CHINA TANGSHANG HOLDINGS LIMITED
中國唐商控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 674)

MAJOR TRANSACTION THE ACQUISITION OF 49% EQUITY INTEREST IN THE TARGET COMPANY

The Board is pleased to announce that on 5 September 2019 (after trading hours of the Stock Exchange), the Purchaser (a wholly-owned subsidiary of the Company), the Vendor and the Target Company entered into the Acquisition Agreement pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Capital for the Consideration of US$1.00, and subject to Completion, the Purchaser shall provide the Loan in the amount of US$24,000,000 to the Target Company.

The Sale Capital, representing 49% of the equity interest in the Target Company is held by the Vendor.

Upon Completion, the Company will through the Purchaser be interested in 49% of the equity interest of the Target Company, and taking into account the terms of the Shareholders Agreement to be entered into, the Target Company will be accounted for as a non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated with the Group.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, circular and shareholders' approval requirements under the Listing Rules.

THE ACQUISITION

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THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are set out below:

Date: 5 September 2019

Parties:

(1) The Purchaser

(2) The Vendor

(3) The Target Company

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Vendor is an Independent Third Party.

The Target Company is a company established in Cambodia with limited liability. As at the date of the Acquisition Agreement, it was owned as to 50% by the Vendor and as to 50% by the Remaining Shareholder, an Independent Third Party. It holds the title in the Land and will be engaged in the development of residential property at the Land.

Asset to be acquired

The Sale Capital, representing 49% of the equity interest in the Target Company is held by the Vendor.

The registered capital of the Target Company is US$500,000. As at the date of the Acquisition Agreement, the registered capital has not yet been paid up. The Purchaser and the Target Company has agreed to capitalise an equivalent amount of the Loan (i.e. US$245,000) to pay up the Sale Capital after Completion and the draw-down of the Loan.

Consideration

The Consideration for the acquisition of the Sale Capital is US$1.00, which shall be payable by the Purchaser to the Vendor in cash at Completion.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms taking into account of the fact that the Sale Capital has not yet been paid up. Moreover, since the Land was transferred by the Remaining Shareholder to the Target Company at the Consideration of US$24,000,000 and as such it was agreed that the Purchaser will provide the Loan in the amount of US$24,000,000 as working capital to the Target Company.

The Directors consider that the Consideration is fair and reasonable and on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

The Loan

Pursuant to the terms of the Acquisition Agreement, upon Completion, the Purchaser as lender and the Target Company as borrower shall enter into the Loan Agreement, pursuant to which the Purchaser shall provide an unsecured loan in the principal of US$24,000,000 to the Target Company as shareholder's loan.

The Loan is interest free and is repayable on demand, and it is agreed in the Loan Agreement that (i) US$245,000 shall be subsequently capitalised to fulfill the obligations of the Purchaser to pay up the Sale Capital; and (ii) approximately US$3,000,000 shall be repaid to the Vendor by the Target Company for shareholder's loan previously advanced by the Vendor to the Target Company; and (iii) the remaining be applied for as the general working capital of the Target Company.

Conditions Precedent

Completion is subject to the fulfillment (or wavier, as the case may be) of the following conditions:

(1) the Purchaser is being satisfied with the results of the due diligence review to be conducted on the Target Company;

(2) the Shareholders passing at a special general meeting of the Company the resolutions approving the Acquisition Agreement and the transactions contemplated thereunder; or the Shareholders holding more than 50% of the issued share capital of the Company having granted its written approval for the Acquisition Agreement and the transactions contemplated thereunder;

(3) the warranties given by the Vendor under the Acquisition Agreement remaining true and accurate in all respects;

(4) the Purchaser having obtained a valuation report on the Land prepared by a qualified professional valuer designated by the Purchaser, indicating the market value of the Land shall not be less than US$24,000,000;

(5) the Purchaser having obtained a Cambodia legal opinion on the Target Company and the Land prepared by a legal adviser designed by the Purchaser to its satisfaction;

(6) (if necessary) the Purchaser having obtained approval from the relevant authority in Cambodia for the acquisition of the Sale Capital; and

(7) all other necessary consents, authorisations, licences and approvals for or in connection with the sale and purchase of the Sale Capital having been obtained.

Save for conditions (1) and (3) above which can be waived by the Purchaser, none of the conditions precedent can be waived. If any of the conditions precedent has not been satisfied (or, as the case may be, waived by the Purchaser) on or before 31 October 2019 or such later date as may be agreed between the Vendor and the Purchaser in writing, the Acquisition Agreement shall cease and determine, and in which event neither party hereto shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion is expected to take place on a business day falling within three business days after the fulfilment (or wavier) of the conditions mentioned above.

Upon Completion, the Company will through the Purchaser be interested in 49% of the equity interest of the Target Company, and taking into account the terms of the Shareholders Agreement to be entered into, the Target Company will be accounted for as a non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated with the Group.

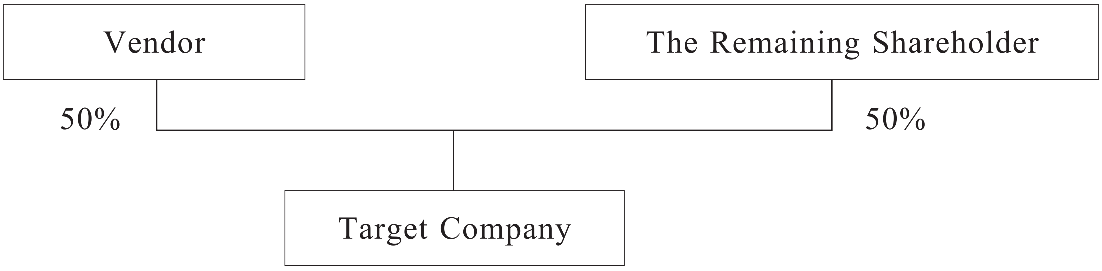
Shareholders Agreement

Upon Completion, the Purchaser, the Vendor, the Remaining Shareholder and the Target Company will enter into the Shareholders Agreement.

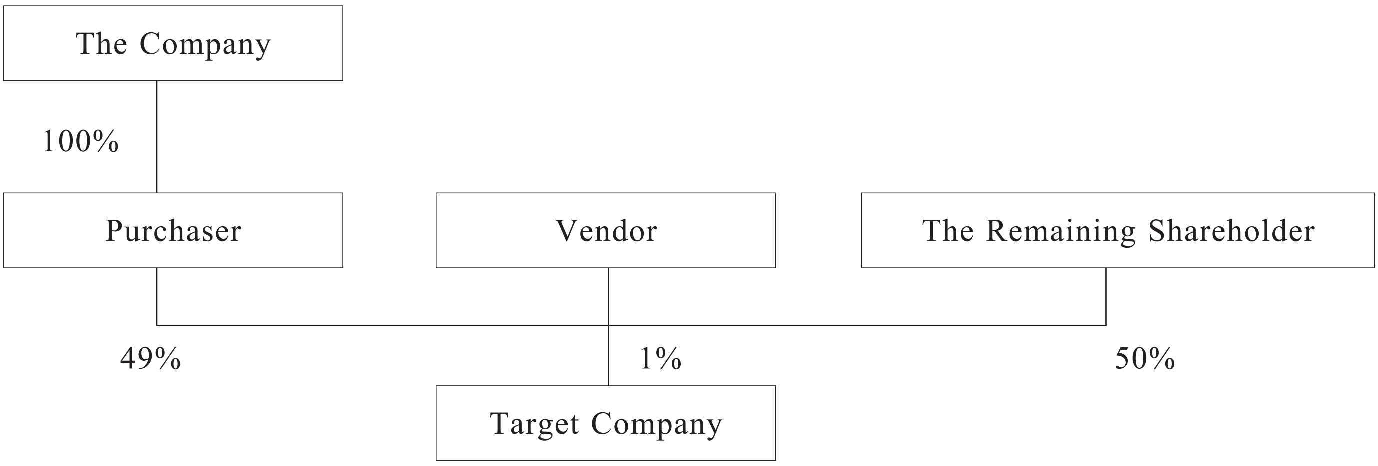
Pursuant to the Shareholders Agreement, the board of directors of the Target Company shall comprise of five (5) directors, among which the Vendor is entitled to nominate and appoint one (1) director, the Remaining Shareholder is entitled to nominate and appoint one (1) director, and the Purchaser is entitled to nominate and appoint three (3) directors. The chairman of the board of directors of the Target Company shall be appointed by the Purchaser. Moreover, certain corporate matters and decisions shall not be passed by resolutions of the shareholders of the Target Company unless with the consent of the Purchaser. As such, the Purchaser is able to exercise control over the business and operation of the Target Company.

Shareholding Structure of the Target Company

Prior to Completion



Immediately upon Completion



INFORMATION ON THE TARGET COMPANY AND THE LAND

The Target Company is a company incorporated in Cambodia with limited liability on 9 January 2019. The Target Company is principally engaged in property development in Cambodia.

The only substantial asset of the Target Company is the Land. The Target Company holds the legal title of the Land, which has an area of approximately 30,000 square meters, located at Lot no. 880, Village 6, District 4, Sihanoukville, Cambodia. It is intended by the Target Company that the Land will be developed into a residential property project.

Set out below is the financial information of the Target Company for the period since its incorporation up to 31 July 2019:

	US$ *(unaudited)*
Net loss	72,439 (equivalent to approximately HK$565,024)
Total revenue	0 (equivalent to approximately HK$0)

The total asset of the Target Company as at 31 July 2019 was approximately US$27,262,422 (equivalent to approximately HK$212,646,892).

An accountants' report of the Target Company shall be included in the circular to be despatched to the Shareholders in respect of the Acquisition.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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 is engaged in sale of food and beverages and restaurant operations. Money lending is engaged the business of loan to customers, including individuals and corporation under the provision of Money Lender Ordinace. Property subleasing, property development and investment is engaged in the subleasing, development of real estates and the leasing of investment properties. The Directors have been proactively seeking appropriate investment opportunities to enhance the long-term growth of the Group and the return to the Shareholders.

The Target Company holds the legal title of the Land which is intended to be developed into residential properties. Since the Land is located in Sihanoukville which is the important port of Cambodia and a famous tourism city, as well as an important spot being part of the "One Belt One Road" project of China, it is expected that the return of the property project will be attractive and shall in turn generate profits to the Group.

The Directors are of the view that the terms of the Acquisition Agreement are fair and reasonable and the Acquisition and the transactions contemplated under the Acquisition Agreement are beneficial to and in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, circular and shareholders' approval requirements under the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Acquisition. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the Acquisition. As at the date of this announcement, the Controlling Shareholder, holds an aggregate of 579,806,977 Shares, which represents approximately 53.80% of the total number of issued Shares of the Company and written Shareholders' approval for the Acquisition has been obtained from the Controlling Shareholder. Accordingly, pursuant to Rule 14.44 of the Listing Rules, such written Shareholders' approval may be accepted in lieu of holding a general meeting of the Company to approve the terms of, and the transactions contemplated, under the Acquisition Agreement upon satisfaction of the conditions set out under Rule 14.44 of the Listing Rules.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) details of the Acquisition; and (ii) financial information of the Group; and (iii) financial information of the Target Company shall be despatched within 15 business days after publication of this announcement. In the event that more time is required to prepare the financial information to be included in the circular, the Company will apply for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules from the Stock Exchange so that the despatch date of the circular can be postponed to a date more than 15 business days after publication of this announcement.

DEFINITIONS

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

"Acquisition"	the acquisition of the Sale Capital pursuant to the terms and conditions of the Acquisition Agreement
"Acquisition Agreement"	the sale and purchase agreement dated 5 September 2019 entered into between the Purchaser, the Vendor and the Target Company in relation to the sale and purchase of the Sale Capital
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	The board of Directors

"Cambodia"	Kingdom of Cambodia
"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 Acquisition Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration of US$1.00 payable by the Purchaser for the Acquisition
"Controlling Shareholder"	Grand Nice International Limited, a company incorporated in the British Virgin Islands with limited liability, which is a controlling shareholder (as defined in the Listing Rules) of the Company
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	third party(ies) independent of and not connected with the Company and its connected persons
"Land"	a piece of land located at Lot no. 880, Village 6, District 4, Sihanoukville, Cambodia with an approximate area of 30,000 square meters with the land ownership licence number 18010406-0880
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan"	the shareholder's loan to be provided by the Purchaser to the Target Company after Completion in the principal amount of US$24,000,000
"Loan Agreement"	the loan agreement to be entered into between the Purchaser and the Target Company after Completion
"Purchaser"	Great Regal Limited, a company incorporated in Hong Kong with limited lability and a wholly-owned subsidiary of the Company

"Remaining Shareholder"	the holder of the remaining 50% equity interest in the Target Company, who is an Independent Third Party and a Cambodian
"Sale Capital"	49% of the equity interest of the Target Company held by the Vendor
"Share(s)"	ordinary share of HK$0.05 each in the capital of the Company
"Shareholders"	holders of the Shares
"Shareholders Agreement"	the shareholders agreement to be entered into among the Purchaser, the Vendor, the Remaining Shareholder and the Target Company upon Completion
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	855 Crown Property Investment Co., Ltd., a company incorporated in Cambodia with limited lability
"US$"	United States Dollars, the lawful currency of the United States of America
"Vendor"	Mr. Li Jiexin
"%"	per cent

For the purpose of this announcement, amounts denominated in US$ have been translated into HK$ at an exchange rate of US$1:HK$7.8. No representation is made that any amounts in US$ and HK$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.

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

Hong Kong, 5 September 2019

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, Mr. Chan Chein Kwong William and Ms. Lui Mei Ka.