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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)

DISCLOSURE PURSUANT TO RULES 13.13 AND 13.15 OF THE LISTING RULES

This announcement is made by China Tangshang Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rules 13.13 and 13.15 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

BACKGROUND

On 1 April 2023, Puning Huachuangwen Industrial Development Co., Ltd.* (普寧華創文實業開發有限公司) (“**Puning Huachuangwen**”), a wholly-owned subsidiary of the Company, entered into a non-legally binding letter of intent (“**Letter of Intent**”) with Shenzhen Huitong Chuangchuang Materials Co., Ltd.* (深圳市慧通創建材有限公司) (“**Shenzhen Huitong**”), a company being exclusively authorised by Xintan Village, Liusha East Street, Puning City, Guangdong Province (廣東省普寧市流沙東街道新壇村) of an urban renewal project (the “**Project**”) to coordinate and find potential investors of the Project.

LETTER OF INTENT

Pursuant to the Letter of Intent, Puning Huachuangwen has expressed an intention to invest in the Project and agreed to pay security deposits (the “**Deposit**”) of RMB400 million in aggregate to secure such investment and cooperation opportunity of the Project. Puning Huachuangwen is required to pay deposit in the amount of RMB300 million (cumulative) before 31 December 2023 and RMB400 million (cumulative) before 31 December 2024. During the year ended 31 March 2024, deposit of approximately RMB312,560,000 was paid in several batches to the bank account of Shenzhen Huitong. Up to the date of this announcement, the Group has in aggregate paid approximately RMB362 million to Shenzhen Huitong as Deposit.

As stipulated in the Letter of Intent, Puning Huachuangwen has the right to further decide to proceed the investment or not. The Deposit is unsecured, interest-free and unconditionally refundable upon request if Puning Huachuangwen decides not to invest in the Project or the terms and financial data of the plan of the Project have not been approved by the government within 3 years from the date of the Letter of Intent. If Puning Huachuangwen decides to invest in the Project, the Deposit will be converted to investment capital of the Project and will be utilised for development of the Project.

INFORMATION ON THE PARTIES TO THE LETTER OF INTENT

Puning Huachuangwen is a limited liability company incorporated in the PRC and is a wholly-owned subsidiary of the Company. Puning Huachuangwen is principally engaged in property development in the PRC.

Shenzhen Huitong is a limited liability company principally engaged in construction project coordination and provision of construction materials in the PRC. It is owned as to 50% by Li Rong (李蓉) and 50% by Zhou Haimei (周海梅). To the best of the knowledge, information and belief of the directors of the Company (the “**Directors**”), having made all reasonable enquiries, Shenzhen Huitong and its ultimate beneficial owners are independent third parties of the Company and its connected persons.

THE PROJECT

The Project is located in Xintan Village, Liusha East Street, Puning City, Guangdong Province (廣東省普寧市流沙東街道新壇村). The total area of the Project is approximately 53,000 square meters. The Project is targeted to be developed into a complex of residential, commercial, community facilities, tourism, entertainment with Teochew culture and design, after demolition of existing buildings and relocation of existing residents. The initial development period of the Project is approximately 15 years commencing from 2020 to 2035. The Project has preliminary urban renewal plan with terms and financial data drafted, but still in the process of communication with the government for further details of the plan and terms. As at the date of this announcement, the government approval has not been obtained and the Company has not entered into any legally binding agreement in relation to the Project.

REASONS FOR THE ADVANCE

The Group is principally engaged in property development business in the PRC. Due to the real estate market downturn in the PRC in recent years, it is hard for the Group to seek good and profitable opportunities for property development in the PRC. Based on the discussion with Shenzhen Huitong and market information of the Project, the management of the Group considered that the Project is a very large-scale urban renewal project located in central area of Puning City that is highly supported by the local government. The Project is expected to generate potential returns and the Group should seize the opportunity to invest in the Project.

As the Project, if materializes, would involve a very large sum of investments for the demolition of existing buildings, relocation of existing residents, and construction of new housing estate and other buildings, security deposit is required to be provided to demonstrate investors' solid interest in participating in the Project. As at the date of this announcement, the Company is waiting for the relevant data concerning the Project to be released by the government, and has not entered into any binding agreement regarding the Project yet. The Company would only decide on whether to participate in the Project after the data and government approval become available, which is expected to take a longer time given the prolonged development period and scale of the Project. Although the Deposit had been paid by the Group, the Deposit will be fully refundable upon the Company's request if the Company decide not to participate in the Project.

After the Company decide on whether and how to participate in the Project, the investment in the Project may constitute notifiable transactions under Chapter 14 of the Listing Rules. The Company will make further announcements in compliance with the Listing Rules as and when appropriate.

In view of the above, the Directors consider that the Letter of Intent and the Deposits are conducted in the ordinary course of business of the Group and are on normal commercial terms which are in the interests of the shareholders of the Company and the Company as a whole.

LISTING RULES IMPLICATIONS

As the amount of the Deposit exceeded 8% of the Company's total assets as at 31 March 2024, the Company should be required to announce the details of this advance to an entity in accordance with Rules 13.13 and 13.15 of the Listing Rules. However, since the Deposit is unconditionally refundable and the Letter of Intent is entered into in the ordinary course of business of the Group, the Directors considered that the Deposit is not loan or other kind of financial assistance to any party which constitute an advance to an entity under Rule 13.13 of the Listing Rules. As such, the Directors consider that the non-compliance incident is a one-off misinterpretation of the application of Rule 13.13 of the Listing Rules and an isolated event and undertake to strengthen the relevant internal control procedures to avoid the reoccurrence of similar incidents in future.

In order to prevent the occurrence of similar inadvertent deviation from the Listing Rules in future, the Company will provide a detailed guideline relating to Rules 13.13 and 13.15 of the Listing Rules for all the Directors as well as its management team in order to strengthen and reinforce their existing knowledge relating to disclosure requirements under Rules 13.13 and 13.15 of the Listing Rules, as well as their ability to identify potential issues at early stage.

For and on behalf of the Board
China Tangshang Holdings Limited
Chen Weiwu
Chairman

Hong Kong, 12 November 2024

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

* *For identification purpose only*