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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)

**OFFER TO EXCHANGE
RELATING TO THE OUTSTANDING 12.50% SENIOR NOTES DUE
2022 (THE “EXISTING NOTES”)
(STOCK CODE: 40709)**

Introduction

On June 7, 2021, the Company issued the Existing Notes in an aggregate principal amount of US\$300,000,000 at 12.50% per annum, payable in arrears on December 7, 2021 and June 6, 2022. The Existing Notes are listed on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”). The ISIN and Common Code are XS2339781325 and 233978132, respectively, for the Existing Notes. As of the date of this announcement, the outstanding principal amount are US\$300,000,000 under the Existing Notes.

On the date of this announcement, the Company commenced the offer to exchange for at least US\$270,000,000, or 90%, of the outstanding principal amount of the Existing Notes (the “**Minimum Acceptance Amount**”) upon the terms and subject to the conditions set forth in the Exchange Offer Memorandum.

The Exchange Offer, once consummated, will improve the Company's overall financial condition, extend its debt maturity profile, strengthen its balance sheet and improve its cash flow management.

Background and Purpose of the Exchange Offer

During the latter half of 2021, Chinese property developers and the capital markets that have funded growth and development of the sector have experienced an inflection point. Reduced bank lending for real estate development has adversely affected access by property developers to onshore capital. Reduced bank lending for mortgage finance for buyers, combined with buyers' concerns about the ability of property developers to complete projects, has adversely affected property sales. In addition, the use of pre-sale proceeds is also restricted under the applicable PRC laws. Negative reaction to these onshore events by offshore capital markets has curtailed the Company's funding sources to address upcoming maturities.

Since the beginning of 2022, the property sector in China has continued to experience volatility. Reduced bank lending for real estate development, coupled with certain negative credit events, have intensified market concerns over the operations of Chinese property developers. As a result, pre-sale of Chinese property developers has generally decreased. The Company also experienced a noticeable decline of its aggregate contracted sales in recent months. In addition, the recent depreciation of renminbi against US dollars negatively affected the Company's ability to repay US dollar denominated debts.

Despite the backdrop of the adverse market conditions, the Company is working on generating sufficient cash flow to meet its financial commitments, and therefore, as part of these efforts, the Company is now conducting the Exchange Offer. The Company is offering Eligible Holders of the Existing Notes an opportunity to exchange their Existing Notes for New Notes with an extended maturity and terms designed to allow the Company to improve its financial condition and stability.

If the Exchange Offer is not successfully consummated, the Company may not be able to fully repay the Existing Notes, and its efforts to generate sufficient cash flow to meet its financial commitments may be limited. As a result, the Company may consider alternative debt restructuring exercise.

Eligible Holders may refer to the Exchange Offer Memorandum for more details on the background and purpose of the Exchange Offer.

The Exchange Offer

The Exchange Offer for the Existing Notes commenced on May 23, 2022 and will expire at 4:00 p.m., London time, on May 30, 2022 (the "**Expiration Deadline**"), unless otherwise extended or earlier terminated by the Company. An appropriate announcement will be made if and when the applicable Expiration Deadline is extended or earlier terminated.

Subject to the terms and conditions set forth in the Exchange Offer Memorandum, the Company is offering to exchange at least the Minimum Acceptance Amount of the Company's outstanding Existing Notes held by Eligible Holders. As of the date of the Exchange Offer Memorandum, US\$300,000,000 in aggregate principal amount of the Company's Existing Notes is outstanding.

Any tendering Eligible Holder must tender its entire holding of Existing Notes for exchange. The Company reserves its right not to accept any partial tender of Existing Notes by any Eligible Holders.

Eligible Holders of the Existing Notes validly accepted and exchanged in the Exchange Offer will, from and including the Settlement Date, waive any and all rights with respect to the Existing Notes (other than the right to receive the Exchange Consideration) and will release and discharge the Company from any and all claims such holders may have, now or in the future, arising out of or related to such Existing Notes, including any and all accrued and unpaid interest thereon. Any tendering Eligible Holder must tender its entire holding of Existing Notes for exchange.

Exchange Consideration

The total Exchange Consideration for each US\$1,000 principal amount of the Existing Notes validly tendered prior to the Expiration Deadline and accepted for exchange (the "**Exchange Consideration**") shall be consisting of:

- (i) US\$1,000 in aggregate principal amount of the Company's US\$ denominated Senior Notes due 2023 (the "**New Notes**") (to be rounded downward to the nearest US\$1); and
- (ii) any Accrued Interest (paid in cash, rounded to the nearest US\$0.01, with US\$0.005 rounded upwards).

The New Notes will mature on May 31, 2023. The New Notes will bear interest at 12.50% per annum.

Application will be made to the SGX-ST for the listing and quotation of the New Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and the listing and quotation of the New Notes on, the SGX-ST are not to be taken as an indication of the merits of the Exchange Offer, the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or any of their respective subsidiaries or associated companies, the New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any).

Minimum Acceptance Amount

The minimum aggregate principal amount of the Existing Notes, being US\$270,000,000, or 90%, of the outstanding principal amount of the Existing Notes, for which valid tenders are received and that the Company will determine, in its sole discretion, whether it will accept for exchange pursuant to the Exchange Offer. In the event that the final acceptance rate is below 90%, the Exchange Offer may, at the Company's sole discretion, lapse automatically.

Summary Timetable

The following summarizes the anticipated timetable for the Exchange Offer.

Date	Event
May 23, 2022	Commencement of the Exchange Offer and announcement via the websites of the Stock Exchange and the Transaction Website and through Euroclear or Clearstream, as applicable. Exchange Offer Memorandum will be made available to Eligible Holders of the Existing Notes on Transaction Website.
May 30, 2022 (4:00 p.m., London time)	Expiration Deadline. This being the last date and time on which Eligible Holders of the Existing Notes who validly tender Existing Notes are eligible to receive the Exchange Consideration, as this is the last date and time for Eligible Holders of the Existing Notes to participate in the Exchange Offer.
As soon as practicable after the Expiration Deadline	Announcement of the amount of tenders for exchange received prior to the Expiration Deadline, and the final total aggregate principal amount of the New Notes to be issued to Eligible Holders in exchange for the Existing Notes validly tendered, accepted and exchanged.
On or about June 1, 2022	Subject to satisfaction of the conditions as set forth under "The Exchange Offer—Conditions to the Exchange Offer," settlement of the New Notes, delivery of the Exchange Consideration to Eligible Holders whose Existing Notes have been validly tendered and accepted for exchange.
On or about June 2, 2022	Listing of the New Notes on the SGX-ST.

Conditions to the Exchange Offer

The acceptance for exchange and the Company's obligation to consummate the Exchange Offer, are conditional upon, among other things:

- (a) there being no material adverse change in the market from the date of the Exchange Offer Memorandum to the Settlement Date;
- (b) an affirmative determination by us that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated hereby are in the Company's best interests; and
- (c) satisfaction of the other conditions described in the Exchange Offer Memorandum;

Subject to applicable law, the Company may terminate or withdraw the Exchange Offer if any of the conditions are not satisfied or waived by the Company by the Settlement Date. The Company may also extend the Exchange Offer from time to time until the conditions are satisfied or waived. Although the Company has no present plans or arrangements to do so, the Company reserves the right to amend, modify or waive, at any time, the terms and conditions of the Exchange Offer, subject to applicable law. The Company will give you notice of any amendments, modifications or waivers as and if required by applicable law.

Further Details

The Company has appointed Haitong International Securities Company Limited as the Dealer Manager, and Morrow Sodali Limited as Information and Exchange Agent with respect to the Exchange Offer (each as stipulated in the Exchange Offer Memorandum and its related documents). The Exchange Offer Memorandum, this announcement and all documents related to the Exchange Offer can be found on the Transaction Website: <https://bonds.morrowsodali.com/datang>. Requests for copies of the Exchange Offer Memorandum and all related documents may be directed to the

Information and Exchange Agent at the address and telephone number as set forth below. The contact information of Haitong International Securities Company Limited and Morrow Sodali Limited is set out as follows:

Haitong International Securities Company Limited

28/F, One International Finance Centre
No. 1 Harbour View Street, Hong Kong
Fax: +852 2840 1680
Attention: Debt Capital Markets
Email: project.datang.lm@htisec.com

Morrow Sodali Limited

In London

103 Wigmore Street
W1U 1QS

Tel: +44 20 4513 6933

In Hong Kong

The Hive
33-35 Hillier Street, Sheung Wan

Tel: +852 2319 4130

Email: datang@investor.morrowsodali.com

Transaction Website: <https://bonds.morrowsodali.com/datang>

THIS ANNOUNCEMENT IS NOT AN OFFER TO PURCHASE, A SOLICITATION OF AN OFFER TO PURCHASE, OR A SOLICITATION OF AN OFFER TO SELL, THE EXISTING NOTES. AN OFFER MAY ONLY BE MADE PURSUANT TO THE TERMS OF THE EXCHANGE OFFER MEMORANDUM.

SHAREHOLDERS, ELIGIBLE HOLDERS OF THE EXISTING NOTES AND POTENTIAL INVESTORS SHOULD NOTE THAT COMPLETION OF THE EXCHANGE OFFER AND IS SUBJECT TO THE FULFILLMENT OR WAIVER OF THE CONDITIONS PRECEDENT TO THE EXCHANGE OFFER AS SET FORTH IN THE EXCHANGE OFFER MEMORANDUM AND SUMMARIZED IN THE ANNOUNCEMENT. NO ASSURANCE CAN BE GIVEN THAT THE EXCHANGE OFFER WILL BE COMPLETED AND THE COMPANY RESERVES THE RIGHT TO AMEND, WITHDRAW OR TERMINATE THE EXCHANGE OFFER WITH OR WITHOUT CONDITIONS.

THE COMPANY MAY, IN ITS SOLE DISCRETION, AMEND OR WAIVE CERTAIN OF THE CONDITIONS PRECEDENT TO THE EXCHANGE OFFER. AS THE EXCHANGE OFFER MAY OR MAY NOT PROCEED, SHAREHOLDERS, HOLDERS OF THE EXISTING NOTES AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY OR THE EXISTING NOTES.

The Exchange Offer are not being made to (nor will the tender of the Existing Notes) Holders in any jurisdiction where the making or acceptance of the Exchange Offer would not comply with the laws of such jurisdiction. If the Company becomes aware of any jurisdiction in which the making of the Exchange Offer would not be in compliance with applicable laws, the Company may or may not, in its sole discretion, make an effort to comply with any such law. If, after such effort, if any, the Company cannot comply with any such law, the Exchange Offer will not be made to (nor will tenders be accepted from or on behalf of) any Holder residing in such jurisdiction.

FORWARD LOOKING STATEMENTS

Forward-looking statements in this announcement, including those statements relating to the Exchange Offer, are based on current expectations, assumptions, estimates and projections about the Company and its industry. These statements are not guarantees of future performance and that the Company's actual results of operations, financial condition and liquidity, and the development of the industry in which the Company operates may differ materially from those made in, or suggested by, the forward-looking statements in this announcement. Future events and results involve some risks, uncertainties and assumptions that are difficult to predict. Important factors that could cause those differences include, but are not limited to, changes in the competitive environment and regulatory environment of the industry in the PRC relevant to the business of the Company, changes in the business and financial condition of the Company and its subsidiaries and changes in the general economic trend in the PRC.

DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the following respective meanings or shall have the meanings given to them in the Exchange Offer Memorandum as applicable:

“Accrued Interest”	Accrued and unpaid interest on any Existing Notes validly tendered by Eligible Holders and accepted for exchange, up to but not including the Settlement Date, will be payable in cash, rounded to the nearest US\$0.01, with US\$0.005 rounded upwards;
“Board”	the board of Directors of the Company;
“Clearstream”	Clearstream Banking S.A.;
“Company”	Datang Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 2117);
“Director(s)”	the director(s) of the Company;

“Eligible Holders”	holders who are non-U.S. persons (as those terms are defined under Regulation S) located outside the United States and hold the Existing Notes through Euroclear or Clearstream, or certain fiduciaries holding accounts for the benefit of non-U.S. persons (as those terms are defined under Regulation S) outside the United States and holding the Existing Notes through Euroclear or Clearstream;
“Euroclear”	Euroclear Bank SA/NV;
“Exchange Offer”	the offer made by the Company upon the terms and subject to the conditions set forth in the Exchange Offer Memorandum;
“Exchange Offer Memorandum”	the exchange offer memorandum dated May 23, 2022 in relation to the Exchange Offer;
“Existing Notes”	the 12.50% senior notes issued by the Company due 2022;
“Existing Notes Indenture”	the indenture dated as of June 7, 2021 in relation to the Existing Notes;
“Existing Notes Subsidiary Guarantors”	certain subsidiaries of the Company which provide unconditional and irrevocable guarantees to secure the Company’s obligations under the Existing Notes;
“Group”	the Company and its subsidiaries;
“Holder”	the holder of the Existing Notes;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Original Issue Date”	the date on which the New Notes are originally issued under the indenture in relation to the New Notes;
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Regulation S”	Regulation S under the U.S. Securities Act;
“Settlement Date”	on or about June 1, 2022, unless the Exchange Offer is extended or earlier terminated;
“SGX-ST”	Singapore Exchange Securities Trading Limited;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“U.S.” or “United States”	the United States of America;
“U.S. Securities Act”	the United States Securities Act of 1933, as amended;
“US\$”	United States dollars, the lawful currency of the United States; and
“%”	per cent.

By order of the Board
Datang Group Holdings Limited
Wu Di
Chairman

Hong Kong, May 23, 2022

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.