may not terminate the contract before the expiry of the term.
Rental:	For the first three years of the lease, the rental standard is RMB1.53/sq.m. per day; for every three years thereafter, the rental standard is approximately 5.00% above the last rental standard. The total rent to be paid within 2021 is RMB8,790,003.00.  The above rent was determined after arm's length negotiations between the parties and on normal commercial terms or better, with reference to the prevailing rent of similar properties in the surrounding area. The Company understands that the similar property in the surrounding area would include Kingdom Guorui (國銳金嶺), Zhonghangji Plaza (中航披廣場), Hans Plaza (大族廣場) and V Park (鋒創科技園), with the current rental ranging from approximately RMB3.2/sq.m. to RMB7/sq.m. per day. The Group shall pay the rent with its internal funds.
Deposit:	The lessee shall pay a deposit of RMB2,167,398.00 to the lessor not later than three working days before the commencement of the lease term. After the lease term expires or the contract is terminated, if there is damage to the leased property, ancillary equipment and facilities, and the items in the handover receipt of the property, the lessor has the right to deduct the corresponding repair expense for the damaged part from the rental deposit refund.
Other expense:	The lessee shall pay management fee of RMB5.8/sq.m. per month.
Usage:	Dormitory

Condition: The transactions under the lease contract are subject to the obtaining of approval of the shareholders in accordance with the applicable regulations (including the Listing Rules) by the Company.

Sublet: The lessee may sublet the property provided that the consent of the lessor is obtained. Such consent is already obtained and is not revocable.

#### **IV. Lease Contract for Building 53**

Date: 11 December 2020

Parties: Lessor: BTIT

Lessee: Beijing Mingchuang

Property: Building No. 53, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing, with a total rental area of 3,437.73 sq.m. (subject to the on-site examination of the building).

Lease term: From 18 February 2021 to 17 February 2031 (10 years)

The parties may not terminate the contract before the expiry of the term.

Rental: For the first year of the lease, the rental standard is RMB1.4/sq.m. per day; for the second year, the rental standard is RMB1.44/sq.m. per day; for each year thereafter, the rental standard is 3.00% above the last rental standard. The total rent to be paid within 2021 is RMB1,756,680.02.

The above rent was determined after arm's length negotiations between the parties and on normal commercial terms or better, with reference to the prevailing rent of similar properties in the surrounding area. The Company understands that the similar property in the surrounding area would include Kingdom Guorui (國銳金嶺), Zhonghangji Plaza (中航披廣場), Hans Plaza (大族廣場) and V Park (鋒創科技園), with the current rental ranging from approximately RMB3.2/sq.m. to RMB7/sq.m. per day. The Group shall pay the rent with its internal funds.

Deposit: The lessee shall pay a deposit of RMB433,153.98 to the lessor before the commencement of the lease term. After the lease term expires or the contract is terminated, if there is damage to the leased property, ancillary equipment and facilities, and the items in the handover receipt of the property, the lessor has the right to deduct the corresponding repair expense for the damaged part from the rental deposit refund.

Other expense:	The lessee shall pay management fee of RMB5.8/sq.m. per month.
Usage:	Office, research and development
Condition:	The transactions under the lease contract are subject to the obtaining of approval of the shareholders in accordance with the applicable regulations (including the Listing Rules) by the Company.
Sublet:	The lessee may sublet the property provided that the consent of the lessor is obtained. Such consent is already obtained and is not revocable.

## V. Lease Contract for Building 56

Date:	11 December 2020
Parties:	Lessor: BTIT  Lessee: Beijing Mingchuang
Property:	Building No. 56, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing, with a total rental area of 2,404.84 sq.m. (subject to the on-site examination of the building).
Lease term:	From 18 February 2021 to 17 February 2031 (10 years)  The parties may not terminate the contract before the expiry of the term.
Rental:	For the first year of the lease, the rental standard is RMB1.54/sq.m. per day; for the second year, the rental standard is RMB1.59/sq.m. per day; for each year thereafter, the rental standard is 3.00% above the last rental standard. The total rent to be paid within 2021 is RMB1,351,760.56.

The above rent was determined after arm's length negotiations between the parties and on normal commercial terms or better, with reference to the prevailing rent of similar properties in the surrounding area. The Company understands that the similar property in the surrounding area would include Kingdom Guorui (國銳金嶺), Zhonghangji Plaza (中航披廣場), Hans Plaza (大族廣場) and V Park (鋒創科技園), with the current rental ranging from approximately RMB3.2/sq.m. to RMB7/sq.m. per day. The Group shall pay the rent with its internal funds.

Deposit:	The lessee shall pay a deposit of RMB333,310.82 to the lessor before the commencement of the lease term. After the lease term expires or the contract is terminated, if there is damage to the leased property, ancillary equipment and facilities, and the items in the handover receipt of the property, the lessor has the right to deduct the corresponding repair expense for the damaged part from the rental deposit refund.
Other expense:	The lessee shall pay management fee of RMB5.8/sq.m. per month.
Usage:	Office, research and development
Condition:	The transactions under the lease contract are subject to the obtaining of approval of the shareholders in accordance with the applicable regulations (including the Listing Rules) by the Company.
Sublet:	The lessee may sublet the property provided that the consent of the lessor is obtained. Such consent is already obtained and is not revocable.

## **VI. Lease Contract for Building 58**

Date:	11 December 2020
Parties:	Lessor: BTIT  Lessee: Beijing Mingchuang
Property:	Building No. 58, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing, with a total rental area of 2,404.84 sq.m. (subject to the on-site examination of the building).
Lease term:	From 18 February 2021 to 17 February 2031 (10 years)  The parties may not terminate the contract before the expiry of the term.
Rental:	For the first year of the lease, the rental standard is RMB1.62/sq.m. per day; for the second year, the rental standard is RMB1.67/sq.m. per day; for each year thereafter, the rental standard is 3.00% above the last rental standard. The total rent to be paid within 2021 is RMB1,421,981.88.



The above rent was determined after arm's length negotiations between the parties and on normal commercial terms or better, with reference to the prevailing rent of similar properties in the surrounding area. The Company understands that the similar property in the surrounding area would include Kingdom Guorui (國銳金嶺), Zhonghangji Plaza (中航披廣場), Hans Plaza (大族廣場) and V Park (鋒創科技園), with the current rental ranging from approximately RMB3.2/sq.m. to RMB7/sq.m. per day. The Group shall pay the rent with its internal funds.

Deposit:	The lessee shall pay a deposit of RMB350,625.67 to the lessor before the commencement of the lease term. After the lease term expires or the contract is terminated, if there is damage to the leased property, ancillary equipment and facilities, and the items in the handover receipt of the property, the lessor has the right to deduct the corresponding repair expense for the damaged part from the rental deposit refund.
Other expense:	The lessee shall pay management fee of RMB5.8/sq.m. per month.
Usage:	Office, research and development
Condition:	The transactions under the lease contract are subject to the obtaining of approval of the shareholders in accordance with the applicable regulations (including the Listing Rules) by the Company.
Sublet:	The lessee may sublet the property provided that the consent of the lessor is obtained. Such consent is already obtained and is not revocable.

## **VII. Lease Contract for Building 59**

Date:	11 December 2020
Parties:	Lessor: BTIT  Lessee: Beijing Mingchuang
Property:	Building No. 59, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing, with a total rental area of 2,404.84 sq.m. (subject to the on-site examination of the building).
Lease term:	From 18 February 2021 to 17 February 2031 (10 years)

The parties may not terminate the contract before the expiry of the term.

**Rental:** For the first year of the lease, the rental standard is RMB1.54/sq.m. per day; for the second year, the rental standard is RMB1.59/sq.m. per day; for each year thereafter, the rental standard is 3.00% above the last rental standard. The total rent to be paid within 2021 is RMB1,351,760.56.

The above rent was determined after arm's length negotiations between the parties and on normal commercial terms or better, with reference to the prevailing rent of similar properties in the surrounding area. The Company understands that the similar property in the surrounding area would include Kingdom Guorui (國銳金嶺), Zhonghangji Plaza (中航披廣場), Hans Plaza (大族廣場) and V Park (鋒創科技園), with the current rental ranging from approximately RMB3.2/sq.m. to RMB7/sq.m. per day. The Group shall pay the rent with its internal funds.

**Deposit:** The lessee shall pay a deposit of RMB333,310.82 to the lessor before the commencement of the lease term. After the lease term expires or the contract is terminated, if there is damage to the leased property, ancillary equipment and facilities, and the items in the handover receipt of the property, the lessor has the right to deduct the corresponding repair expense for the damaged part from the rental deposit refund.

**Other expense:** The lessee shall pay management fee of RMB5.8/sq.m. per month.

**Usage:** Office, research and development

**Condition:** The transactions under the lease contract are subject to the obtaining of approval of the shareholders in accordance with the applicable regulations (including the Listing Rules) by the Company.

**Sublet:** The lessee may sublet the property provided that the consent of the lessor is obtained. Such consent is already obtained and is not revocable.

## **VIII. Lease Contract for Building 60**

**Date:** 11 December 2020

**Parties:** Lessor: BTIT

Lessee: Beijing Mingchuang

**Property:** Building No. 60, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing, with a total rental area of 17,837.26 sq.m. (subject to the on-site examination of the building).

Lease term:	From 18 February 2021 to 17 February 2031 (10 years)
	The parties may not terminate the contract before the expiry of the term.
Rental:	For the first year of the lease, the rental standard is RMB1.96/sq.m. per day; for the second year, the rental standard is RMB2.02/sq.m. per day; for each year thereafter, the rental standard is 3.00% above the last rental standard. The total rent to be paid within 2021 is RMB12,760,775.79.
	The above rent was determined after arm's length negotiations between the parties and on normal commercial terms or better, with reference to the prevailing rent of similar properties in the surrounding area. The Company understands that the similar property in the surrounding area would include Kingdom Guorui (國銳金嶺), Zhonghangji Plaza (中航披廣場), Hans Plaza (大族廣場) and V Park (鋒創科技園), with the current rental ranging from approximately RMB3.2/sq.m. to RMB7/sq.m. per day. The Group shall pay the rent with its internal funds.
Deposit:	The lessee shall pay a deposit of RMB3,146,492.66 to the lessor before the commencement of the lease term. After the lease term expires or the contract is terminated, if there is damage to the leased property, ancillary equipment and facilities, and the items in the handover receipt of the property, the lessor has the right to deduct the corresponding repair expense for the damaged part from the rental deposit refund.
Other expense:	The lessee shall pay management fee of RMB10.00/sq.m. per month.
Usage:	Office, research and development
Condition:	The transactions under the lease contract are subject to the obtaining of approval of the shareholders in accordance with the applicable regulations (including the Listing Rules) by the Company.
Sublet:	The lessee may sublet the property provided that the consent of the lessor is obtained. Such consent is already obtained and is not revocable.

## IX. Lease Contract for Building 61

Date:	11 December 2020
Parties:	Lessor: BTIT
	Lessee: Beijing Mingchuang

Property:	Building No. 61, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing, with a total rental area of 14,217.51 sq.m. (subject to the on-site examination of the building).
Lease term:	From 18 February 2021 to 17 February 2031 (10 years)  The parties may not terminate the contract before the expiry of the term.
Rental:	For the first year of the lease, the rental standard is RMB1.96/sq.m. per day; for the second year, the rental standard is RMB2.02/sq.m. per day; for each year thereafter, the rental standard is 3.00% above the last rental standard. The total rent to be paid within 2021 is RMB10,171,206.64.  The above rent was determined after arm's length negotiations between the parties and on normal commercial terms or better, with reference to the prevailing rent of similar properties in the surrounding area. The Company understands that the similar property in the surrounding area would include Kingdom Guorui (國銳金嶺), Zhonghangji Plaza (中航披廣場), Hans Plaza (大族廣場) and V Park (鋒創科技園), with the current rental ranging from approximately RMB3.2/sq.m. to RMB7/sq.m. per day. The Group shall pay the rent with its internal funds.
Deposit:	The lessee shall pay a deposit of RMB2,507,968.76 to the lessor before the commencement of the lease term. After the lease term expires or the contract is terminated, if there is damage to the leased property, ancillary equipment and facilities, and the items in the handover receipt of the property, the lessor has the right to deduct the corresponding repair expense for the damaged part from the rental deposit refund.
Other expense:	The lessee shall pay management fee of RMB10.00/sq.m. per month.
Usage:	Office, research and development
Condition:	The transactions under the lease contract are subject to the obtaining of approval of the shareholders in accordance with the applicable regulations (including the Listing Rules) by the Company.
Sublet:	The lessee may sublet the property provided that the consent of the lessor is obtained. Such consent is already obtained and is not revocable.

## **X. Lease Contract for Building 69**

### ***Rooms 101 and 102 on the first floor***

Date: 11 December 2020

Parties: Lessor: BTIT

Lessee: Beijing Mingchuang

Property: Rooms 101 and 102 on the first floor of Building No. 69, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing, with a total rental area of 1,110.00 sq.m. (subject to the on-site examination of the building).

Lease term: From 18 February 2021 to 17 February 2036 (15 years)

The parties may not terminate the contract before the expiry of the term.

Rental: For the first three years of the lease, the rental standard is RMB2.80/sq.m. per day; for every three years thereafter, the rental standard is approximately 5.00% above the last rental standard. The total rent to be paid within 2021 is RMB1,134,420.00.

The above rent was determined after arm's length negotiations between the parties and on normal commercial terms or better, with reference to the prevailing rent of similar properties in the surrounding area. The Company understands that the similar property in the surrounding area would include Kingdom Guorui (國銳金嶺), Zhonghangji Plaza (中航披廣場), Hans Plaza (大族廣場) and V Park (鋒創科技園), with the current rental ranging from approximately RMB3.2/sq.m. to RMB7/sq.m. per day. The Group shall pay the rent with its internal funds.

Deposit: The lessee shall pay a deposit of RMB279,720.00 to the lessor before the commencement of the lease term. After the lease term expires or the contract is terminated, if there is damage to the leased property, ancillary equipment and facilities, and the items in the handover receipt of the property, the lessor has the right to deduct the corresponding repair expense for the damaged part from the rental deposit refund.

Usage: Facilities for ancillary services

Condition: The transactions under the lease contract are subject to the obtaining of approval of the shareholders in accordance with the applicable regulations (including the Listing Rules) by the Company.

Sublet: The lessee may sublet the property provided that the consent of the lessor is obtained. Such consent is already obtained and is not revocable.

***Room 108 on the first floor***

Date: 11 December 2020

Parties: Lessor: BTIT

Lessee: Beijing Mingchuang

Property: Room 108 on the first floor of Building No. 69, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing, with a total rental area of 119 sq.m. (subject to the on-site examination of the building).

Lease term: From 18 February 2021 to 17 February 2031 (10 years)

The parties may not terminate the contract before the expiry of the term.

Rental: For the first year of the lease, the rental standard is RMB5.05/sq.m. per day; for the second year, the rental standard is RMB5.20/sq.m. per day; for each year thereafter, the rental standard is 3.00% above the last rental standard. The total rent to be paid within 2021 is RMB219,346.75.

The above rent was determined after arm's length negotiations between the parties and on normal commercial terms or better, with reference to the prevailing rent of similar properties in the surrounding area. The Company understands that the similar property in the surrounding area would include Kingdom Guorui (國銳金嶺), Zhonghangji Plaza (中航披廣場), Hans Plaza (大族廣場) and V Park (鋒創科技園), with the current rental ranging from approximately RMB3.2/sq.m. to RMB7/sq.m. per day. The Group shall pay the rent with its internal funds.

Deposit: The lessee shall pay a deposit of RMB54,085.50 to the lessor before the commencement of the lease term. After the lease term expires or the contract is terminated, if there is damage to the leased property, ancillary equipment and facilities, and the items in the handover receipt of the property, the lessor has the right to deduct the corresponding repair expense for the damaged part from the rental deposit refund.

Usage:	Lifestyle facilities
Condition:	The transactions under the lease contract are subject to the obtaining of approval of the shareholders in accordance with the applicable regulations (including the Listing Rules) by the Company.
Sublet:	The lessee may sublet the property provided that the consent of the lessor is obtained. Such consent is already obtained and is not revocable.

***Room 110 on the first floor***

Date:	11 December 2020
Parties:	Lessor: BTIT  Lessee: Beijing Mingchuang
Property:	Room 110 on the first floor of Building No. 69, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing, with a total rental area of 199 sq.m. (subject to the on-site examination of the building).
Lease term:	From 18 February 2021 to 17 February 2031 (10 years)  The parties may not terminate the contract before the expiry of the term.
Rental:	For the first year of the lease, the rental standard is RMB5.05/sq.m. per day; for the second year, the rental standard is RMB5.20/sq.m. per day; for each year thereafter, the rental standard is 3.00% above the last rental standard. The total rent to be paid within 2021 is RMB366,806.75.  The above rent was determined after arm's length negotiations between the parties and on normal commercial terms or better, with reference to the prevailing rent of similar properties in the surrounding area. The Company understands that the similar property in the surrounding area would include Kingdom Guorui (國銳金嶺), Zhonghangji Plaza (中航披廣場), Hans Plaza (大族廣場) and V Park (鋒創科技園), with the current rental ranging from approximately RMB3.2/sq.m. to RMB7/sq.m. per day. The Group shall pay the rent with its internal funds.

Deposit: The lessee shall pay a deposit of RMB90,445.50 to the lessor before the commencement of the lease term. After the lease term expires or the contract is terminated, if there is damage to the leased property, ancillary equipment and facilities, and the items in the handover receipt of the property, the lessor has the right to deduct the corresponding repair expense for the damaged part from the rental deposit refund.

Usage: Lifestyle facilities

Condition: The transactions under the lease contract are subject to the obtaining of approval of the shareholders in accordance with the applicable regulations (including the Listing Rules) by the Company.

Sublet: The lessee may sublet the property provided that the consent of the lessor is obtained. Such consent is already obtained and is not revocable.

### ***The second floor***

Date: 11 December 2020

Parties: Lessor: BTIT

Lessee: Beijing Mingchuang

Property: The second floor of Building No. 69, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing, with a total rental area of 2,270.00 sq.m. (subject to the on-site examination of the building).

Lease term: From 18 February 2021 to 17 February 2036 (15 years)

The parties may not terminate the contract before the expiry of the term.

Rental: For the first three year of the lease, the rental standard is RMB2.10/sq.m. per day; for every three years thereafter, the rental standard is approximately 5.00% above the last rental standard. The total rent to be paid within 2021 is RMB1,739,955.00.



The above rent was determined after arm's length negotiations between the parties and on normal commercial terms or better, with reference to the prevailing rent of similar properties in the surrounding area. The Company understands that the similar property in the surrounding area would include Kingdom Guorui (國銳金嶺), Zhonghangji Plaza (中航披廣場), Hans Plaza (大族廣場) and V Park (鋒創科技園), with the current rental ranging from approximately RMB3.2/sq.m. to RMB7/sq.m. per day. The Group shall pay the rent with its internal funds.

Deposit:	The lessee shall pay a deposit of RMB429,030.00 to the lessor before the commencement of the lease term. After the lease term expires or the contract is terminated, if there is damage to the leased property, ancillary equipment and facilities, and the items in the handover receipt of the property, the lessor has the right to deduct the corresponding repair expense for the damaged part from the rental deposit refund.
Usage:	Facilities for ancillary services
Condition:	The transactions under the lease contract are subject to the obtaining of approval of the shareholders in accordance with the applicable regulations (including the Listing Rules) by the Company.
Sublet:	The lessee may sublet the property provided that the consent of the lessor is obtained. Such consent is already obtained and is not revocable.

### ***Information of the Property***

The construction cost and carrying value of the Property by BTIT are as follows:

	<b>Original value (RMB)</b>
Building 12	17,293,478.94
Building 27	23,827,869.39
Building 52	58,114,126.20
Building 53	12,692,546.06
Building 56	8,878,981.91
Building 58	8,878,981.91
Building 59	8,878,974.08
Building 60	50,220,351.09
Building 61	33,912,618.43
Building 69	13,653,495.70

The Property is currently being leased out to approximately 65 lessees.

Under HKAS 40, the Property leased under the Lease Contracts and leased out under operating leases (taking into account the management fee payable by Beijing Mingchuang to BTIT) will be recognized as an investment property and the total value for recognizing the Property set out in the Lease Contracts as investment properties is approximately RMB468,500,000, calculated by reference to the valuation prepared by an independent professional valuer by using income approach.

Set out below is the unaudited statement of profit or loss on the identifiable net income stream of the Property for the two years ended 31 December 2019:

	<b>For the year ended 31 December</b>	
	<b>2018</b>	<b>2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	12,192,546.05	21,452,421.05
Profit before income tax expense	3,652,176.65	7,731,645.90
Profit after income tax expense	2,739,132.49	5,798,734.43

### ***Existing leases of the Property***

For Building 12, the existing lease was signed with Beijing Xinhan Tonghang Investment Co. Ltd. (北京鑫翰通航投資有限公司) at the rental standard of RMB2.1 per sq.m. per day with an increment of 5% each year. The leased area is 3,504.38 sq.m. and the term is up to 31 July 2025. The lessee is independent of the Company and its connected persons.

For Building 27, the existing lease was signed with Beijing Jiushi Shengkang Medical Technology Co., Ltd. (北京久事神康醫療科技有限公司) at the rental standard of RMB2.2 per sq.m. per day with an increment of 5% each year. The leased area is 4,828.52 sq.m. and the term is up to 14 September 2027. The lessee is independent of the Company and its connected persons.

For Building 52, the existing lease was signed with Beijing Yihai Xinting Property Management Co., Ltd. (北京亦海新庭物業管理有限公司) at the rental standard of RMB2.19 per sq.m. per day with an increment of 8% each year. The leased area is 15,740 sq.m. and the term is up to 31 May 2037. The lessee is independent of the Company and its connected persons.

For Building 58, the existing lease was signed with Shengshi Jiajie (Beijing) Culture Development Co., Ltd. (盛世佳杰(北京)文化發展有限公司) at the rental standard of RMB2.56 per sq.m. per day with an increment of 5% each year. The leased area is 2,404.84 sq.m. and the term is up to 31 October 2028. The lessee is independent of the Company and its connected persons.

For Building 59, the existing lease was signed with Beijing Ruili Zhongyi Software Co., Ltd. (北京睿利眾屹軟件有限公司) at the rental standard of RMB2.31 per sq.m. per day with an increment of 5% each year. The leased area is 2,404.84 sq.m. and the term is up to 14 July 2025. The lessee is independent of the Company and its connected persons.

For Building 60, the existing leases were signed with various lessees at the rental standard ranging from RMB2.5 to RMB3.2 per sq.m. per day with an increment ranging from 5% to 12% each year. The total leased area is 13,144.80 sq.m. and the expiration dates of the term are ranging from 28 March 2021 to 14 November 2024. The lessees are independent of the Company and its connected persons.

For Building 61, the existing leases were signed with various lessees at the rental standard ranging from RMB2.5 to RMB2.97 per sq.m. per day with an increment ranging from 5% to 6% each year. The total leased area is 8,910.20 sq.m. and the expiration dates of the term are ranging from 31 August 2021 to 31 August 2023. The lessees are independent of the Company and its connected persons.

For room 101 and 102 on the first floor and second floor of Building 69, the existing lease was signed with Beijing Zhonghe Property Management Co., Ltd. (北京忠和物業管理有限公司) at the rental standard of RMB4 and RMB3 per sq.m. per day respectively, with an increment of 8% each year. The leased area is 3,380.00 sq.m. and the term is up to 6 October 2035. The lessee is independent of the Company and its connected persons.

For room 108 on the first floor of Building 69, the existing lease was signed with Beijing Haoyuanhong Commerce and Trading Co., Ltd. (北京浩源宏商貿有限公司) at the rental standard of RMB7.21 per sq.m. per day respectively, with an increment of 6% each year. The leased area is 119.00 sq.m. and the term is up to 30 April 2024. The lessee is independent of the Company and its connected persons.

For room 110 on the first floor of Building 69, the existing lease was signed with the 8th branch of Beijing Yuekangtong Tongtai Dispensary Co., Ltd. (北京悅康同泰大藥房有限公司第八分公司) at the rental standard of RMB7.21 per sq.m. per day respectively, with an increment of 6% each year. The leased area is 199.00 sq.m. and the term is up to 30 April 2024. The lessee is independent of the Company and its connected persons.

Building 53 and Building 56 are currently vacant because they are not offered for lease by BTIT.

Beijing Mingchuang will enter into new leases with the original lessees of the Property on the same terms of the existing leases. As of the date of this Announcement, the original lessees have indicated that they would agree to this arrangement.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The Property is currently being leased out to certain lessees. BTIT will terminate the lease contracts with the existing lessees and lease the Property to Beijing Mingchuang, which will subsequently lease the Property to the original lessees. The Group engaged in sub-leasing business with its properties situated in Nanjing but it intended to restructure its sub-leasing business by relocating its sub-leasing business to a more profitable location. The Property situates in Beijing, a first-tier city in the Mainland China, with stable lease market and lower business risk. BTIT is willing to work with the Group to diversify the Group's property sub-leasing business in first-tier cities. Besides, since the rent charged to Beijing Mingchuang by BTIT is lower than the market rates as well as the rent to be charged to the tenants by Beijing Mingchuang, which is calculated based on approximately 70% of the current rent charged by BTIT from the existing tenants, the Group can generate revenue by leasing out the Property at the market rates.

In any event, BTIT agrees to provide a rental income guarantee of HK\$51,000,000 each year to Beijing Mingchuang in 2021 and 2022 so that there will be a smooth transition in terms of income of the Group when Beijing Mingchuang enters into new lease contracts with the existing tenants in place of BTIT. The revenue attributed to the sub-leasing business in Nanjing for the year ended 31 March 2020 is HK\$50,796,747 and that the expected revenue in relation to the sub-leasing of the Property in 2021 is approximately HK\$44 million. Hence, the annual rental income guarantee of HK\$51,000,000 will safeguard the Company's interest in the course of restructuring and ensure that the financial performance of the Group will not be affected during the transition period after the cessation of the sub-leasing business in Nanjing even though BTIT and Beijing may need a few months' time to complete all administrative procedures for terminating the original leases with the existing lessees and signing new leases with them. After the end of each of 2021 and 2022, Beijing Mingchuang will check whether the annual rental income for that year meets the guaranteed amount. If there is any shortfall, Beijing Mingchuang will request BTIT to pay an amount equivalent to the shortfall or deduct such amount from the rental payable, at Beijing Mingchuang's discretion.

To maintain the stability of the sub-leasing business and attract long-term tenants, Beijing Mingchuang has requested for a lease term of at least 10 years. This is comparable to the lease terms of the lease contracts entered into by the Group with other independent third parties in the past for operation of its sub-leasing business, ranging from 5 to 20 years.

Having considered the above factors, the Board considers that the terms of the Lease Contracts are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

## **INFORMATION OF THE COMPANY**

The Company is a Hong Kong-based investment holding company principally engaged in exhibition and property businesses. The Company has four segments. Exhibition-related business organizes exhibition events and meeting events. Food and beverages represents the sales of food and beverages and restaurant operations. Money lending represents the business of loan to customers, including

individuals and corporation, pursuant to the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). Property sub-leasing, property development and investment represents the sub-leasing and development of real estates and the leasing of investment properties.

## **INFORMATION OF BEIJING MINGCHUANG**

Beijing Mingchuang is principally engaged in sales of food; corporate management, hotel management, property management; provision of management services for motor vehicles in public parking lot; design, production, agency and publication of advertisements; financial consulting (provided that no auditing, capital verification, book inspection, valuation, accounting consulting and other businesses subject to special examination and approval shall be conducted, and no corresponding audit report, capital verification report, book inspection report, valuation report and other written materials shall be issued); sales of daily necessities; leasing of office space.

## **INFORMATION OF BTIT**

BTIT is principally engaged in real estate development (for industrial purpose only); technology development, technical consulting, technology transfer, technical services; economic information consulting (excluding special licensed items); provision of business services; property management; and leasing of commercial housings.

## **APPROVAL OF THE BOARD**

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the Lease Contracts except Mr. Chen Weiwu, the connected Director. Other Directors have unanimously approved the Lease Contracts (the connected Director, namely Mr. Chen Weiwu has abstained from voting), and are of the view that the terms of the Lease Contracts are on normal commercial terms or better, fair and reasonable and that the Lease Contracts are in the interests of the Company and its shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

The entering into of the Lease Contracts as the lessee will require Beijing Mingchuang to recognize RMB468,500,000 as an investment property, and thus the entering into of the Lease Contracts and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group.

Beijing Mingchuang and BTIT have entered into the Previous Lease Contracts on 27 December 2019. As certain applicable percentage ratios of the Property as a deemed acquisition of investment property together with the Previous Lease Contracts exceed 100% on an aggregated basis, the entering into of the Lease Contracts constitutes a very substantial acquisition 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.

As at the date of this announcement, Mr. Chen Weiwu, the executive director of the Company, is interested in approximately 73.48% of the shares of the Company and is an ultimate controlling shareholder of the Company. As Mr. Chen Weiwu indirectly holds 100% of the equity interest in BTIT, BTIT is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Lease Contracts and the transactions contemplated thereunder also constitute connected transactions of the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee will advise the Independent Shareholders in respect of the relevant terms of the Lease Contracts. Rainbow Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, further information on the terms of the Lease Contracts, a letter from the Independent Board Committee, an opinion from the independent financial adviser, together with a notice to convene a special general meeting to approve the Lease Contracts, is expected to be despatched to the shareholders as soon as possible and in any event, no later than 29 January 2021 after taking into account the estimated time required for the Company to prepare relevant information for inclusion in the circular.

## DEFINITIONS

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

“Building 12”	Building No. 12, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing
“Building 27”	Building No. 27, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing
“Building 52”	Building No. 52, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing
“Building 53”	Building No. 53, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing
“Building 56”	Building No. 56, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing
“Building 58”	Building No. 58, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing

“Building 59”	Building No. 59, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing
“Building 60”	Building No. 60, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing
“Building 61”	Building No. 61, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing
“Building 69”	Rooms 101, 102, 108 and 110 on the first floor and the second floor of Building No. 69, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing
“Beijing Mingchuang”	Beijing Mingchuang Business Management Co., Ltd.* (北京名創商業管理有限公司), a company incorporated under the laws of the PRC with limited liability
“Board”	the board of Directors of the Company
“Company”	China Tangshang Holdings Limited, a company incorporated in the Bermuda with limited liability, and the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 674)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee, comprising all of the independent non-executive Directors, namely Mr. Chen Youchun, Ms. Lui Mei Ka and Mr. Zhou Xin, established for the purpose of advising the Independent Shareholders in respect of the signing of the Lease Contracts
“Independent Shareholders”	shareholders other than the connected person(s) who is/are interested in the relevant transactions
“Lease Contracts”	the Lease Contracts entered into by BTIT (as the lessor) and Beijing Mingchuang (as the lessee) in respect of the Property on 11 December 2020



“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Lease Contracts”	the Lease Contracts entered into by BTIT (as the lessor) and Beijing Mingchuang (as the lessee) in respect of Buildings No. 15, 32, 38, 40, 41, 54, 62 and 63, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing on 27 December 2019
“Property”	Building 12, Building 27, Building 52, Building 53, Building 56, Building 58, Building 59, Building 60, Building 61 and Building 69
“Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Lease Contracts
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“BTIT”	Beijing Tian’an Innovation Technology and Estates Limited* (北京天安科創置業有限公司), a company incorporated under the laws of the PRC with limited liability
“%”	per cent.

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

Hong Kong, 11 December 2020

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