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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)

MAJOR TRANSACTION INVOLVING PROVISION OF GUARANTEE TO AN ENTITY

GUARANTEE AGREEMENT

On 3 September 2019, the Guarantor, an indirect non-wholly owned subsidiary of the Company, entered into the Guarantee Agreement with the Lender, pursuant to which the Guarantor agreed to guarantee the repayment obligations of the Borrower under the Loan Agreement in respect of the Loan Facility provided by the Lender.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the provision of the Guarantee based on the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules at the material time exceeds 25%, the transaction contemplated under the Guarantee Agreement constituted a major transaction for the Company and is subject to the reporting, circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

As at the date of this announcement, the Controlling Shareholder, which is interested in approximately 53.80% of the issued share capital of the Company, has given the written approval to ratify the transactions contemplated under the Guarantee Agreement and such written approval has been accepted in lieu of holding a general meeting for the approval of the Guarantee Agreement pursuant to Rule 14.44 of the Listing Rules. Therefore, no general meeting of the Company for the approval of the Guarantee Agreement and the transactions contemplated thereunder will be convened and held.

A circular will be despatched to the shareholders of the Company as soon as practicable in accordance with the Listing Rules setting out, among others, details of the Guarantee Agreement and other information. 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.

The Board announces that on 3 September 2019, the Guarantor, an indirect non-wholly owned subsidiary of the Company, entered into the Guarantee Agreement with the Lender, pursuant to which the Guarantor agreed to guarantee the repayment obligations of the Borrower under the Loan Agreement in respect of the Loan Facility provided by the Lender.

Pursuant to the Loan Agreement, the Lender agreed to grant the Loan Facility to the Borrower for a term of three (3) years from 24 September 2019 to 23 September 2022. The Borrower shall pay interest on a quarterly basis at a fix rate of 6.5% per annum. To the best of the information, knowledge and belief of the Directors, as at the date of this announcement, the outstanding balance of the Loan Agreement is RMB80,000,000.

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

THE GUARANTEE AGREEMENT

Date: 3 September 2019

Guarantor: 南京垠坤投資實業有限公司 (Nanjing Yinkun Investment Corporation Co., Ltd.*), a company established in the PRC and an indirect non-wholly owned subsidiary of the Company

Lender and the beneficiary of the Guarantee Agreement: Bank of Jiangsu, a financial institution in the PRC, an Independent Third Party

Borrower: 南京瑞益祥網絡科技有限公司 (Nanjing Ruiyixiang Network Technology Co., Ltd.*)

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower and its ultimate beneficial owner(s) are Independent Third Parties

Guaranteed obligations	the Guarantor agreed to guarantee on a joint liability basis the repayment of the Loan Facility under the Loan Agreement by the Borrower, including but not limited to the payment of principal amount, interest, penalty, liquidated damages, compensations and the Lender's expenses in relation to the enforcement of the Loan Agreement, up to an amount of RMB100,000,000
Term	up to two (2) years after the due date for the Borrower to perform its repayment obligations under the Loan Agreement

INFORMATION OF THE GROUP, THE GUARANTOR AND THE BORROWER

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 Ordinance (Cap 163, Laws of Hong Kong). Property subleasing, property development and investment is engaged in the subleasing, development of real estates and the leasing of investment properties.

The Guarantor is a company established in the PRC and an indirect non-wholly owned subsidiary of the Company, which is principally engaged in the business of property sub-leasing, development and investment in the PRC.

The Borrower is a company established in the PRC which is principally engaged in planning and development of properties in the PRC. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower and its ultimate beneficial owner(s) are Independent Third Parties.

REASONS FOR ENTERING INTO THE GUARANTEE AGREEMENT

The Borrower is a business partner of the Guarantor. The Borrower entered into the Loan Agreement with the Lender on 3 September 2019 and the Loan Facility is secured by a piece of land owned by the Borrower in Nanjing. At the request of the Borrower as a business partner of the Guarantor, the management of the Guarantor agreed to provide the Guarantee. The Guarantee was made by the management of the Guarantor without notice to the Board at the material time. As soon as the Board became aware of the Guarantee, the Company has liaised with the Borrower and the Lender for the release of the Guarantee Agreement. However, the Lender did not agree. In order to protect the interest of the Group, the Company has liaised with the Borrower, and on 7 November 2019, the Holding Company has executed the Counter Guarantee in favour of the Guarantor for any loss that the Guarantor might suffer under the Guarantee Agreement.

Considering that the Group has long term business relationship with the Borrower and its ultimate beneficial owner(s), the credibility of the Borrower, and the Loan Facility is secured by a piece of land owned by the Borrower itself in Nanjing, the Directors are of the view that the risk of defaulting the loans by the Borrower which will trigger the enforcement of Guarantee Agreement is low. Moreover, the Holding Company has provided the Counter Guarantee in favour of the Guarantor, the provision of the Guarantee under the Guarantee Agreement will not have any material adverse effects on the assets and liabilities of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the provision of the Guarantee based on the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules at the material time exceeds 25%, the transaction contemplated under the Guarantee Agreement constituted a major transaction for the Company and is subject to the reporting, circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

THE INCIDENTS

The Company had established a regulation committee (the “**Committee**”) on 1 February 2018 comprising director and senior management from the Company, and director and senior management from the Guarantor to facilitate and ensure effective communication between the Guarantor and the Company. One of the committee members from the Company (the “**Responsible Person**”) was responsible for the date to date communication with the management of the Guarantor. Since the establishment and until the resignation of the Responsible Person effective in August 2019, there was no non-compliance issue in relation to the Guarantor occurred. The Company was not able to identify a suitable candidate as replacement of the Responsible Person up to today. During the course of preparation of the financial statements of the Group for the six months ended 30 September 2019, it was identified that the Guarantor had entered into the Guarantee Agreement in September 2019. The Guarantee was made by the management of the Guarantor without notice to the Board at the material time, the Company failed to timely comply with the above requirements which constituted breaches of Rules 14.34 and 14.40 of the Listing Rules.

REMEDIAL STEPS TO BE TAKEN

The Directors considered that the Committee is effective in facilitating and ensuring effective communication between the management of the Guarantor and the Company. The Company will identify suitable candidate to fill up the vacancy of the Responsible Person as soon as possible so as to reinforce the functions of the Committee. The Directors consider that the non-compliance is due to the departure of the Responsible Person without immediate replacement and there was insufficient communication between the management of Guarantor and the Company. The Directors undertake to avoid the re-occurrence of similar events in future.

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 transactions contemplated under the Guarantee Agreement. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the provision of the Guarantee. 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 has been obtained from the Controlling Shareholder to approve, confirm and ratify the Guarantee Agreement and the transactions contemplated thereunder. 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 Guarantee 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 Guarantee; and (ii) financial information of the Group 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:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	The board of Directors
“Borrower”	南京瑞益祥網絡科技有限公司(Nanjing Ruiyixiang Network Technology Co., Ltd.*), a company established in the PRC with limited liability, which is an Independent Third Party
“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

“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
“Counter Guarantee”	the letter of counter guarantee dated 7 November 2019 and executed by the Holding Company in favour of the Guarantor
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee provided by the Guarantor in favour of the Lender in relation to the Loan Facility under the Guarantee Agreement
“Guarantee Agreement”	the guarantee agreement dated 3 September 2019 entered into by the Guarantor in favour of the Lender in relation to the Loan Facility
“Guarantor”	南京垠坤投資實業有限公司 (Nanjing Yinkun Investment Corporation*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Holding Company”	Ruiheng Technology Development Limited, a company incorporated in the British Virgin Islands, which holds the entire equity interest of the Borrower, and is an Independent Third Party
“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
“Lender”	Bank of Jiangsu, a financial institution in the PRC, an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan facility agreement dated 3 September 2019 entered into between the Borrower and the Lender (as supplemented by a loan agreement dated 24 September 2019) in relation to the Loan Facility

“Loan Facility”	the loan facility for the principal amount of up to RMB100,000,000 provided by the Lender to the Borrower under the Loan Agreement
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share of HK\$0.05 each in the capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 8 November 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.