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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  
THE ACQUISITION OF THE TARGET COMPANY**

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

**RAINBOW.**

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

On 30 July 2021, the Company entered into the Equity Sale and Purchase Agreement with Shenzhen Yaoling, pursuant to which the Company has agreed conditionally to acquire, and Shenzhen Yaoling has agreed conditionally to sell, the Sale Shares at the Consideration of RMB137,300,000 (equivalent to HK\$164,760,000). The Consideration shall be settled by way of (i) cash of RMB40,000,000 (equivalent to HK\$48,000,000), (ii) the issue and allotment of 450,000,000 Consideration Shares at an issue price of HK\$0.2 per Consideration Share, resulting in the total value of the Consideration Shares being HK\$90,000,000 (equivalent to approximately RMB74,700,000) and (iii) the issue of Convertible Bonds in the principal amount of HK\$27,120,000 (equivalent to approximately RMB22,600,000).

The Sale Shares represent 55% equity interest in the Target Company. The Company currently indirectly holds 35% equity interest in the Target Company and the Target Company is a non-wholly-owned subsidiary of the Company. Upon Completion, the Company will hold 90% equity interest in the Target Company and the financial statements of the Target Company will continue to be consolidated into the consolidated financial statements of the Group.

In July 2020, the Company completed the acquisition of 35% equity interest in the Target Company. As the Previous Acquisition and the Acquisition took place within a 12 month period, pursuant to Rule 14.22 of the Listing Rules, the Previous Acquisition and the Acquisition shall be aggregated. As certain percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition (after aggregation) exceed 100%, the Acquisition 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.

In addition, as at the date of this announcement, Shenzhen Yaoling holds 55% equity interest in the Target Company. Further, the ultimate beneficial owners of Shenzhen Yaoling, Mr. Jiang Dingwei and Ms. Jiang Mengshan, are cousins of Mr. Chen Weiwu, the chairman of the Board and an executive Director. Therefore, Shenzhen Yaoling is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Consideration Shares will be issued under the specific mandate of the Company in accordance with the Listing Rules.

A special general meeting will be convened and held by the Company for the purpose of considering and, if thought fit, approving the resolution in relation to the Equity Sale and Purchase Agreement and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares. Mr. Chen Weiwu, being the chairman of the Board and an executive Director, has a material interest in the Equity Sale and Purchase Agreement and the transactions contemplated thereunder and has abstained from voting on the Board resolution approving the Equity Sale and Purchase Agreement and the transactions contemplated thereunder.

The Independent Board Committee will advise the Independent Shareholders in respect of the relevant terms of the Equity Sale and Purchase Agreement. Rainbow Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on whether the transactions contemplated under the Equity Sale and Purchase Agreement are fair and reasonable and whether such transactions are in the interests of the Company and its Shareholders as a whole.

A circular containing, among other things, (i) further information of the terms of the Equity Sale and Purchase Agreement; (ii) a letter from the Independent Board Committee; (iii) an opinion from the Independent Financial Adviser; (iv) the financial information of the Group; (v) the financial information of the Target Company; (vi) the unaudited pro forma financial information of the Group; (vii) a valuation report; (viii) a notice convening the special general meeting; and (ix) other information as required under the Listing Rules is expected to be despatched to the Shareholders on 10 September 2021 after taking into account the estimated time required for the Company to prepare the relevant information for inclusion in the circular.

**As the Completion is conditional upon fulfilment or waiver (as the case may be) of the conditions precedent to the Equity Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.**

## INTRODUCTION

On 30 July 2021, the Company entered into the Equity Sale and Purchase Agreement with Shenzhen Yaoling, pursuant to which the Company has agreed conditionally to acquire, and Shenzhen Yaoling has agreed conditionally to sell, the Sale Shares at the Consideration of RMB137,300,000 (equivalent to HK\$164,760,000). The Consideration shall be settled by way of (i) cash of RMB40,000,000 (equivalent to HK\$48,000,000), (ii) the issue and allotment of 450,000,000 Consideration Shares at an issue price of HK\$0.2 per Consideration Share, resulting in the total value of the Consideration Shares being HK\$90,000,000 (equivalent to approximately RMB74,700,000) and (iii) the issue of Convertible Bonds in the principal amount of HK\$27,120,000 (equivalent to approximately RMB22,600,800).

The principal terms of the Equity Sale and Purchase Agreement are as follows:

**Date:**

30 July 2021

**Parties:**

Purchaser: the Company

Vendor: Shenzhen Yaoling

**Subject Matter:**

The Company has agreed conditionally to acquire, and Shenzhen Yaoling has agreed conditionally to sell, the Sale Shares, which represent 55% equity interest in the Target Company.

## Consideration

Pursuant to the Equity Sale and Purchase Agreement, the Consideration of RMB137,300,000 shall be payable by the Company to Shenzhen Yaoling by way of (i) cash of RMB40,000,000 (equivalent to HK\$48,000,000), (ii) issue and allotment of 450,000,000 Consideration Shares at an issue price of HK\$0.2 per Consideration Share, resulting in a total value of HK\$90,000,000 of Consideration Shares and (iii) issue of Convertible Bonds in the principal amount of HK\$27,120,000 on the Completion Date.

The Consideration of the Equity Sale and Purchase Agreement was determined and arrived at after arm's length negotiation with reference to net asset value of the Target Company amounting to approximately RMB249,609,683 as at 31 March 2021.

The Consideration Shares represent:

- (i) approximately 19.49% of the issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 15.55% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Bonds.

The Consideration Shares will be issued under the specific mandate to be sought from the Independent Shareholders at the special general meeting. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the outstanding Shares in issue on the date of the allotment and issue of the Consideration Shares.

Application for the listing of, and permission to deal in, the Consideration Shares to be allotted and issued pursuant to the Equity Sale and Purchase Agreement will be made by the Company to the Stock Exchange.

The principal terms of the Convertible Bonds are as follows:

Issuer:	The Company
Principal amount:	HK\$27,120,000
Maturity date:	The date falling on the fifth anniversary after the issue date of the Convertible Bonds
Interest:	The Convertible Bonds are non-interest bearing

- Redemption:** Unless previously purchased or converted for Conversion Shares, the Company shall on the maturity date redeem the outstanding principal amount of the Convertible Bonds.
- Early Redemption:** The Company shall have the right, as from the expiry of 6 months following the issue date of the Convertible Bonds, to partly or fully redeem the Convertible Bonds early, upon obtaining the written approval from Shenzhen Yaoling. The amount payable by the Company to early redeem the Convertible Bonds (or any part thereof) shall be the principal amount being redeemed.
- Conversion Price:** HK\$0.2 per Conversion Share (subject to adjustment as mentioned below)
- Conversion right:** Subject to compliance with the procedures set out in the conditions of the Convertible Bonds, the holders of the Convertible Bonds have the right to convert all or part of the outstanding principal amount of the Convertible Bonds registered in its name into the Conversion Shares at any time commencing from the date of issue up to the maturity date provided that the amount of each conversion shall not be less than an integral multiple of HK\$271,200.
- The exercise of the conversion right under the Convertible Bonds by Shenzhen Yaoling is subject to (i) the Company meeting the public float requirement under the Listing Rules and (ii) Mr. Chen Weiwu, the controlling shareholder of the Company, holding not less than 50% equity interest in the Company.
- Conversion adjustment:** The Conversion Price will be subject to adjustment upon the occurrence of the following events: (i) consolidation, subdivision and reclassification of the Shares; (ii) capitalisation of profits or reserves; (iii) capital distribution by the Company to the Shareholders; (iv) rights issue of the Shares, options or warrants; (v) rights issue of other securities other than the Shares, options or warrants; (vi) issue of the Shares at a price less than 80% of the market price of the Shares; (vii) issue of other securities at a price less than 80% of the market price of the Shares; (viii) modification of the rights of conversion, exchange or subscription of securities mentioned in paragraph (vii) so that the price is less than 80% of the market price of the Shares; and (ix) other offers made by the Company or its subsidiaries or other persons to the Shareholders in connection with an offer to which the Shareholders are generally entitled to participate.
- Ranking:** The Conversion Shares will be issued upon conversion of the Convertible Bonds and will rank *pari passu* with the Shares then in issue.

Transferability:	The Convertible Bonds are non-transferable.
Voting right:	The Convertible Bonds do not confer any voting right.
Listing:	Application for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon the exercise of the conversion right under the Convertible Bonds will be made by the Company to the Stock Exchange.

Assuming full exercise of the conversion right attached to the Convertible Bonds at the Conversion Price of HK\$0.2, the Company will issue a total of 135,600,000 Conversion Shares, representing:

- (i) approximately 5.87% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 4.68% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Bonds.

The Consideration Shares and the Conversion Shares, when allotted and issued, shall rank *pari passu* in all respects among themselves and with all the existing Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the issue date of the Consideration Shares and the Conversion Shares. The Consideration Shares and the Conversion Shares will be issued under the specific mandate to be sought by the Shareholders at the special general meeting. Application for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares will be made by the Company to the Stock Exchange.

The issue price of HK\$0.2 per Consideration Share at which the Consideration Shares will be allotted and issued and the Conversion Price of HK\$0.2 per Conversion Share (subject to adjustment) represents :

- (i) a premium of approximately 25% over the closing price of HK\$0.16 per Share as quoted on the Stock Exchange on the date of the Agreement;
- (ii) a premium of approximately 24.53% over the average closing price of approximately HK\$0.1606 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the date of the Agreement;
- (iii) a premium of approximately 31.67% over the average closing price of approximately HK\$0.1519 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the date of the Agreement;

- (iv) a premium of approximately 60.77% over the average closing price of approximately HK\$0.1244 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the date of the Agreement;
- (v) a premium of approximately 70.36% over the average closing price of approximately HK\$0.1174 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days up to and including the date of the Agreement;
- (vi) a premium of approximately 67.36% over the average closing price of approximately HK\$0.1195 per Share as quoted on the Stock Exchange for the last 360 consecutive trading days up to and including the date of the Agreement; and
- (vii) a discount of approximately 17.86% over the unaudited net asset value per Share of approximately HK\$0.2435 as at 31 March 2021 based on the 2,308,866,570 Shares in issue as at the date of the Agreement.

There is no theoretical dilution effect resulting from the issuance of the Consideration Shares and Conversion Shares given the issue price and the conversion price are higher than the prevailing market prices of the Shares. Save for the allotment and issue of the Consideration Shares and the Conversion Shares, and the issuance of 800,000,000 Shares at the issue price of HK\$0.2 per Share under the Previous Acquisition, during the 12 month period immediately preceding the date of this announcement, the Company has not undertaken (whether by reference to the date of announcement or the date of share issue) any rights issues, open offer or any other specific mandate placing.

The Issue Price and the Conversion Price were determined after arm's length negotiation between the Company and Shenzhen Yaoling with reference to the recent price performance of the Shares and the prevailing market conditions.

The net asset value of the Company per Share is approximately HK\$0.2435 as at 31 March 2021 calculated based on the net assets value of the Company as at 31 March 2021 of approximately HK\$562,112,748 and 2,308,866,570 Shares. The Directors are aware that the Shares had been traded at a significant discount to the consolidated net asset value per Share in the past 6 months. The closing price during the period from 30 July 2020 (12 months before the date of the Agreement) up to the date of this announcement ranged from a maximum of HK\$0.165 per Share to a minimum of HK\$0.079 per Share, and the average closing price is approximately HK\$0.1130 during such period, which are all far below the net asset value of the Company per Share as at 31 March 2021. Hence, considering the prevailing market price and trading liquidity of the Company's shares, which have been relatively low in the past 12 months, the Directors are of the view that the discount represented by the Conversion Price compared to the consolidated net asset value of the Company per Share would be fair and reasonable.



## **Conditions Precedent:**

Completion is conditional upon fulfilment or waiver (as the case may be) of the following conditions:

- (i) the Company having obtained the approval from its Independent Shareholders in respect of, inter alia, (a) the Acquisition; and (b) the issue of Consideration Shares and Convertible Bonds to Shenzhen Yaoling pursuant to the terms of the Equity Sale and Purchase Agreement, in the manner required by the Listing Rules;
- (ii) the Company having obtained the approval from the Board in respect of the transactions contemplated under the Equity Sale and Purchase Agreement and the allotment and issue of the Consideration Shares and the Convertible Bonds;
- (iii) the Company having obtained the approval from the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares;
- (iv) the Target Company having completed the change in registration of real estate qualification;
- (v) the allotment and issue of the Consideration Shares and the Conversion Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Agreement by any legislative, executive or regulatory body or authority of Bermuda or Hong Kong;
- (vi) each of the parties having complied with the terms and conditions of the Agreement and there having been no material breach of the Agreement by any party thereto;
- (vii) all of the warranties and representations contained in the Agreement remaining true, correct, complete, accurate and not misleading in all material respects at the Completion as if repeated at the Completion, and all undertakings contained in the Agreement, to the extent that it is capable of being fulfilled prior to the Completion Date, having been fulfilled in all respects; and
- (viii) the purchaser, the vendor and the Target Company having complied with the Listing Rules in all respects for the Acquisition.

If the conditions above have not been fulfilled or waived (as the case may be) by 31 October 2021, unless the parties agree to postpone the deadline, the Equity Sale and Purchase Agreement shall cease and terminate and neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the Agreement.

## **Completion**

Completion shall take place within seven business days after fulfilment or waiver (as the case may be) of all the conditions precedent to the Agreement, or such other date as the parties to the Agreement may agree in writing.



Upon the Completion, the Company will hold 90% equity interest in the Target Company and the financial statements of the Target Company will continue to be consolidated into the consolidated financial statements of the Group.

## INFORMATION OF THE TARGET COMPANY

The Target Company is principally engaged in urban renewal information consulting, business management consulting, business information consulting; real estate intermediary services; urban renewal project planning and devisal; engineering consulting; real estate development and operation; real estate investment; industrial investment; property investment; property management; leasing of owned property; gardening and greening project design and construction. It currently holds the Dongguan Land and is undertaking development projects.

The Target Company was established on 6 January 2020. For the period from 6 January 2020 to 31 December 2020, there is no revenue was recognised, and the loss before taxation and net loss for the period were both RMB9,703,140.

The Dongguan Land situates at Caole Village, Xiegang Town, Dongguan City, PRC with an area of 30,265.58 square meters designated for urban residential use and business service use (R2 Class II residential land (R2 二類居住用地)). R2 Class II residential land means the state-owned land used for constructing multi-storey buildings mainly for residential purpose with all-round supporting facilities, which accounts for the major part among the residential lands in the PRC. With the approval of the People's Government of Dongguan Municipality, Dongguan Municipal Bureau of Natural Resources\* (東莞市自然資源局) and Dongguan City Public Resources Trading Center\* (東莞市公共資源交易中心) determined to list the Dongguan Land for sale. Shenzhen Yaoling successfully won the bid for the Dongguan Land at the price of RMB511,840,000 jointly with Shenzhen Leju Real Estate Information and Advisory Partnership (limited partnership) in December 2019, and has established the Target Company to hold and develop the Dongguan Land.

The Group plans to develop the Dongguan Land into a mix of residential and commercial properties, part of which is for leasing purpose. It is currently intended that approximately 50% of the planned gross floor area ("GFA") of the Dongguan Land will be used to construct residential properties for sales, and approximately 50% of the planned GFA of the Dongguan Land will be used for leasing purpose such as to construct commercial properties (for example, retail shops, car parking space, offices, etc.).

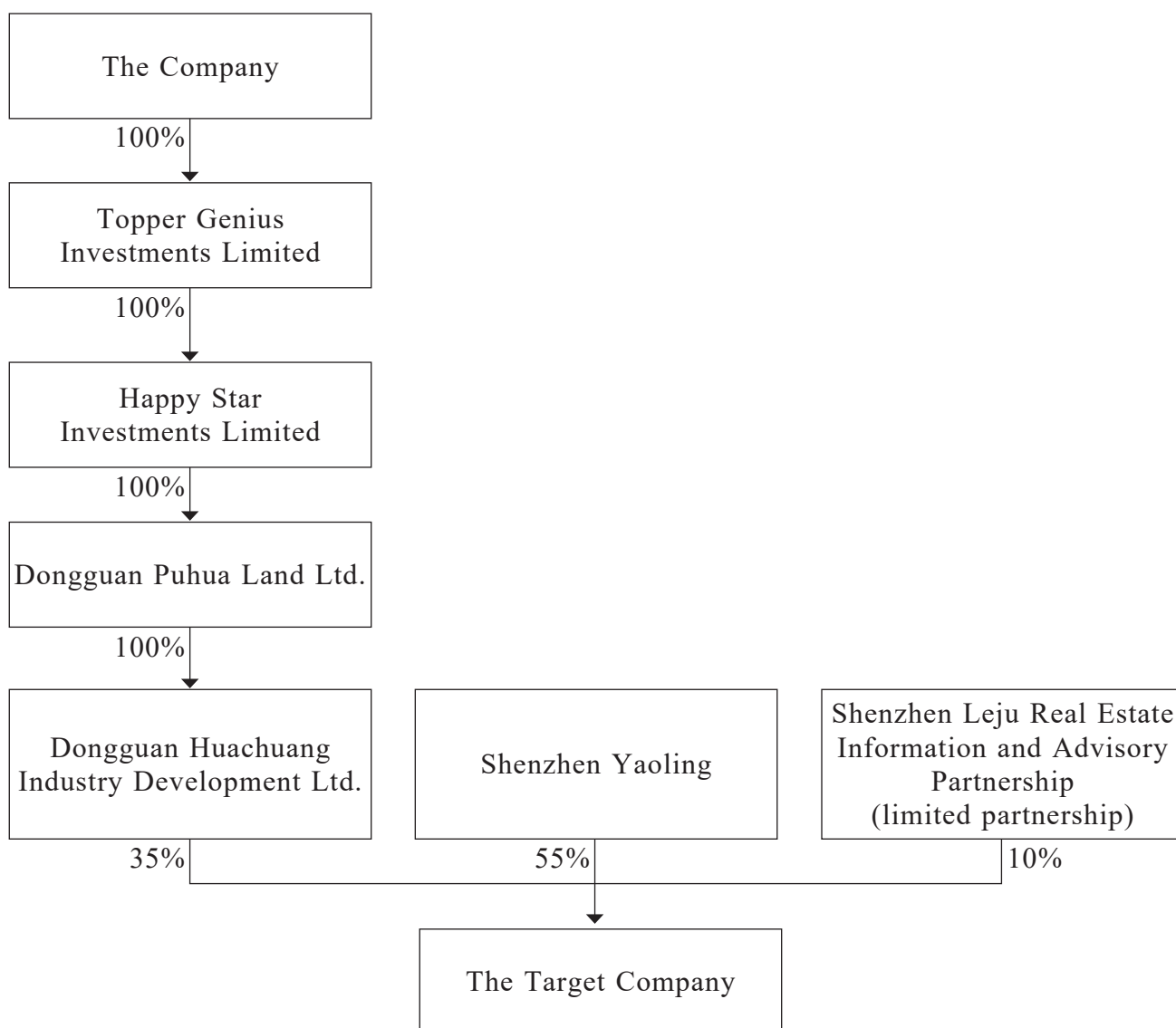
The project on the Dongguan Land is now under construction and all construction is expected to complete by the end of 2021. The Target Company has already launched pre-sale of the property on the Dongguan Land in 2020 and received good responses from the market. It is expected that the total costs for the development of the Dongguan Land will amount to approximately RMB900,000,000 (among which the land purchase price of RMB511,840,000 was already settled) and the Target Company has already obtained borrowings of RMB224,999,585 to fund the project as at May 2021. The balance of the costs will be funded by the deposits and sale proceeds received by the Target Company.

The development of the Dongguan Land would be in line with the Company's existing business. As stated above, the Group plans to develop the Dongguan Land into a mix of residential and commercial properties, part of which is for leasing purpose. Commercial properties, including shops, entertainment facilities and carparks, are typically integrated with residential properties in the vicinity, which the Company believes will not only diversify its source of income, but most importantly, generate more traffic in the locality and therefore enhance the value of, and drive the demand for, both its commercial and residential properties. As such, the Company considers that the engagement in property development is closely related to its existing property leasing business.

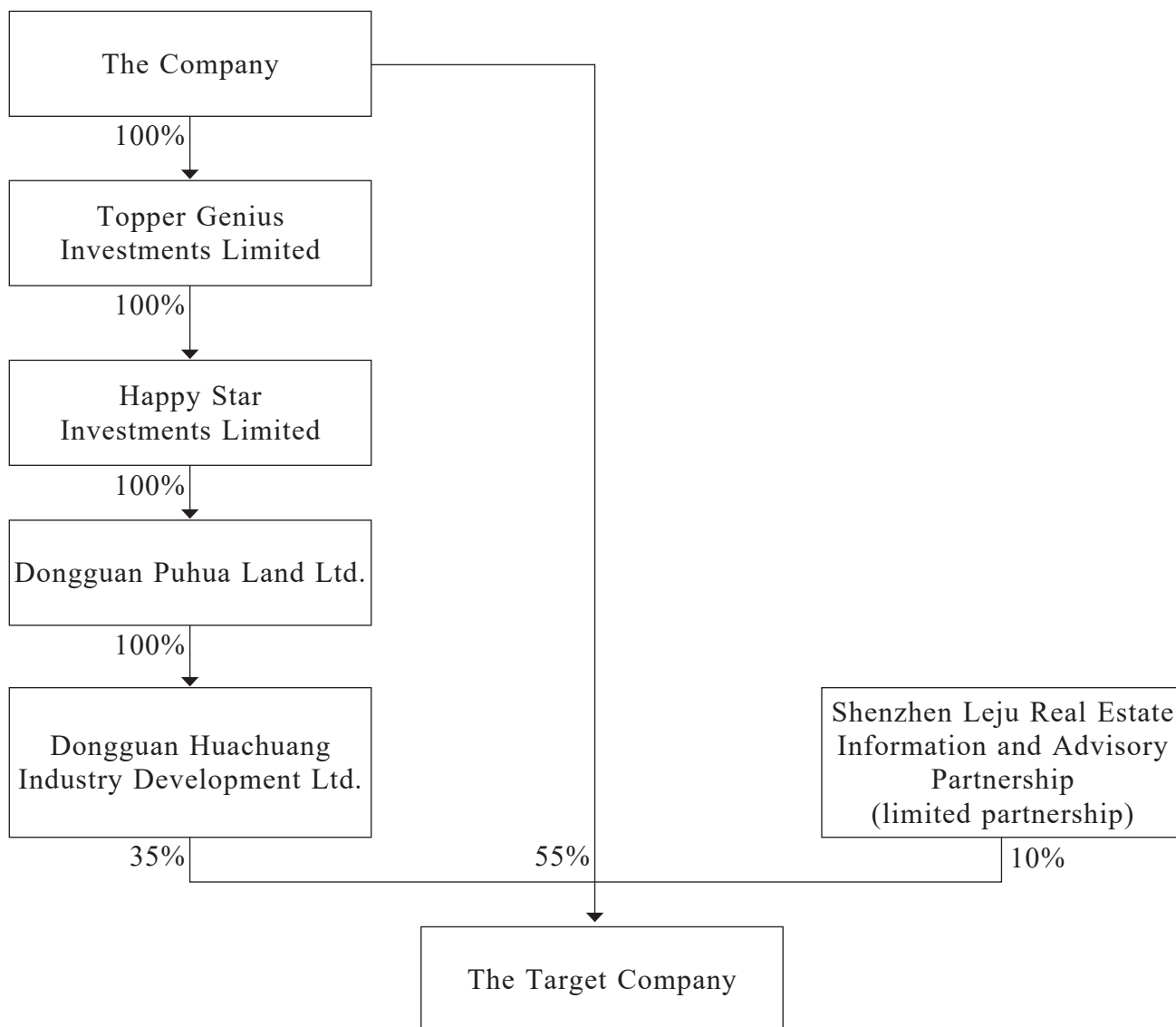
At present, the Target Company does not have other business plan after completion of the development of the Dongguan Land.

### CHANGES IN THE SHAREHOLDING STRUCTURE OF THE TARGET COMPANY

Before the Acquisition, the shareholding structure of the Target Company is as follows:



Immediately after the completion of the Acquisition, the shareholding structure of the Target Company will be as follows:



There will not be any change in the shareholders' agreement entered into between the Company, Shenzhen Yaoling and Shenzhen Leju Real Estate Information and Advisory Partnership (limited partnership) in respect of the Target Company, and the Company will continue to exercise control over the Target Company.

## CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 2,308,866,570 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Completion and the allotment and issue of the Consideration Shares; and (iii) immediately after the Completion and the allotment and issue of the Consideration Shares and the Conversion Shares:

	As at the date of this announcement		Immediately after the Completion and the allotment and issue of the Consideration Shares		Immediately after the Completion and the allotment and issue of the Consideration Shares and the Conversion Shares*	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Chen Weiwu	1,379,806,977	59.76	1,379,806,977	50.01	1,379,806,977	47.67
Shenzhen Yaoling <sup>#</sup>	0	0	450,000,000	16.31	585,600,000	20.23
Public Shareholders	929,059,593	40.24	929,059,593	33.68	929,059,593	32.10
Total	<u>2,308,866,570</u>	<u>100</u>	<u>2,758,866,570</u>	<u>100</u>	<u>2,894,466,570</u>	<u>100</u>

\* For illustration purpose only. In practice, the issue of the Conversion Shares is subject to the condition that Mr. Chen Weiwu holds not less than 50% equity interest in the Company.

<sup>#</sup> The ultimate beneficial owners of Shenzhen Yaoling are Mr. Jiang Dingwei and Ms. Jiang Mengshan, who are cousins of Mr. Chen Weiwu, chairman of the Board and an executive Director (the ultimate beneficial owner(s) of Shenzhen Yaoling was changed from Mr. Zeng Qinghua, the cousin-in-law of Mr. Chen Weiwu, to Mr. Jiang Dingwei and Ms. Jiang Mengshan in mid-May 2021).

## REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE TRANSACTIONS

The Company currently holds 35% equity interest in the Target Company and has control over the Target Company through the shareholders' agreement. The Target Company has commenced the property project in Dongguan in 2020 and achieved satisfactory pre-sale results. Shenzhen Yaoling intends to dispose of the Sale Shares as a result of internal restructuring, so the Company believes that further acquisition of the shares of the Target Company at present would enable the Company to generate more revenue from the development project on the Dongguan Land.

Having considered the above factors, the Board considers that the terms of the Equity Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION OF THE COMPANY**

The Company is an investment holding company principally engaged in property business. The Company has three segments. Money lending business represents the business of loan to customers, including individuals and corporations pursuant to the provisions of the Money Lenders Ordinance (Cap 163, laws of Hong Kong). Property sub-leasing and investment business represents the sub-leasing and leasing of investment properties. Property development business represents development of real estates.

## **INFORMATION OF SHENZHEN YAOLING**

Shenzhen Yaoling is principally engaged in investment in industrial enterprises (specific projects to be separately reported); investment advisory (excluding restricted items); logistics solutions design, logistics information consulting; development and operation of real estate (on the land for which the right of use has been legally obtained); real estate brokerage; leasing of owned properties; domestic trade (excluding franchised, exclusive and proprietary goods); operation of import and export business; and logistics and warehousing.

## **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 Equity Sale and Purchase Agreement except Mr. Chen Weiwu, the connected Director, who has material interest in the Acquisition due to his relationship with the ultimate beneficial owners of Shenzhen Yaoling. Other Directors have unanimously approved the Equity Sale and Purchase Agreement (Mr. Chen Weiwu, the connected Director, has abstained from voting), and consider that the terms of the Equity Sale and Purchase Agreement are on normal commercial terms, fair and reasonable, and the Equity Sale and Purchase Agreement is in the interests of the Company and its Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

In July 2020, the Company completed the acquisition of 35% equity interest in the Target Company. As the Previous Acquisition and the Acquisition took place within a 12 month period, pursuant to Rule 14.22 of the Listing Rules, the Previous Acquisition and the Acquisition shall be aggregated. As certain percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition (after aggregation) exceed 100%, the Acquisition 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.

In addition, as at the date of this announcement, Shenzhen Yaoling holds 55% equity interest in the Target Company. Further, the ultimate beneficial owners of Shenzhen Yaoling, Mr. Jiang Dingwei and Ms. Jiang Mengshan, are cousins of Mr. Chen Weiwu, the chairman of the Board and an executive Director. Therefore, Shenzhen Yaoling is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Consideration Shares will be issued under the specific mandate of the Company in accordance with the Listing Rules.

A special general meeting will be convened and held by the Company for the purpose of considering and, if thought fit, approving the resolution in relation to the Equity Sale and Purchase Agreement and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares. Mr. Chen Weiwu, being the chairman of the Board and an executive Director, has a material interest in the Equity Sale and Purchase Agreement and the transactions contemplated thereunder and has abstained from voting on the Board resolution approving the Equity Sale and Purchase Agreement and the transactions contemplated thereunder.

The Independent Board Committee will advise the Independent Shareholders in respect of the relevant terms of the Equity Sale and Purchase Agreement. Rainbow Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on whether the transactions contemplated under the Equity Sale and Purchase Agreement are fair and reasonable and whether such transactions are in the interests of the Company and its Shareholders as a whole.

A circular containing, among other things, (i) further information of the terms of the Equity Sale and Purchase Agreement; (ii) a letter from the Independent Board Committee; (iii) an opinion from the Independent Financial Adviser; (iv) the financial information of the Group; (v) the financial information of the Target Company; (vi) the unaudited pro forma financial information of the Group; (vii) a valuation report; (viii) a notice convening the special general meeting; and (ix) other information as required under the Listing Rules is expected to be despatched to the Shareholders on 10 September 2021 after taking into account the estimated time required for the Company to prepare the relevant information for inclusion in the circular.

**As the Completion is conditional upon fulfilment or waiver (as the case may be) of the conditions precedent to the Equity Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Company from Shenzhen Yaoling in accordance with the terms and conditions of the Agreement
“Agreement” or “Equity Sale and Purchase Agreement”	the conditional Equity Sale and Purchase Agreement dated 30 July 2021 entered into by the Company and Shenzhen Yaoling in respect of the Acquisition
“Board”	the board of Directors of the Company
“Company”	China Tangshang Holdings Limited, a company incorporated in Bermuda with limited liability, and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 674)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of RMB137,300,000 for the acquisition of the Sale Shares
“Consideration Share(s)”	450,000,000 new Shares to be allotted and issued by the Company to the vendor
“Conversion Price”	the Initial Conversion Price of HK\$0.2 per Conversion Share
“Conversion Share(s)”	the new Share(s) which may be issued upon exercise of the conversion right attaching to the Convertible Bonds
“Convertible Bonds”	the zero-coupon convertible bonds with a principal amount of HK\$27,120,000 to be issued by the Company to Shenzhen Yaoling to settle part of the Consideration
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company



“Dongguan Land”	the land situated at Caole Village, Xiegang Town, Dongguan City, the PRC, with a land parcel number of 2019WG052 and an area of 30,265.58 square meters designated for urban residential use and business service use
“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 Equity Sale and Purchase Agreement
“Independent Shareholders”	shareholders other than connected person(s) which is/are interested in the relevant transactions
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Previous Acquisition”	the indirect acquisition of the 35% equity interest of the Target Company by the Company from Mr. Chen Weiwu in accordance with the Equity Sale and Purchase Agreement signed on 9 April 2020
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Rainbow Capital” and “Independent Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed under the Securities and Futures Ordinance to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	55% of the issued share capital of the Target Company
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shenzhen Yaoling”	Shenzhen Yaoling Investment Ltd.* (深圳市耀領投資有限公司), a company incorporated under the laws of the PRC
“Shareholders”	shareholders of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Dongguan Huachuangwen Land Ltd.* (東莞市華創文置地有限公司), a company incorporated on 6 January 2020 under the laws of the PRC with limited liability
“%”	per cent.

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

Hong Kong, 30 July 2021

*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.*

\* *For identification purpose only*