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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)

MAJOR AND CONNECTED TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

On 16 December 2021, Xiamen Hongfu and Xiamen Rongyin entered into the Facility Agreements with the Bank, pursuant to which the Bank agreed to provide loan facilities up to RMB400,000,000 to Xiamen Hongfu and up to RMB900,000,000 to Xiamen Rongyin respectively for a term of one year. On 23 December 2021, the Company as guarantor entered into the Guarantee Agreements with the Bank, pursuant to which the Company agreed to provide guarantee in favour of the Bank to secure the repayment obligations of Xiamen Hongfu and Xiamen Rongyin under the respective Facility Agreements. The entering into the Guarantee Agreements by the Company is mainly to ensure that Good First Group will continue to provide guarantee for onshore loans of the Company.

On 23 December 2021, Good First Group entered into the Counter-Guarantee Agreement with the Company, pursuant to which Good First Group shall provide a counter-guarantee for all liabilities and obligations which may be borne by the Company under the Guarantee Agreements.

On 23 December 2021, in consideration of the provision of the Guarantees by the Company, the Company and the Borrowers entered into the Guarantee Service Agreement, pursuant to which each of the Borrowers shall respectively pay a Guarantee Fee to the Company.

IMPLICATIONS UNDER THE LISTING RULES

Xiamen Hongfu and Xiamen Rongyin are subsidiaries of Good First Group, a company owned as to 51.03% by Ms. Wong, a controlling shareholder of the Company. Therefore, Xiamen Hongfu, Xiamen Rongyin and Good First Group are associates of the connected persons of the Company, and thus are connected persons of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Agreements exceeds 25% but all of such ratios are less than 100%, the Agreements and the transactions contemplated thereunder constitute a major and connected transaction of the Company under Chapter 14 and 14A of the Listing Rules and are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14 and 14A of the Listing Rules.

GENERAL

The EGM will be convened by the Company for the Independent Shareholders to consider and, if thought fit, to approve the Agreements and the transactions contemplated thereunder by poll.

In this connection, the Company will appoint the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Agreements and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) other information as required under the Listing Rules; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or around 10 January 2022.

INTRODUCTION

On 16 December 2021, Xiamen Hongfu and Xiamen Rongyin entered into the Facility Agreements with the Bank, pursuant to which the Bank agreed to provide loan facilities up to RMB400,000,000 to Xiamen Hongfu and up to RMB900,000,000 to Xiamen Rongyin respectively for a term of one year. On 23 December 2021, the Company as guarantor entered into the Guarantee Agreements with the Bank, pursuant to which the Company agreed to provide guarantee in favour of the Bank to secure the repayment obligations of Xiamen Hongfu and Xiamen Rongyin under the respective Facility Agreements. The entering into the Guarantee Agreements by the Company respectively is mainly to ensure that Good First Group will continue to provide guarantee for the onshore loans of the Company.

On 23 December 2021, Good First Group entered into the Counter-Guarantee Agreement with the Company, pursuant to which Good First Group shall provide a counter-guarantee in favour of the Company for all liabilities and obligations which may be borne by the Company under the Guarantee Agreements.

On 23 December 2021, in consideration of the provision of the Guarantees by the Company, Company and the Borrowers entered into the Guarantee Service Agreement, pursuant to which each of the Borrowers shall respectively pay a Guarantee Fee to the Company.

GUARANTEE AGREEMENTS

The scope of the Guarantees cover the principal amounts under the Facility Agreements, and any interest, handling fees, damages, compensation and any other related fees and expenses that Xiamen Hongfu and Xiamen Rongyin are defaulted in payment under the Facility Agreements, but in any event not exceeding the aggregate loan principal amount of RMB1,300,000,000, plus interests calculated at 5.655% per annum by taking into account the maturity date of the loan facilities on 30 June 2023 and other related fees and expenses, which is estimated to be up to approximately RMB74 million.

The Guarantees shall remain valid for three years after the relevant maturity dates of the loan facilities under the Facility Agreements.

THE COUNTER-GUARANTEE AGREEMENT

On 23 December 2021, Good First Group entered into the Counter-Guarantee Agreement with the Company, pursuant to which Good First Group shall provide a counter-guarantee in favour of the Company. The scope of the Counter-Guarantee Agreement is to counter guarantee: (a) all the liabilities and obligations of the Company under the Guarantee Agreements; and (b) all reasonable expenses which may be incurred by the Company in the course of recovering any payment made or loss due to its obligations under the Guarantee Agreements. In addition, Good First Group has guaranteed to the Company that if each of Xiamen Rongyin and Xiamen Hongfu may not be able to repay its debt under each of the Facility Agreements, Good First Group will arrange all its available resources to repay the relevant debt before the Company performing its obligations under the Guarantee Agreements.

The term of the Counter-Guarantee Agreement shall be effective from the date of the Counter-Guarantee Agreement and end on the expiry of the Guarantee Agreements.

THE GUARANTEE SERVICE AGREEMENT

On 23 December 2021, in consideration of the provision of the Guarantees by the Company, the Company and the Borrowers entered into the Guarantee Service Agreement, pursuant to which each of the Borrowers shall respectively pay a Guarantee Fee to the Company. For the first annum, the Guarantee Fee shall be RMB6 million and RMB13.5 million respectively for each of Xiamen Hongfu and Xiamen Rongyin which shall be payable to the Company within 30 days after the drawdown of the relevant loan facility under the relevant Facility Agreement. For the following annum, the Guarantee Fee shall be payable within 30 days after the end of each annum and determined according to the following formula:

Guarantee Fee receivable = $1.5\% \times \text{Amount} \times n/365$

“Amount” represents the principal amount guaranteed by the Company under the respective Guarantee Agreement; and

“n” represents the number of days the Company have provided the guarantees during the annum.

The Guarantee Fee is subject to a maximum cap of RMB6 million and RMB13.5 million per annum respectively for Xiamen Hongfu and Xiamen Rongyin, being 1.5% of the Guaranteed Loan Amount. The Guarantee Fee was determined based on arm's length negotiations between the parties with reference to the level of guarantee fees for comparable transactions in the market and three quotations obtained by the Company from three independent third party institutions which are (i) principally engaging in the provision of guarantee services in the market; and (ii) operating in Xiamen in the PRC (similar geographical regions as the Borrowers). The level of guarantee fees for these three quotations ranged from 0.8% to 2.0% per annum.

The Guarantee Service Agreement shall terminate upon the release of the Guarantees.

Each of the Agreements is subject to the approval of the Shareholders being obtained in accordance with the Listing Rules.

REASONS FOR AND BENEFITS OF THE AGREEMENTS

The entering into the Guarantee Agreements by the Company is mainly to ensure that Good First Group will continue to provide guarantee for the onshore loans of the Company. Due to the recent difficulty in obtaining bank financing for property developers, Good First Group has provided guarantee from time to time for onshore loans obtained by the Group during the ordinary and usually course of business of the Group. As at the date of this announcement, the effective guarantee provided by Good First Group amounts to RMB2.95 billion, which is on normal commercial terms or better and for which the Group was not required to provide a counter guarantee on its asset in favour of Good First Group and without any guarantee service fee.

In consideration of the provision of the Guarantees, the Group will be entitled to a Guarantee Fee from the Borrowers under the Guarantee Service Agreement, which was determined after arm's length negotiations between the parties with reference to the level of guarantee fees for comparable transactions in the market and independent third party quotations. The collection of the Guarantee Fee can therefore generate additional revenue and increase cash flows for the Group.

Based on the above factors, the Board (excluding the independent non-executive Directors whose views will be expressed after obtaining the advice from the independent financial adviser to be appointed by the Company) is of the view that the terms of each of the Agreements are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

The Group is principally engaged in property development business in the PRC.

INFORMATION ON XIAMEN HONGFU AND XIAMEN RONGYIN

Xiamen Rongyin is a company incorporated in the PRC with limited liability, which is principally engaged in trading and wholesale business. Xiamen Rongyin is owned as to 93.35% by Good First Group and 6.65% by Xiamen Xindi. Good First Group is owned as to 51.03% by Ms. Wong, 18.01% by Ms. Chan, 18.01% by Chan Tinyiu, 10% by Mr. Wu, 1.96% by Xiamen Hexin, 1% by Chan Cheungming. Xiamen Hexin is owned as to 89% by Mr. Wu and 11% by Ms. Zhang. Xiamen Xindi is owned as to 95.5% by Good First Group and 4.5% by Mr. Wu.

Xiamen Hongfu is a company incorporated in the PRC with limited liability, which is principally engaged in trading business. Xiamen Hongfu is owned as to 60% by Good First Financial and 40% by Xiamen Rongyin. Good First Financial is wholly owned by Good First Group.

INFORMATION ON THE BANK

The Bank is a national joint-stock commercial bank incorporated in the PRC, the H shares of which are listed on the Stock Exchange (Stock Code: 1988). The Bank and its subsidiaries are principally engaged in the provision of corporate and personal banking services, treasury business, leasing business, fund and asset management business, investment banking business and other related financial services in the PRC. To the best of the Director's knowledge, information and belief, and after making all reasonable enquiries, Good First Group holds less than 5% of total issued shares of the Bank, and Mr. Wu is a director of the Bank appointed by Good First Group. Except for Good First Group, all other shareholders of the Bank are Independent Third Parties.

INFORMATION ON GOOD FIRST GROUP

Good First Group is a limited liability company established in the PRC, which is mainly engaged in trading and investment. Good First Group is owned as to 51.03% by Ms. Wong, 18.01% by Ms. Chan, 18.01% by Chan Tinyiu, 10% by Mr. Wu, 1.96% by Xiamen Hexin, 1% by Chan Cheungming. Xiamen Hexin is owned as to 89% by Mr. Wu and 11% by Ms. Zhang.

BOARD APPROVAL

Mr. Wu, Ms. Chan and Ms. Zhang were considered to have a material interest in the transactions contemplated under the Agreements, they had abstained from voting on the relevant Board resolutions for approving the Agreements and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors was required to abstain from voting on the relevant Board resolutions.

IMPLICATIONS UNDER THE LISTING RULES

Xiamen Hongfu and Xiamen Rongyin are subsidiaries of Good First Group, a company owned as to 51.03% by Ms. Wong, a controlling shareholder of the Company. Therefore, Xiamen Hongfu, Xiamen Rongyin and Good First Group are associates of the connected persons of the Company, and thus are connected persons of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Agreements exceeds 25% but all of such ratios are less than 100%, the Agreements and the transactions contemplated thereunder constitute a major and connected transaction of the Company under Chapter 14 and 14A of the Listing Rules and are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14 and 14A of the Listing Rules.

GENERAL

The EGM will be convened by the Company for the Independent Shareholders to consider and, if thought fit, to approve the Agreements and the transactions contemplated thereunder by poll.

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder.

Ms. Wong, Mr. Wu and their respective associates have material interests in the Agreements and the transactions contemplated thereunder and will therefore be required to abstain from voting on the resolutions at the EGM. As at the date of this announcement, Ms. Wong though Dynasty Cook and Fujia indirectly held or controlled the voting rights in respect of approximately 57.04% of the issued shares of the Company while Mr. Wu though MeiDi indirectly held or controlled the voting rights in respect of approximately 15.55% of the issued shares of the Company. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Agreements and the transactions contemplated thereunder and therefore no other Shareholder is required to abstain from voting at the EGM for the relevant resolutions.

In this connection, the Company will appoint the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Agreements and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) other information as required under the Listing Rules; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or around 10 January 2022.

DEFINITIONS

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

“Agreements”	the Guarantee Agreements, the Counter-Guarantee Agreement and the Guarantee Service Agreement
“associate(s)”	has the meaning ascribe to it under the Listing Rules
“Bank”	China Minsheng Bank Corp., Ltd., Xiamen Branch
“Board”	board of Directors
“Borrowers”	Xiamen Rongyin and Xiamen Hongfu
“Company”	Datang Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2117)
“connected person(s)”	has the meaning ascribe to it under the Listing Rules
“controlling shareholder”	has the meaning ascribe to it under the Listing Rules
“Counter-Guarantee Agreement”	the counter-guarantee agreement dated 23 December 2021 entered into by and among the Company and Good First Group in relation to the counter-guarantee provided by Good First Group in favour of the Company in respect of the Guarantees provided by the Company under the Guarantee Agreements, respectively
“Dynasty Cook”	Dynasty International Co. Ltd. (大唐國際有限公司), a limited liability company incorporated in the Cook Islands, which is indirectly wholly-owned by Ms. Wong
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company to consider and, if thought fit, to approve the Agreements and the transactions contemplated thereunder
“Facility Agreements”	the Hongfu Facility Agreement and the Rongyin Facility Agreement

“Fujia”	Fujia Group Holdings Limited (福嘉集團控股有限公司), (formerly known as XinDi Group Holdings Limited (信地集團控股有限公司)), an exempted company incorporated in the Cayman Islands with limited liability, which is indirectly wholly-owned by Ms. Wong
“Good First Financial”	Xiamen Good First Financial Holdings Co., Ltd.* (廈門福信金融控股有限公司), a limited company established in the PRC
“Good First Group”	Good First Group Co., Limited.* (福信集團有限公司), a limited liability company established in the PRC
“Guarantees”	the guarantees to be provided by the Company under the Guarantee Agreements
“Guarantee Agreements”	Hongfu Guarantee Agreement and Rongyin Guarantee Agreement
“Guarantee Fee”	the guarantee fee payable by each of the Borrowers to the Company pursuant to the terms of the Guarantee Service Agreement
“Guaranteed Loan Amount”	the potential liabilities for the total principal amount under Facility Agreements that will be borne by the Company under the Guarantee Agreements, which is subject to a maximum cap of RMB1,300,000,000
“Guarantee Service Agreement”	the guarantee service agreement dated 23 December 2021 entered into between the Company and the Borrowers in relation to the payment of Guarantee Fee
“Group”	the Company and its subsidiaries
“Hongfu Facility Agreement”	the facility agreement dated 16 December 2021 entered between the Bank and Xiamen Hongfu to provide loan facilities up to RMB400,000,000 to Xiamen Hongfu
“Hongfu Guarantee Agreement”	the guarantee agreement dated 23 December 2021 entered into between the Company and the Bank to guarantee repayment obligations of the Xiamen Hongfu under the Hongfu Facility Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors to advise the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than Ms. Wong, Mr. Wu and their respective associates
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MeiDi”	MeiDi Investment Holding Limited (美地投資控股有限公司), a limited liability company incorporated in the BVI, which is wholly owned by Mr. Wu
“Ms. Chan”	Ms. Chan Tan Yee (陳天怡), one of the Directors of the Company
“Ms. Wong”	Ms. Wong Hei (黃晞), one of controlling shareholders of the Company
“Mr. Wu”	Mr. Wu Di (吳迪), one of the Directors of the Company
“Ms. Zhang”	Ms. Zhang Jianhua (張建華), one of the Directors of the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Rongyin Facility Agreement”	the facility agreement dated 16 December 2021 entered between the Bank and Xiamen Rongyin to provide loan facilities up to RMB900,000,000 to Xiamen Rongyin
“Rongyin Guarantee Agreement”	the guarantee agreement dated 23 December 2021 entered between the Company and the Bank to guarantee repayment obligations of the Xiamen Rongyin under the Rongyin Facility Agreement
“Share(s)”	ordinary share(s) with a nominal value of US\$0.01 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xiamen Hexin”	Xiamen Hexin Consulting Service Co., Ltd.* (廈門合信諮詢服務有限公司), a limited liability company established in the PRC
“Xiamen Hongfu”	Xiamen Hongfu Trading Co., Ltd.* (廈門鴻孚貿易有限公司), a limited liability company established in the PRC
“Xiamen Rongyin”	Xiamen Rongyin Trading Co., Ltd.* (廈門融銀貿易有限公司), a limited liability company established in the PRC
“Xiamen Xindi”	Xiamen Xindi Group Co., Ltd.* (廈門信地集團有限公司), a limited liability company established in the PRC
“%”	per cent

* For identification purposes only

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

Hong Kong, 24 December 2021

As at the date of this announcement, the executive Directors are Mr. WU Di, Mr. HAO Shengchun, Mr. TANG Guozhong, Ms. ZHANG Jianhua and Ms. CHAN Tan Yee, the non-executive Director is Ms. CHEN Xiaoyun, and the independent non-executive Directors are Mr. QU Wenzhou, Ms. XIN Zhu and Mr. TAM Chi Choi.