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If you have sold or transferred all your shares in Datang Group Holdings Limited, you should at once hand this circular, together with the accompanying proxy forms, to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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 AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser
to the Independent Board Committee and Independent Shareholders



A notice convening the extraordinary general meeting (the “EGM”) of Datang Group Holdings Limited to be held at Hong Kong General Chamber of Commerce, 22/F, United Centre, 95 Queensway, Hong Kong on Tuesday, 15 February 2022 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of Stock Exchange (www.hkexnews.hk). Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company’s Hong Kong share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (before 3:00 p.m. on Sunday, 13 February 2022) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the EGM or any adjournment thereof if they so wish and in such event, the proxy shall be deemed to be revoked.

In compliance with the HKSAR Government’s directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health on the prevention of coronavirus disease 2019 (COVID-19), the Company will implement additional precautionary measures at the EGM including, without limitation: (i) compulsory body temperature checks will be conducted on every attendee; (ii) mandatory use of surgical face masks; (iii) mandatory health declaration – anyone subject to quarantine, has any flu-like symptoms or has travelled overseas within 14 days immediately before the EGM (the “**recent travel history**”), or has close contact with any person under quarantine or with recent travel history will not be permitted to attend the EGM; (iv) anyone attending the EGM is reminded to observe good personal hygiene and follow appropriate seating arrangements at all times; and (v) appropriate distancing and spacing in line with the guidance from the HKSAR Government will be maintained and as such, the Company may limit the number of attendees at the EGM as may be necessary to avoid over-crowding.

In light of the continuing risks posed by the COVID-19 pandemic, the Company encourages the Shareholders NOT to attend the EGM in person, and advises Shareholders to appoint the Chairman of the EGM or any Director or company secretary of the Company as their proxy to vote according to their indicated voting instructions as an alternative to attending the EGM in person. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

26 January 2022

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DEFINITIONS

In this circular, 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
"Announcement"	the announcement of the Company dated 24 December 2021 in relation to the Agreements
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bank”	China Minsheng Bank Corp., Ltd., Xiamen Branch
“Board”	the 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”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Counter-Guarantee Agreement”	the counter-guarantee agreement dated 23 December 2021 entered into between 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
“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
“Directors”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company (or any adjournment thereof) to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Agreements and the transactions contemplated thereunder
“Facility Agreements”	the Hongfu Facility Agreement and the Rongyin Facility Agreement

DEFINITIONS

“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., Ltd.* (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”	the Hongfu Guarantee Agreement and the Rongyin Guarantee Agreement
“Guarantee Fee”	the guarantee fee payable by 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 the 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 into 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 Xiamen Hongfu under the Hongfu Facility Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“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 Financial Adviser”	DL Securities (HK) Limited, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to 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 the connected persons of the Company or any of their respective associates
“Latest Practicable Date”	25 January 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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), an executive Director of the Company
“Ms. Wong”	Ms. Wong Hei (黃晞), one of controlling shareholders of the Company
“Mr. Wu”	Mr. Wu Di (吳迪), an executive Director of the Company
“Ms. Zhang”	Ms. Zhang Jianhua (張建華), an executive Director 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 into between the Bank and Xiamen Rongyin to provide loan facilities up to RMB900,000,000 to Xiamen Rongyin

DEFINITIONS

“Rongyin Guarantee Agreement”	the guarantee agreement dated 23 December 2021 entered into between the Company and the Bank to guarantee repayment obligations of Xiamen Rongyin under the Rongyin Facility Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a nominal value of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar, the lawful currency of the United States of America
“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

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Wu Di (Chairman)

Mr. Hao Shengchun

Mr. Tang Guozhong

Ms. Zhang Jianhua

Ms. Chan Tan Yee

Registered office:

Windward 3

Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

Non-executive Director:

Ms. Chen Xiaoyun

Principal place of business in

Hong Kong:

Level 54

Hopewell Centre

183 Queen's Road East

Hong Kong

Independent Non-executive Directors:

Mr. Qu Wenzhou

Ms. Xin Zhu

Mr. Tam Chi Choi

26 January 2022

To the Shareholders

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

INTRODUCTION

Reference is made to the Announcement in relation to the Agreements and the transactions contemplated thereunder. The purpose of this circular is to provide you with, among others, (i) further information in relation to the Agreements and the transactions contemplated thereunder; and (ii) a notice convening the EGM.

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 with maturity dates falling on the date after one year from the date of the drawdown. Within the one-year term of facility period, the Borrowers may draw down the loan facilities at any time. On 23 December 2021, the Company as guarantor entered into the Guarantee Agreements with the Bank, pursuant to which the Company agreed to provide

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guarantee in favour of the Bank to secure the repayment obligations of Xiamen Hongfu and Xiamen Rongyin under the respective Facility Agreements. The purpose of entering into the Guarantee Agreements by the Company is mainly to maintain a good relationship with Good First Group and to ensure that Good First Group will continue to provide guarantee for the onshore loans of the Company. Before the entering into the Guarantee Agreements by the Company, on 16 December 2021, Good First Group as guarantor also entered into two guarantee agreements with the Bank to provide guarantees in favour of the Bank to secure the repayment obligations of Xiamen Hongfu and Xiamen Rongyin under the respective Facility Agreements, the salient terms of which are substantially the same as the Guarantee Agreements. Save as disclosed above, so far as the Directors aware and having made all reasonable inquiries, there were no other guarantee, charge or pledge arrangements made in favour of the Bank to secure the Facility Agreements.

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, 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.

GUARANTEE AGREEMENTS

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 one-year term of the loan facilities both with the maturity date on 30 June 2023 (on the assumption that the Borrowers will draw down all principal amount of RMB1,300,000,000 in full on 30 June 2022) and other related fees and expenses, which is estimated to be up to approximately RMB74 million. Pursuant to the Guarantee Agreements, no assets of the Company would be pledged.

The Guarantees shall remain valid for three years after the relevant maturity dates of the loan facilities under the Facility Agreements or the early repayment of all outstanding loans after the one-year facility term under the Facility Agreements, whichever is earlier. The aforementioned three-year term of Guarantees was determined in view of the requirement of limitation period of three years for debt recovery actions under the “Civil Code of the People’s Republic of China” (中華人民共和國民法典) (the “**Civil Code**”) which has come into effect on 1 January 2021. Under Article 188 of the Civil Code, an action instituted in a people's court in the PRC for protection of civil rights must be brought within three years, except as otherwise prescribed by any law.

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

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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. Pursuant to the Counter-Guarantee Agreement, no assets of First Good Group would be pledged.

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. The Guarantee Fee in the first year 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 even if the actual guarantee period under the Guarantee Agreements is shorter than one year. If the loan facilities under the Facility Agreements will be repaid, the Company will not receive further Guarantee Fee for the remaining term of the Guarantee Agreements. As the Guarantee Agreements may be terminated earlier, to ascertain the number of days the Company has provided the guarantees for the following year, the Guarantee Fee shall be payable within 30 days after the end of each year and determined according to the following formula:

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

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

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

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 randomly selected by the Company which are (i)

LETTER FROM THE BOARD

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 and the Bank). The level of guarantee fees for these three quotations ranged from 0.8% to 2.0% per annum. Details of the quotations are as follows:

No.	Principal loan amounts to be guaranteed (RMB)	Term	Assets pledged	Rates of guarantee fee (per annum)	Counter- guarantee arrangement
1.	1.3 billion	3 years, subject to early termination due to early repayment of loan	N/A	1%-2%	Yes
2.	1.3 billion	3 years, subject to early termination due to early repayment of loan	N/A	0.8%-1%	Yes
3.	1.3 billion	3 years, subject to early termination due to early repayment of loan	N/A	2%	Yes

The Board is of the view that the references made to the above quotations to determine the rate for the Guarantee Fee being 1.5% per annum are sufficient, fair and representative since (i) the three independent third party institutions are all professional guarantee service providers in the market who possess the relevant professional guarantee service license which is issued and tightly regulated by the PRC government; (ii) the three independent third party institutions are all operating in Xiamen in the PRC (similar geographical regions as the Borrowers and the Bank); (iii) the risk of liabilities under the Guarantee Agreements are relatively low after the due diligence (including reviewing the financial statements of the Good First Group) conducted by the Group on the financial condition of Good First Group, which indicates that (a) as at 30 June 2021, the total assets of Good First Group is approximately RMB11.3 billion and the net assets is approximately RMB4 billion; and (b) the cash and bank balance of Good First Group amounted to approximately RMB1.1 billion as at 30 June 2021; and (iv) the rate for the Guarantee Fee being 1.5% per annum is at the middle point of the range of quotations provided by three independent third party institutions.

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The comparable transactions were selected based on the following criteria: (i) the guarantor is listed on the Stock Exchange; (ii) the guarantees are connected persons of the guarantor under the Listing Rules; (iii) a guarantee fee has been charged by the guarantor; and (iv) the comparable transactions taken place within last 12 months from the date of the Announcement. Details of the comparable transactions are as follow:

Stock Code	Company name	Date of announcement	Loan amount guaranteed (RMB)	Term	Rate of guarantee fee (per annum)	Asset pledged	Counter-guarantee by the guarantee
1266	Xiwang Special Steel Company Limited	19 January 2021	5 billion	3 years	0.5%	N/A	Yes
2019	Dexin China Holdings Company Limited	29 June 2021	100 million	6 months	1%	N/A	N/A
3396	Legend Holdings Corporation	30 June 2021	1 billion	6 months	0.1%	N/A	N/A
1543	Guangdong Join-Share Financing Guarantee Investment Co., Ltd.	8 September 2021	80 million	3 years	4%	N/A	Yes
1543	Guangdong Join-Share Financing Guarantee Investment Co., Ltd.	29 October 2021	70 million	3 years	4%	N/A	Yes

The Directors are of the view that the above list of comparable transactions are fair and representative since (i) all the comparable transactions are similar in the nature compared with the Guarantees provided under Guarantee Agreements namely, provision of guarantee to connected person by a listed issuer of Stock Exchange; (ii) the list of comparable transactions have included both companies principally engaged in financial service and companies which are not principally engaged in financial service, providing a comprehensive range of guarantee fee rate for the Boards' reference; (iii) comparable transactions were all taken place within 12 months from the date of the Announcement, which reflects the recent and latest market practice in charging connected persons for the guarantee services provided to them, thus having a better reference value in respect of timeliness; and (iv) such list of comparable transactions are exhaustive after researches on the website of the Stock Exchange based on the above criteria.

Despite the different principal amounts under the Facility Agreements, being RMB400 million under the Hongfu Facility Agreement and RMB900 million under the Rongyin Facility Agreement, as both Xiamen Hongfu and Xiamen Rongyin are subsidiaries of and ultimately beneficially owned by Good First Group and are both covered by the counter guarantee provided by Good First Group under the Counter-Guarantee Agreement, the Directors are of the view that the risk exposure under the Facility Agreements are the same for determining the rate of 1.5% for the Guarantee Fee.

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

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As each of the Agreements is conditional upon each other, the entering into of the Agreements is proposed to be an ordinary resolution subject to the approval of the Independent Shareholders being obtained in accordance with the Listing Rules.

REASONS FOR AND BENEFITS OF THE AGREEMENTS

The purpose of entering into of the Guarantee Agreements by the Company is mainly to maintain a good relationship with Good First Group and ensure that Good First Group will continue to provide guarantee for the onshore loans of the Company. To the Directors' understandings, banks in the PRC will usually tend to require a borrower to provide additional guarantee before they may approve a loan subject to their internal control requirements. In the year of 2021, under the promulgation of "housing is for living, not for speculation" (房住不炒), the PRC government has continuously improved its real estate austerity policies and successively issued regulations on the concentration of real estate loans (setting the upper limit of the proportion of real estate bank loans). Therefore, banks in the PRC would be more cautious in providing loans to property developers unless satisfactory guarantees could be provided by the borrower. Good First Group has provided guarantee from time to time for onshore loans obtained by the Group during the ordinary and usual course of business of the Group. As at the Latest Practicable Date, the principal amount guaranteed by Good First Group amounted to RMB2.95 billion, which was on normal commercial terms or better and for which the Group was not required to provide a counter guarantee or pledge on its asset in favour of Good First Group and without any guarantee service fee. The details of the guarantees (including the summary of salient terms) provided by Good First Group for onshore loans of the Company are as follows:

Lender	Parties involved	Principal amounts	Facility period	Interest rates	Scope of guarantee	Principal amount guaranteed	Guarantee period
The Bank	Borrower: Xiamen Jingding Sports Culture Development Co., Ltd.* (the "Xiamen Jingding") (廈門京鼎體育文化發展有限公司) (an indirectly wholly-owned subsidiary of the Company)	RMB900,000,000	From 31 May 2016 to 14 January 2026	4.9% per annum for principal amount drawn down before 3 December 2020 6.9% per annum for principal amount drawn down after 3 December 2021 (including the date)	Principal amount and any interest, handling fees, damages, compensation and any other related fees and expenses that Xiamen Jingding are defaulted in payment.	RMB900,000,000	The guarantee shall be valid for two years after the relevant maturity date of the loan facility under the facility agreement or the early repayment of all outstanding loans after the facility period under the facility agreement, whichever is earlier
	Guarantors: Good First Group and Mr. Wu						

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Lender	Parties involved	Principal amounts	Facility period	Interest rates	Scope of guarantee	Principal amount guaranteed	Guarantee period
China Minsheng Bank Corp., Ltd., Tianjin Branch	Borrower: Tianjin Haihui Real Estate Development Co., Ltd.* (the “Tianjin Haihui”)(天津海匯房地產開發有限公司) (an indirectly wholly-owned subsidiary of the Company) Guarantor: Good First Group	RMB750,000,000	From 1 March 2019 to 1 March 2022	7.5% per annum	Principal amount and any interest, handling fees, damages, compensation and any other related fees and expenses that Tianjin Haihui are defaulted in payment.	RMB750,000,000	The guarantee shall be valid for three years after the relevant maturity date of the loan facility under the facility agreement or the early repayment of all outstanding loans after the facility period under the facility agreement, whichever is earlier
China Minsheng Bank Corp., Ltd., Tianjin Branch	Borrower: Tianjin Haihui Real Estate Development Co., Ltd.* (天津海匯房地產開發有限公司) (an indirectly wholly-owned subsidiary of the Company) Guarantor: Good First Group	RMB700,000,000	From 25 May 2020 to 25 May 2023	6.5% per annum	Principal amount and any interest, handling fees, damages, compensation and any other related fees and expenses that Tianjin Haihui are defaulted in payment.	RMB700,000,000	The guarantee shall be valid for three years after the relevant maturity date of the loan facility under the facility agreement or the early repayment of all outstanding loans after the facility period under the facility agreement, whichever is earlier
The Bank	Borrower: Zhangzhou Tangcheng Real Estate Co., Ltd.* (the “Zhangzhou Tangcheng”) (漳州唐成房地產有限公司) (a 67% owned subsidiary of the Company) Guarantor: Good First Group	RMB600,000,000	From April 2019 to April 2022	7.125% per annum	Principal amount and any interest, handling fees, damages, compensation and any other related fees and expenses that Zhangzhou Tangcheng are defaulted in payment.	RMB600,000,000	The guarantee shall be valid for two years after the relevant maturity date of the loan facility under the facility agreement or the early repayment of all outstanding loans after the facility period under the facility agreement, whichever is earlier
Total:						<u><u>RMB2,950,000,000</u></u>	

* For identification purposes only

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Group has no current intention nor in a progress of obtaining any further onshore loan which may require guarantee from Good First Group and to the best knowledge of the Directors and having made all reasonable inquiries, Good First Group has not indicated to terminate any guarantee for the existing onshore loans of the Group nor reject to provide guarantee for any future potential onshore loans of the Group.

As both Good First Group and the Group are beneficially owned by Ms. Wong, to the best knowledge of the Directors and having made all reasonable inquiries, it is a common and usual market practice for the Bank to require the Group instead of accepting an independent third party guarantee service provider to provide guarantee due to the Bank's consideration on the factor the credibility of the Company which is a listed company on the Stock Exchange with adequate internal control. While the arrangement of the Counter-Guarantee Agreement alongside with the Guarantee Agreements is to provide further protection to the Company and reduce its risk of being exposed to the liabilities under Guarantee Agreements.

In consideration of the provision of the Guarantees, the Group will also 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 Directors are 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

LETTER FROM THE BOARD

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 are executive Directors and were considered to have a material interest in the transactions contemplated under the Agreements. Accordingly, they had abstained from voting on the relevant Board resolution 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 resolution.

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 Chapters 14 and 14A of the Listing Rules and are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

EGM AND PROXY ARRANGEMENT

The EGM will be held at Hong Kong General Chamber of Commerce, 22/F, United Centre, 95 Queensway, Hong Kong on Tuesday, 15 February 2022 at 3:00 p.m., for the purpose of considering and, if thought fit, passing ordinary resolution to approve the Agreements and the transactions contemplated thereunder. A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. A proxy form for use at the EGM is also enclosed in this circular.

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 resolution at the EGM. As at the Latest Practicable Date, Ms. Wong through Dynasty Cook and Fujia indirectly held or

LETTER FROM THE BOARD

controlled the voting rights in respect of 582,210,436 Shares, representing approximately 42.69% of the issued shares of the Company while Mr. Wu through MeiDi indirectly held or controlled the voting rights in respect of 407,789,564 Shares, representing approximately 29.90% 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 resolution.

A form of proxy for use at the EGM is enclosed. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time fixed for the holding of the EGM (i.e. before 3:00 p.m. on Sunday, 13 February 2022) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish and in such event, the proxy shall be deemed to be revoked.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the chairman of the EGM will exercise his power under the articles of association of the Company to demand a poll in relation to the proposed resolution at the EGM.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out in this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Agreements, as well as the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser set out in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Agreements and the transactions contemplated thereunder, as well as the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice.

Having taken into account the terms of the Agreements, the information provided in the letter from the Board and the letter from the Independent Financial Adviser, the Independent Board Committee considers that (i) the terms of the Agreements are on normal commercial terms and are fair and reasonable; and (ii) the transactions contemplated under the Agreements are not conducted in the ordinary and usual course of business of the Group but are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the ordinary resolution as set out in the notice of EGM and to be proposed at the EGM for approving the Agreements and the transactions contemplated thereunder.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

26 January 2022

To the Independent Shareholders

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

We refer to the circular issued by the Company to the Shareholders dated 26 January 2022 (the “Circular”) and issue this letter which forms a part thereof. Terms defined in the Circular shall have the same meanings as those used in this letter unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to consider the Agreements and to advise the Independent Shareholders in respect of the Agreements and transactions contemplated thereunder, details of which are set out in the “Letter from the Board” on pages 5 to 15 of the Circular. DL Securities (HK) Limited has been appointed as the Independent Financial Adviser in this regard.

We wish to draw your attention to the “Letter from the Board” and the “Letter from Independent Financial Adviser” as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, DL Securities (HK) Limited as set out in their letter of advice, we consider that (i) the terms of the Agreements are on normal commercial terms and are fair and reasonable; and (ii) the transactions contemplated under the Agreements are not conducted in the ordinary and usual course of business of the Group but are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the resolution approving the Agreements and the transactions contemplated thereunder at the EGM.

Yours faithfully,

For and on behalf of the Independent Board Committee of
Datang Group Holdings Limited

Qu Wenzhou

*Independent non-executive
Director*

Xin Zhu

*Independent non-executive
Director*

Tam Chi Choi

*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from DL Securities (HK) Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in this circular.



Unit 2801, Vertical Square
28 Heung Yip Road
Wong Chuk Hang, Hong Kong

26 January 2022

To: *the Independent Board Committee and
the Independent Shareholders of Datang Group Holdings Limited*

Dear Sirs and Madams,

MAJOR AND CONNECTED TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreements and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) in the circular issued by the Company to the Shareholders dated 26 January 2022 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 24 December 2021 (the “**Announcement**”), Xiamen Hongfu and Xiamen Rongyin entered into the Facility Agreements with the Bank on 16 December 2021, 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 with maturity dates falling on the date after one year from the date of drawdown. 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.

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, respectively.

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

LISTING RULE IMPLICATION

As at the Latest Practicable Date, Ms. Wong is the controlling shareholder of the Company. As Xiamen Hongfu and Xiamen Rongyin are subsidiaries of Good First Group, a company owned as to 51.03% by Ms. Wong, 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 Chapters 14 and 14A of the Listing Rules and are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

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 resolution at the EGM. As at the Latest Practicable Date, Ms. Wong through Dynasty Cook and Fujia indirectly held or controlled the voting rights in respect of approximately 42.69% of the issued Shares of the Company while Mr. Wu through MeiDi indirectly held or controlled the voting rights in respect of approximately 29.90% 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 resolution.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Qu Wenzhou, Ms. Xin Zhu and Mr. Tam Chi Choi, has been established to consider and advise the Independent Shareholders as to whether the terms of the Agreements and the transactions contemplated thereunder are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Company; (iii) in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the resolution approving the Agreements and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any material interest in the resolution approving the Agreements and the transactions contemplated thereunder.

In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of the Listings Rules, our role is to give an independent opinion to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Agreements and the transactions contemplated thereunder are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Company; (iii) in the interests of the Company and its shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the resolution approving the Agreements and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

In the last two years, we did not have any engagement with the Group as an independent financial adviser. As at the Latest Practicable Date, we did not have any relationships or interests with the Group or any other parties that could reasonably be regarded as relevant to the independence of us. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company or any other party to the captioned transactions, and therefore we are considered to be eligible to give independent advice on the terms of the Agreements.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Agreements and the transactions contemplated thereunder (the “**Transactions**”), we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, the management of the Company and its subsidiaries (the “**Management**”). We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true and that all expectations and intentions of the Directors and the Management, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors and the Management. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

We consider that we have been provided with, and we have reviewed sufficient information to reach an informed view, to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors and the Management. We have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Company or its future prospects.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Transactions, as referred to in Rule 13.80 of the Listing Rules (including the notes thereof) in formulating our opinion and recommendation. This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Transactions, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASON CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1. Background of the Transactions

1.1 Information of the Group

As stated in the annual report for the year ended 31 December 2020 (the “**2020 Annual Report**”), the Group is a property developer in China focusing on the development of residential and commercial properties in selected economic regions. The Group has expanded its business into mainly six economic regions in China, including the Western Taiwan Strait Economic Region, Beibu Gulf Region and Neighboring Cities, Beijing-Tianjin-Hebei Region, Midstream Parts of the Yangtze River Region, Yangtze River Delta Region and Chengdu-Chongqing Region.

The following is a summary of the unaudited consolidated financial results of the Group for the six months ended 30 June 2021 and audited consolidated financial results of the Group for the year ended 31 December 2020 as extracted from the interim report for the six months ended 30 June 2021 (the “**2021 Interim Report**”) and 2020 Annual Report respectively:

Consolidated income statement

(i) Financial performance for the year ended 31 December 2020

	For the year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Revenue	10,588,379	8,108,026
- Sales of properties	10,109,291	7,772,380
- Provision of construction services	241,973	218,621
- Rental Income	56,408	40,622
- Provision of hotel services and others	180,707	76,403
Profit before tax	1,715,655	1,407,864
Profit for the year attributable to the Shareholders	715,372	710,256

During the year ended 31 December 2020 (“**FY2020**”), the Group recorded a revenue growth of approximately 30.6%, from approximately RMB8,108.0 million for the year ended 31 December 2019 (“**FY2019**”) to approximately RMB10,588.4 million for FY2020. The revenue growth was mainly attributable to the increase in revenue of the sales of properties segment from approximately RMB7,772.4 million for FY2019 to approximately RMB10,109.3

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

million for FY2020, representing an increase of approximately 30.1%. The net profit attributable to owners of the Company increased by 0.7% to approximately RMB715.4 million for FY2020 from approximately RMB710.3 million for FY2019.

(ii) Financial performance for the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Revenue	3,306,534	1,785,418
- Sales of properties	2,943,641	1,583,861
- Provision of construction services	174,555	127,500
- Rental Income	56,103	21,764
- Provision of hotel services and others	132,235	52,293
Profit before tax	514,260	181,419
Profit for the year attributable to the Shareholders	244,370	72,987

The Group recorded a significant revenue growth of approximately 85.2%, from approximately RMB1,785.4 million for the six months ended 30 June 2020 (“1H2020”) to RMB3,306.5 million for the six months ended 30 June 2021 (“1H2021”). The revenue growth was mainly attributable to the increase in revenue of the sales of properties segment from approximately RMB1,583.9 million for 1H2020 to approximately RMB2,943.6 million for 1H2021, representing a significant increase of approximately 85.9%. The net profit attributable to the owners of the Company increased by approximately 234.8% to approximately RMB244.4 million for 1H2021 from approximately RMB73.0 million for 1H2020.

(iii) Financial position as of 30 June 2021

	As at	As at
	30 June	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Non-current assets	9,368,113	8,298,106
Current assets	50,292,017	38,957,192
Non-current liabilities	8,926,445	8,998,643
Current liabilities	41,413,043	30,334,677
Net asset value attributable to the Shareholders	5,126,492	4,900,172
Bank balance and cash	7,983,330	5,660,333

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group recorded the total assets of approximately RMB59,660.1 million as at 30 June 2021, representing an increase of approximately 26.3%, as compared to approximately RMB47,255.3 million as at 30 June 2020. The total liabilities of the Group was approximately RMB50,339.5 million as at 30 June 2021, representing an increase of approximately 28.0%, as compared to approximately RMB39,333.3 million as at 30 June 2020. The net asset value attributable to the Shareholders were approximately RMB5,126.5 million as at 30 June 2021, representing an increase of approximately 4.6% as compared to approximately RMB4,900.2 million as at 30 June 2020. As at 30 June 2021, the cash and bank balance of the Group amounted to approximately RMB7,983.3 million.

1.2 Background and Financial Information of the Borrowers

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.

The following is a summary of the audited consolidated financial results of Xiamen Rongyin for FY2019 and FY2020 as extracted from the audited report of Xiamen Rongyin for FY2020, which were prepared in accordance with the relevant accounting principles generally accepted in the PRC:

Consolidated income statement

(i) Financial performance for the year ended 31 December 2020

	For the year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
	<i>approximately</i>	<i>approximately</i>
Revenue	2,984,160	2,334,194
Profit before tax	1,531	1,522
Net profit	836	1,140

During FY2020, Xiamen Rongyin recorded a revenue growth of approximately 27.8%, from approximately RMB2,334.2 million for FY2019 to approximately RMB2,984.2 million for FY2020. However, the net profit dropped approximately 26.7%, from RMB1.1 million for FY2019 to RMB0.8 million for FY2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) Financial position as of 31 December 2020

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
	<i>approximately</i>	<i>approximately</i>
Non-current assets	246,890	69,168
Current assets	2,337,188	3,064,347
Non-current liabilities	494,550	0
Current liabilities	1,782,226	3,045,413
Net asset value attributable to the owners	307,302	88,102
Bank balance and cash	254,050	353,464

Xiamen Rongyin recorded the total assets of approximately RMB2,584.1 million as at 31 December 2020, representing a decrease of approximately 17.5%, as compared to approximately RMB3,133.5 million as at 31 December 2019. The total liabilities of Xiamen Rongyin was approximately RMB2,276.8 million as at 31 December 2020, representing a decrease of 25.2%, as compared to approximately RMB3,045.4 million as at 31 December 2019. The net asset value attributable to the owners were approximately RMB307.3 million as at 31 December 2020, representing an increase of approximately 248.8% as compared to approximately RMB88.1 million as at 31 December 2019. As at 31 December 2020, the cash and bank balance of Xiamen Rongyin amounted to approximately RMB254.1 million.

Xiamen Hongfu

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.

The following is a summary of the audited consolidated financial results of Xiamen Hongfu for FY2019 and FY2020 as extracted from the audit report of Xiamen Hongfu for FY2020, which were prepared in accordance with the relevant accounting principles generally accepted in the PRC:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Consolidated income statement

- (i) Financial performance for the year ended 31 December 2020

	For the year ended	
	31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
	<i>approximately</i>	<i>approximately</i>
Revenue	1,724,962	1,274,821
Profit before tax	938	534
Net profit	704	400

During FY2020, Xiamen Hongfu recorded a revenue growth of approximately 35.3%, from approximately RMB1,274.8 million for FY2019 to approximately RMB1,725.0 million for FY2020. The net profit had an increase by approximately 76.0%, from RMB0.4 million for FY2019 to RMB0.7 million for FY2020.

- (ii) Financial position as of 31 December 2020

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
	<i>approximately</i>	<i>approximately</i>
Non-current assets	100,003	1
Current assets	1,099,190	1,160,011
Non-current liabilities	0	0
Current liabilities	996,411	1,107,932
Net asset value attributable to the owners	202,782	52,080
Bank balance and cash	175,665	116,196

Xiamen Hongfu recorded the total assets of approximately RMB1,199.2 million as at 31 December 2020, representing an increase of approximately 3.4%, as compared to approximately RMB1,160.0 million as at 31 December 2019. The total liabilities of Xiamen Hongfu was approximately RMB996.4 million as at 31 December 2020, representing a decrease of 10.1%, as compared to approximately RMB1,107.9 million as at 31 December 2019. The net asset value attributable to the owners were approximately RMB202.8 million as at 31 December 2020, representing an increase of approximately 289.4% as compared to approximately RMB52.1 million as at 31 December 2019. As at 31 December 2020, the cash and bank balance of Xiamen Hongfu amounted to approximately RMB175.7 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.3 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.

The following is a summary of the audited consolidated financial results of Good First Group for FY2019 and FY2020 as extracted from the audit report of Good First Group for FY2020, as well as the unaudited financial results for 1H2021 as extracted from the unaudited management accounts of Good First Group for 1H2021, which were prepared in accordance with the relevant accounting principles generally accepted in the PRC:

Consolidated income statement

(i) Financial performance for the year ended 31 December 2020

	For the year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
	<i>approximately</i>	<i>approximately</i>
Revenue	6,750,574	4,518,130
Profit before tax	44,902	99,471
Net profit	62,391	103,020

During FY2020, Good First Group recorded a revenue growth of approximately 49.4%, from approximately RMB4,518.1 million for FY2019 to approximately RMB6,750.6 million for FY2020. However, the net profit had decreased by approximately 54.9%, from RMB99.5 million for FY2019 to RMB44.9 million for FY2020.

(ii) Financial performance for the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
	<i>approximately</i>	<i>approximately</i>
Revenue	2,609,797	2,651,117
Profit before tax	171,288	169,659
Net profit	150,256	186,663

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

During 1H2021, Good First Group recorded a slight decrease in revenue of approximately 1.6%, from approximately RMB2,651.1 million for 1H2020 to approximately RMB2,609.8 million for 1H2021. The net profit decreased by approximately 19.5%, from approximately RMB186.7 million for 1H2020 to approximately RMB150.3 million for 1H2021.

(iii) Financial position as of 30 June 2021

	As at 30 June 2021	As at 31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
	<i>approximately</i>	<i>approximately</i>
Non-current assets	7,312,526	7,498,055
Current assets	3,950,783	4,132,337
Non-current liabilities	1,512,204	1,793,668
Current liabilities	5,677,247	5,632,142
Net asset value attributable to the owners	3,999,184	4,126,115
Bank balance and cash	1,057,994	967,342

Good First Group recorded the total assets of approximately RMB11,263.3 million as at 30 June 2021, representing a decrease of approximately 3.2%, as compared to approximately RMB11,630.4 million as at 31 December 2020. The total liabilities of Good First Group were approximately RMB7,189.5 million as at 30 June 2021, representing a decrease of 3.2%, as compared to approximately RMB7,425.8 million as at 31 December 2019. The net asset value attributable to the owners were approximately RMB3,999.2 million as at 30 June 2021, representing a decrease of approximately 3.2% as compared to approximately RMB4,126.1 million as at 31 December 2020. As at 30 June 2021, the cash and bank balance of Good First Group amounted to approximately RMB1,058.0 million.

2. Reasons and benefits of the Agreements

As stated in the Letter from the Board, 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 upon the continuous improvement on the real estate austerity policies and the successive regulations on the concentration of real estate loans by the PRC government, Good First Group has provided guarantee from time to time for onshore loans obtained by the Group during the ordinary and usual course of business of the Group. As at the Latest Practicable Date, the effective guarantee provided by Good First Group amounted to RMB2.95 billion, which was on normal commercial terms or better and for which the Group was not required to provide a counter guarantee or pledge on its asset in favor of Good First Group and without any guarantee service fee. Having reviewed the relevant loan agreements and guarantee agreements, we noticed that the RMB2.95 billion guarantee comprise of the guarantee provided by Good First Group in 4 onshore loans of the Group for which the loans are mainly for the development and construction of certain property projects of the Group in the PRC, details of which are set out under the section headed “Reasons for and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

benefits of the Agreements” in the Letter from the Board. The amounts guaranteed by Good First Group in these 4 onshore loans are equivalent to the principal amounts of the respective loans obtained by the subsidiaries of the Group, plus any interest, handling fees, damages, compensation and any other related fees and expenses that the subsidiaries of the Group are defaulted in payment. The duration of such guarantees shall be valid for two to three years after the relevant maturity dates of the loan facilities or the early repayment of all outstanding loans after the facility period under the facility agreements, whichever is earlier. No counter-guarantee had been provided by the Group to Good First Group in respect of the guarantees provided by Good First Group on these 4 onshore loans.

Pursuant to the Agreements, the estimated maximum amount of the Company’s liabilities under the Guarantee Agreements is the aggregate loans principal amount of RMB1.3 billion, plus interests calculated at 5.655% per annum by taking into account the maturity date of the loan facilities on 30 June 2023 (on the assumption that the Borrowers will draw down in full on 30 June 2022) and other related fees and expenses, which is estimated to up to approximately RMB74 million. Good First Group, being the controlling shareholder of the Borrowers, has also provided the same guarantees in favour of the Bank to secure the repayment obligations of the Borrowers. As advised by the Management, it is a common practice for commercial banks or any third-party financial institutions in the PRC as a condition for the provision of loan facilities or financing, to require the borrower entity’s key stakeholders and beneficial owners, as well as entities that are under common control, in particular those with solid financial background and better transparency, e.g. listed companies, to provide a guarantee and/or security, which is also in line with our understanding. We noted that the Company was listed on the Main Board of the Stock Exchange since 11 December 2020 and had a market capitalisation of approximately HK\$5.2 billion as at the date of the Announcement. According to the 2021 Interim Report, the Company’s net asset value attributable to Shareholders amounted to approximately RMB5.1 billion with a cash and bank balance of approximately RMB8.0 billion as at 30 June 2021, details of which are set out in the section headed “1.1 Information of the Group” above. Having considered that Good First Group has also provided the same guarantees in favour of the Bank in respect of the Facility Agreements, we are of the view that the provision of the Guarantees by the Group to the Borrowers as requested by the Bank is justifiable and not an uncommon market practice.

As a guarantor to the Borrowers, the Company will not incur any impact on the cash-flow of the Group whereas the Group will also generate additional income from the Guarantee Fee. In consideration of the provision of the Guarantees, the Group will be entitled to a guarantee fee of up to RMB19,500,000 per annum, being 1.5% of the Guaranteed Loan Amount, 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 guarantees in the market, details of which are set out in the sub-section headed “(c) Comparable analysis on the Guarantee Fee” below.

We were also given to understand that, in order to protect the Company’s interests, the Company is willing to provide the Guarantees on the condition that Good First Group agrees to enter into the Counter-Guarantee Agreement. Further, considering the financial resources and financial position of Good First Group and the existing pledges and guarantees provided by Good First Group for the Group, the Management considered that the counter-guarantee arrangement provided by Good First Group can effectively mitigate the Company’s risk exposure as the Group can enforce the Counter-Guarantee Agreement in the event where the Group is called upon by the Bank to fulfil its guarantee obligation for the Borrowers if the Borrowers defaults and hence the Management do not anticipate any material adverse impact on the Company’s financial position in case of the default by the Borrowers.

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Based on the above and our assessment on the financial status of Good First Group as discussed in the sub-section headed “(b) Counter-Guarantee” below, we concur with the Director’s view that (i) the provision of the Counter-Guarantee by Good First Group under the Counter-Guarantee Agreement can safeguard the Group in the provision of the Guarantees with respect to the loan facilities pursuant to the Agreements, and (ii) the provision of the Guarantees to the Borrowers will 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 usual course of business of the Group. As at the date of the Latest Practicable Date, the effective guarantee provided by Good First Group amounted to RMB2.95 billion, which was 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.

3. Principal terms of the Facility Agreements and the Agreements

The Facility Agreements

The Facility Agreements were entered into on 16 December 2021 between the Bank and the Borrowers. Pursuant to the Facility Agreements, the principal amount of the loan facility is up to RMB400,000,000 to Xiamen Hongfu and up to RMB900,000,000 to Xiamen Rongyin respectively for a term of one year.

The Guarantee Agreements

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 favor of the Bank to secure the repayment obligations of Xiamen Hongfu and Xiamen Rongyin under the respective Facility Agreements. The principal amount guaranteed under the Guarantee Agreements is 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 one-year term of the loan facilities both with the maturity date of the loan facilities on 30 June 2023 (assuming draw down in full on 30 June 2022) and other related fees and expenses, which is estimated to be up to approximately RMB74 million.

The term of the Guarantees shall be three years after the relevant maturity dates of the loan facilities under the Facility Agreements or the early repayment of all outstanding loans after the one-year facility term under the Facility Agreements, whichever is earlier. As set out in the Letter from the Board, the term of Guarantees of three years were determined in view of the requirement of limitation period of three years which has come into effect on 1 January 2021 for debt recovery actions under the PRC laws. We have reviewed the “General Provisions of the Civil Law of the People’s Republic of China” (中華人民共和國民法總則) (the “**Civil Law**”) and the “Civil Code of the People’s Republic of China” (中華人民共和國民法典) (the “**Civil Code**”) and noticed that, the extinctive prescription had been changed from 2 years to 3 years under the Civil Law since 1 October 2017 while the Civil Law was later on replaced by the Civil Code since 1 January 2022. Under Article 188 of the Civil Code, an action instituted in a people’s court for protection of civil rights is prescribed by three years, except as otherwise prescribed by any law. The guarantees provided by Good First Group on the 4 onshore loans of the Group have guarantee period of two to three years

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after the relevant maturity dates of the loan facilities or the early repayment of such loans are also in line with the change in the extinctive prescription period as prescribed under the Civil Law and Civil Code.

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 respectively; and (b) all reasonable expenses which may be incurred by the Company in the course of recovering any payment made or loss due to their 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 Agreement, Good First Group will arrange all its available resources to repay the relevant debt before the Company performing their 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 to the Company a Guarantee Fee. For the first annum, the Guarantee Fee in the first year 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 even if the actual guarantee period under the Guarantee Agreements is shorter than one year. If the loan facilities under the Facility Agreements will be repaid, the Company will not receive further Guarantee Fee for the remaining term of the Guarantee Agreements.

As the Guarantee Agreements may be terminated earlier, to ascertain the number of days the Company have provided the guarantees for the following year, the Guarantee Fee shall be payable within 30 days after the end of each year and determined according to the following formula:

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

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

“n” represents the number of days the Company have provided the guarantee during the relevant year.

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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 randomly selected by the Company 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 and the Bank). The level of guarantee fees for these three quotations ranged from 0.8% to 2% per annum.

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

As each of the Agreements is conditional upon each other, the entering into of the Agreements is proposed to be an ordinary resolution subject to the approval of the Independent Shareholders being obtained in accordance with the Listing Rules.

In assessing whether the terms of the Agreements are fair and reasonable, we have reviewed the principal terms of the Agreements as discussed below:

(a) *Guarantees*

We note that the Guarantees under the Guarantee Agreements are being provided on a joint liability basis. As at the Latest Practicable Date, the Borrowers are the subsidiaries of Good First Group, a company of which owned as to 51.03% by Ms. Wong, a controlling Shareholder of the Company. Although the Guarantees are being provided on a joint liability basis, we note that pursuant to the Counter-Guarantee Agreements, Good First Group will arrange all its available resources to repay the relevant debt before the Company performing their obligations under the Guarantee Agreements. We refer to our research as set out in the sub-section headed “(c) Comparable analysis on the Guarantee Fee” below and it is noted that certain of the Comparable Companies Transactions (as defined below) did not even involve the provision of counter-guarantee in respect of the guarantee given.

Having considered (i) the Guarantees provided by the Group on the entire amount under the loan facilities will be counter-guaranteed by Good First Group in the event of default by the Borrowers pursuant to the Counter-Guarantee Agreement; and (ii) there are certain Comparable Companies Transactions (as defined below) which involved the provision of guarantee service to connected persons without any counter-guarantee, we are of the view it is acceptable for the Group to provide the Guarantees to the Borrower on a joint liability basis.

(b) *Counter-Guarantee*

We note that, pursuant to the Counter-Guarantee Agreement, Good First Group agrees to indemnify the Group under the Counter-Guarantee Agreement for all liabilities and reasonable expenses which may be incurred by the Company under the Guarantee Agreements. In other words, in extreme case where neither the Borrowers nor Good First Group are capable to repay their loans or satisfy the obligations under the Counter-Guarantee Agreement, the maximum potential liability to be borne by the Group would be the aggregate loan principal

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amount of RMB1.3 billion, 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 (assuming draw down in full on 30 June 2022).

For purpose of assessing the financial status and the level of protection offered by Good First Group under the Counter-Guarantee Agreement, we have reviewed the unaudited management accounts of Good First Group for 1H2021. Set out below is the current assets of Good First Group as at 30 June 2021 as extracted from its unaudited management accounts for 1H2021:

	<i>RMB'000</i>
	<i>(unaudited)</i>
	<i>approximately</i>
Cash:	
Cash on hand and at bank	217,334
Time deposits	309,400
Cash in securities accounts	11,054
Security deposits	520,206
	<hr/>
Total cash & cash equivalent	1,057,994
Financial assets at fair value through profit or loss	646,926
Accounts receivables	73,174
Prepayments	158,441
Other receivables	1,626,895
Inventories	375,423
Other current assets	11,929
	<hr/>
Total current assets	3,950,783
	<hr/> <hr/>

As at 30 June 2021, the major current assets of Good First Group consisted of, among others, (i) the cash and cash equivalent amounted to approximately RMB1,058.0 million; (ii) financial assets measured at fair value of approximately RMB646.9 million; (iii) other receivables of approximately RMB1,626.9 million, and the net asset value attributable to owners was approximately RMB3,999.2 million. Among the current assets of approximately RMB3,950.8 million, approximately RMB307.3 million of financial assets at fair value through profit or loss has been pledged and approximately RMB520.2 million of cash has been placed as security deposits for the bank acceptance bills. We also noticed that Good First Group had current liabilities of approximately RMB5,677.2 million and recorded net current liabilities of approximately RMB1,726.5 million as at 30 June 2021. Nevertheless, Good First Group recorded a net asset value attributable to owners of approximately RMB3,999.2 million as at 30 June 2021. As such, we have enquired into how Good First Group would manage the net current liability position as well as the liquidity management. We were given understanding that Good First Group has continuously expanded its financing channels and balanced the distribution of debt maturity so as to avoid the payment risk caused by a single financing

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channel or servicing concentrated mature debts. Also, among the short term loans of approximately RMB3,479.7 million, a major portion of such loans are backed by the pledge of financial or investment assets which could also facilitate the renewal of the debts when they become due. In terms of contingency plan when any of such current liabilities could not be either repaid by internal resources or renewed, Good First Group may consider realising certain unpledged financial or investment assets or use such assets as collateral to secure additional financing. Good First Group are currently holding listed and unlisted shares of certain banks in the PRC of which approximately RMB646.9 million, RMB2,248.9 million and RMB4,102.1 million are classified as financial assets measured at fair value, long-term equity investment and other equity instrument investment on the accounts of Good First Group as at 30 June 2021, respectively. Based on their respective values in the financial statements of Good First Group as at 30 June 2021, approximately RMB1,987.5 million of the listed shares of PRC Bank and approximately RMB1,418.4 million of the unlisted shares of the PRC Banks have been pledged for the aforementioned short term loans of approximately RMB3,479.7 million of Good First Group. The listed and unlisted shares of these PRC Banks have contributed dividend income of approximately RMB214.0 million on average during 2018 to 2020 which covered a major portion of the finance costs on the bank loans and borrowings of Good First Group.

In assessing the estimated market value of the unpledged shares of these 3 non-listed PRC banks (the “**Unlisted PRC Bank Shares**”), reference has been made to the volume-weighted average of transacted prices of the shares of these 3 non-listed PRC banks with reference to the completed auction records on the network platform of Alibaba Judicial Auction (<https://sf.taobao.com/>) since 1 January 2021. We considered the review period of approximately twelve-month prior to the date of the Announcement as adequate and more appropriate since the most recent transacted market prices of the Unlisted PRC Bank Shares would reflect the latest valuation acceptable to the potential buyers taking into account of the banks’ latest business performance and financial positions. The following table set out the details of the completed auction records:

Bank A:

Transaction Date	Number of shares	Consideration (RMB)	Price per share (RMB)
6 Feb 2021	1,000,000	3,340,000	3.340

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Bank B:

Transaction Date	Number of shares	Consideration (RMB)	Price per share (RMB)
9 Nov 2021	1,217,453	12,717,642.80	10.446
1 Sep 2021	498,358	4,120,001	8.267
1 Sep 2021	136,517	1,400,001	10.255
<i>Volume Weighted Average Price ("VWAP")</i>			9.846

Bank C:

Transaction Date	Number of shares	Consideration (RMB)	Price per share (RMB)
16 Dec 2021	175,544,848	139,626,970	0.795
11 Dec 2021	293,480,000	233,431,616	0.795
<i>VWAP</i>			0.795

The estimated value of the unpledged Unlisted PRC Bank Shares is then calculated based on the respective VWAP of the Unlisted PRC Bank Shares:

	Number of unpledged shares	VWAP (RMB)	Estimated value (RMB'000)
Bank A	105,000,000	3.340	350,700
Bank B	102,248,331	9.846	1,006,737
Bank C	942,335,616	0.795	749,157
		<i>Total</i>	<u>2,106,594</u>

Based on the said transaction records above, the estimated value of the unpledged Unlisted PRC Bank Shares amounts to approximately RMB2,106.6 million. Nevertheless, it should be noted that the sale of the unpledged Unlisted PRC Bank Shares may subject to additional factors which may affect the actual transaction price, e.g. the availability of potential buyers for suitable size, the fundamentals and financial performance of these PRC banks and the then market sentiment, etc. Therefore, the estimation above is mainly for providing a general reference on potential market value of the unpledged Unlisted PRC Bank Shares.

As advised by the Management, in the case where the Borrowers fail to repay their respective loans under the Facility Agreements, Good First Group will first attempt to repay the loans on behalf of the Borrowers based on its internal financial resources and may consider realising certain portion of the unpledged Unlisted PRC Bank Shares when necessary. With the

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presence of the Counter-Guarantee Agreement and having considered (i) Good First Group's cash on hand and at bank, together with the time deposits, amounted to approximately RMB526.7 million as of 30 June 2021; (ii) the estimated value of the unpledged Unlisted PRC Bank Shares of approximately RMB2,106.6 million is substantially larger than the potential maximum liability of the Group of approximately RMB1,374.0 million under the Guarantees; (iii) most of the short-term loans of Good First Group are pledged with collaterals; and (iv) the dividend income from the shares of listed and non-listed PRC banks could cover a major portion of the finance costs of Good First Group, we concur with the view of the Management that Good First Group is financially sound to indemnify any possible liabilities and expenses which may be incurred by the Group under the Guarantee Agreements.

(c) Comparable analysis on the Guarantee Fee

As mentioned in the Letter from the Board, the Borrowers under the Guarantee Service Agreement shall pay to the Company a guarantee fee of 1.5% of the actual amount drawn down under the loan facilities multiplied by the number of days the Company has provided guarantee for the amount drawn down and divided by 365 days (which is subject to a maximum amount of RMB19,500,000 per annum, being 1.5% of the Guaranteed Loan Amount (the “**Guarantee Fee Rate**”) in consideration of the provision of the Guarantees to the Bank.

To assess the fairness and reasonableness of the guarantee fee, we have obtained and reviewed the quotations of provision of guarantee provided by the Company which was obtained from three independent third-party financial institutions (the “**Guarantee Companies**”) which specialise in provision of financial guarantee service. We have also conducted independent desktop search and reviewed the background, registered capital and principal business of the Guarantee Companies. Based on the public available information, we noted that the Guarantee Companies include (i) a company incorporated in Quanzhou in 2005 with limited liability and registered capital of RMB100 million of which Quanzhou State Owned Assets Investment Management Co., Ltd. is one of the minority shareholders and is principally engaging in providing guarantee services on loans, acceptance of bills, trade finance, project financing, letter of credit, etc.; (ii) a company incorporated in Xiamen in 2015 with limited liability and a registered capital of RMB1.65 billion which is a subsidiary of a listed company in the PRC, engaging in the provision of one-stop integrated financial services including but not limited to asset management, risk management, finance lease and guarantee services; and (iii) a company incorporated in 2015 in Xiamen with limited liability and a registered capital of RMB150 million, indirectly wholly-owned by the State-owned Assets Supervision and Administration Commission of Xiamen People's Government, engaging in the provision of guarantee services on loans, acceptance of bills, trade finance, project financing, letter of credit, etc. Although the selected Guarantee Companies are not exhaustive, we consider that the Guarantee Companies are sizeable institutions, the principal business of which are the provision of guarantee services and operate in the similar geographic areas to the Borrowers and the quoted guarantee fee rates of the Guarantee Companies are able to reflect the prevailing market rate of guarantee fee, therefore, we are of the view that the selected Guarantee Companies are able to serve as representative samples for comparison purpose. Based on the guarantee fee quotations acquired from the three financial institutions, we observed that the Guarantee Companies proposed to charge the guarantee fee ranged from

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0.8% to 2%. Upon comparison, we noted that the guarantee fee 1.5% charged by the Company is slight above the mid-point of such range of guarantee fees quoted from the Guarantee Companies for similar guarantee provision services.

We have also reviewed the announcements for the transactions involving the provision of guarantee service by companies listed on the Stock Exchange to their respective connected persons (the “**Comparable Companies Transactions**”) during the period from 1 January 2021 and up to the date of the Announcement. We considered that review period of approximately twelve-month prior to the date of the Announcement to be a reasonable period of time for us to identify a representative sample of Comparable Companies Transactions which reflects the recent and latest market practice in charging connected persons for the guarantee services provided to them. To the best of our knowledge and as far as we are aware, we have identified thirteen Comparable Companies Transactions (excluding that of the Company), and we consider that such transactions are exhaustive based on the above criteria and can provide a reference on the recent transactions involving the provision of guarantee service to connected persons in such period, and they are fair and representative samples. Nevertheless, the Shareholders should note that the businesses, operations and prospects of the Group are not the same as the companies under the Comparable Companies Transactions, therefore, the Comparable Companies Transactions are only used to provide a general reference for the common market practice in similar guarantee service arrangements in the PRC entered into by those listed companies with their connected parties. Details of the Comparable Companies Transactions are summarised as follows:

Date of announcement	Stock code	Company name	Guarantee amount (million)	Mutual guarantee	Guarantee fee
19 Jan 2021	1266	Xiwang Special Steel Company Limited	RMB5,000	Yes	0.50%
30 Mar 2021	3948	Inner Mongolia Yitai Coal Co., Ltd.	RMB2,000	Yes	Nil
15 Apr 2021	1513	Livzon Pharmaceutical Group Inc.	RMB1,005	Yes	Nil
29 Jun 2021	2019	Dexin China Holdings Company Limited	RMB100	No	1%
30 Jun 2021	2107	First Service Holding Limited	RMB20	Yes	Nil
30 Jun 2021	3396	Legend Holdings Corporation	RMB1,000	No	0.10%
8 Sep 2021	1543	Guangdong Join-Share Financing Guarantee Investment Co., Ltd.	RMB80	Yes	4%
25 Oct 2021	1513	Livzon Pharmaceutical Group Inc.	RMB2,350	Yes	Nil
29 Oct 2021	1543	Guangdong Join-Share Financing Guarantee Investment Co., Ltd.	RMB70	Yes	4%
3 Nov 2021	902	Huaneng Power International, Inc.	USD28.125	No	Nil
30 Nov 2021	3993	China Molybdenum Co., Ltd.	RMB200	Yes	Nil
3 Dec 2021	3993	China Molybdenum Co., Ltd.	RMB376	Yes	Nil
8 Dec 2021	3993	China Molybdenum Co., Ltd.	RMB383	Yes	Nil
			Max	4.0%	
			Min	nil	
			Average	0.7%	

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As shown in the table above, we note that the guarantee fee rates charged under the Comparable Companies Transactions ranged from nil to 4% per annum and note that the Guarantee Fee of 1.5% to be charged by the Group falls within such range and is higher than the mean of 0.7% per annum of the Comparable Companies Transactions. There are also certain Comparable Companies Transactions involving larger guarantee amounts but with nil or lower guarantee fee level. Based on the above, we consider the Guarantee Fee Rate of 1.5% per annum for the Guarantees is fair and reasonable.

Having considered that (i) the provision of the Guarantees as the security for the Facility Agreements is requested by the Bank which is not an uncommon practice; (ii) the Guarantees will be secured by the counter-guarantee provided by Good First Group, which would mitigate the credit risk exposure of the Group under the Guarantees provided to the Borrowers; and (iii) the rate of the Guarantee Fee of 1.5% per annum for the Guarantees is fair and reasonable, we are of the view that the terms of the Agreements are on normal commercial terms.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that although the entering into of the Agreements is not in the ordinary and usual course of business of the Group, the terms of the Agreements and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; and the entering into of the Agreements is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the transactions and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully
For and on behalf of
DL Securities (HK) Limited
Tommy Cheng
Managing Director
Corporate Finance Division

Yours faithfully
For and on behalf of
DL Securities (HK) Limited
Don Yau
Managing Director
Corporate Finance Division

Mr. Tommy Cheng and Mr. Don Yau are licensed persons under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and regarded as responsible officers of DL Securities (HK) Limited. Mr. Tommy Cheng and Mr. Don Yau have over 11 and 5 years of experience in corporate finance industry, respectively.

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the three years ended 31 December 2018, 2019 and 2020 and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021, together with the relevant notes thereof are disclosed in the following documents:

- (i) the prospectus of the Company published on 27 November 2020 (the “**Prospectus**”) (pages I-1 to I-92) <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1127/2020112700019.pdf>
- (ii) the annual report of the Company for the year ended 31 December 2020 published on 9 April 2021 (the “**2020 Annual Report**”) (pages 121 to 267) <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0409/2021040900832.pdf>
- (iii) the interim report of the Company for the six months ended 30 June 2021 published on 16 September 2021 (pages 29 to 66) <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0916/2021091600612.pdf>

2. STATEMENT OF INDEBTEDNESS**Borrowings**

As at 30 November 2021, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had total borrowings with a carrying amount of approximately RMB11,690 million, comprising (i) approximately RMB250 million of unsecured and unguaranteed bank and other borrowings, (ii) approximately RMB163 million of secured and unguaranteed bank and other borrowings, (iii) approximately RMB9,262 million of secured and guaranteed bank and other borrowings and (iv) approximately RMB2,015 million of unsecured and guaranteed senior notes. Certain bank borrowings were secured by charges over property, plant and equipment, properties under development for sales, investment properties, right of use assets and restricted cash, details are listed as follow:

- (i) property, plant and equipment with a carrying value of approximately RMB73 million;
- (ii) properties under development for sales with a carrying value of approximately RMB14,725 million;
- (iii) investment properties with a carrying value of approximately RMB715 million;
- (iv) right of use assets with a carrying value of approximately RMB10 million; and
- (v) restricted cash of approximately RMB268 million.

Lease Liabilities

As at 30 November 2021, the Group had lease liabilities of RMB134 million which were secured by rental deposits and unguaranteed.

Contingent Liabilities

As at 30 November 2021, the Group provided guarantees of approximately RMB12,115 million to banks for mortgage loans made by the banks to the purchasers of properties sold by the Group in the PRC.

Save and except for the above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business as at 30 November 2021, the Group did not have any debt securities issued and outstanding, or otherwise created but unissued, or loan capital, or other borrowings or similar indebtedness including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, or hire purchase commitments, or mortgages and charges, and there were no other material contingent liabilities nor guarantees.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, are of the opinion that, after taking into account of the financial resources available to the Group, including internally generated funds and available bank facilities, the Group has sufficient working capital for its present requirements, that is, for at least the next twelve months from the date of this circular.

4. FINANCIAL EFFECTS OF THE FINANCIAL ASSISTANCE

The Directors consider that the transactions under the Agreements will not have any material financial impact on the earnings, assets and liabilities of the Group, except that the amount of the Guarantees will be a contingent liability for the Group.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group was included as a constituent for the MSCI China All Shares Small Cap Index in the first half of 2021, and the US\$ bonds issued in June 2021 were over-subscribed in the capital market. As of the end of November 2021, the Group achieved total contracted sales of RMB43.66 billion, representing a period-on-period increase of 27.6%, and the business performance maintained stable in general. In the first half of 2021, the Group achieved a revenue of approximately RMB3.31 billion, representing a period-on-period increase of approximately 85.2%; gross profit reached approximately RMB1.02 billion, representing a period-on-period increase of approximately 145.9%. As of 30 June 2021, the Group's net debt ratio was 47.7%, and the cash on book amounted to RMB7.98 billion, reflecting that the Group has sufficient working capital and was in a healthy financial position.

The Group followed the geographical layout of “2+1+X”, which focused on Beibu Gulf Region, consolidated existing layout in the urban agglomerations of the Western Taiwan Strait Economic Region, and established a relatively stable scale advantage. Meanwhile, the Group seized the opportunity of relocating our headquarters to Shanghai, by taking root quickly in the Yangtze River Delta region, as well as successively entered into core cities with economic vitality. We have strengthened strategic cooperation with leading companies in the industry, all of which will lay a solid foundation for the Group to become a national comprehensive real estate corporation. In the first half of 2021, the Group prudently determined to adopt land acquisition methods such as public bidding, auction and listing, and joint ventures, a total of 19 high-quality land parcels were obtained by the Group, with a total planned gross floor area of approximately 2.93 million sq.m., the total land bank maintained steady growth. As of 30 June 2021, the total gross floor area of the Group’s land bank was approximately 22.00 million sq.m..

The Group expects that the land market will cool down under the superposition of various policies. With the continuous strengthening of financial supervision in the real estate market, the amount of new loans may be limited in the second half of the year. The tightening of the overall credit environment may affect the sentiment of the property purchasers to a certain extent. The Group will continue to uphold the principle of seeking progress while maintaining stability, maintain bottom-line thinking, and balance and predict development and risks. The Group will continue to focus on customers, continue to improve the quality of service and customer satisfaction. The Group will continue to improve the level of financial and cost management in accordance with the requirements of the capital market. The Group will also continue to adopt the friendly platform strategy, continue to explore opportunities and provide equity interests to attract strategic investors, platform resources and other ways, to promote steady development of the Company, striving to become a high-quality listed company with sustainable development capabilities.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS

(a) Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code (the "**Model Code**") for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules are set out below:

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company
Mr. Wu ¹	Controlled corporation	407,789,564	29.90%
Hao Shengchun ²	Controlled corporation	2,000,000	0.14%
Tang Guozhong ²	Controlled corporation	1,000,000	0.07%
Zhang Jianhua ²	Controlled corporation	1,000,000	0.07%

Notes:

- These Shares are owned by Mr. Wu through his wholly-owned company, MeiDi. By virtue of the SFO, Mr. Wu is deemed to be interested in the Shares held by MeiDi.
- Tangjia Real Estate Management Co., Limited ("**Tangjia**") is owned as to 20% by Mr. Hao Shengchun, and 10% by each of Ms. Zhang Jianhua and Mr. Tang Guozhong. By virtue of the SFO, each of Mr. Hao Shengchun, Mr. Tang Guozhong and Ms. Zhang Jianhua is deemed to be interested in the 2,000,000, 1,000,000 and 1,000,000 Shares held by Tangjia.
- As at the Latest Practicable Date, the Company has issued 1,363,544,000 Shares.

Save as disclosed above, as at Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

- (b) **As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors, no Director was a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:**

Name of company	Name of Director	Position held by the Director in the company
MeiDi	Mr. Wu	Director

3. COMPETING BUSINESS

Xiamen Gefusite Real Estate Co., Ltd. (“**Xiamen Gefusite**”) is indirectly owned as to 82% by Mr. Wu and Good First Group is directly owned as to 10% by Mr. Wu and 1.96% by a company controlled by Mr. Wu. Although there is overlap between the business of Xiamen Gefusite and the Group, having taken into account that (a) substantially all of the properties developed by Xiamen Gefusite have been completed and delivered; and (b) Mr. Wu has undertaken to procure Xiamen Gefusite not to engage in property development business in the future, the Directors are of the view that no material competition exists between Xiamen Gefusite and the Group. For details, please refer to the 2020 Annual Report of the Company (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0409/2021040900832.pdf>).

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors were aware, none of the Directors nor their respective close associates had any direct or indirect interests in any businesses that constitutes or may constitute a competing business of the Company.

4. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, no Director had entered into any service contract or letter of appointment with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date:

- (a) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or are proposed to be acquired, disposed of by, or leased to any member of the Group; and
- (b) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

6. QUALIFICATION OF EXPERT AND CONSENT

The qualification of the expert who has given an opinion or advice in this circular is as follow:

Name	Qualification
DL Securities (HK) Limited	a licensed corporation to conduct Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 6 (Advising on Corporate Finance) regulated activities under the SFO

As at the Latest Practicable Date, the expert mentioned above (i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and the references to its name included herein in the form and context in which it is respectively included; (ii) has no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; and (iii) has no direct or indirect interests in any assets which have been, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

7. GENERAL

The joint company secretaries of the Company are Mr. Tang Guozhong and Ms. Charlotte Chee. Mr. Tang Guozhong is a member of the Chinese Institute of Certified Public Accountant and a registered tax advisor in the PRC. He also obtained a senior accountant certificate from Fujian Provincial Personnel Department (福建省人事廳). Ms. Charlotte Chee is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators).

The registered office of the Company is situated at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The head office and principal place of business of the Company is Block 1, Hongqiao Jiahui Lane 928, Shenhong Road, Minhang District, Shanghai, the PRC. The Hong Kong share registrar of the Company is Tricor Investor Services Limited, situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

Set out below are the material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date:

- (a) the Hongfu Guarantee Agreement;
- (b) the Rongyin Guarantee Agreement;
- (c) the Counter-Guarantee Agreement;
- (d) the Guarantee Service Agreement;
- (e) a cornerstone investment agreement dated 23 November 2020 (the “**Cornerstone Investment Agreement**”) entered into among the Company, Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司), ICBC International Capital Limited and Guodu Securities (Hong Kong) Limited, pursuant to which Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司) agreed to subscribe for such number of offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of HK\$380.0 million less brokerage and levies at the offer price;
- (f) the Deed of Non-Competition (as defined in the Prospectus);
- (g) the Deed of Indemnity (as defined in the Prospectus); and
- (h) the Hong Kong Underwriting Agreement (as defined in the Prospectus).

Save as disclosed above, there is no material contract (not being entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date.

10. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be available on display online on the Stock Exchange's website (www.hkexnews.hk) and on the Company's website (www.dyna888.com) from the date of this circular up to and including the date of the EGM:

- (a) the Hongfu Guarantee Agreement;
- (b) the Rongyin Guarantee Agreement;
- (c) the Counter-Guarantee Agreement;
- (d) the Guarantee Service Agreement;
- (e) the Cornerstone Investment Agreement;
- (f) the Deed of Non-Competition;
- (g) the Deed of Indemnity;
- (h) the Hong Kong Underwriting Agreement;
- (i) the written consent referred to in the paragraph headed 6. "Qualifications of Expert and Consent" in this Appendix.

11. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

NOTICE OF EGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



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)

NOTICE OF 2022 FIRST EXTRAORDINARY GENERAL MEETING TO BE HELD ON TUESDAY, 15 FEBRUARY 2022

NOTICE IS HEREBY GIVEN THAT the 2022 first extraordinary general meeting (the “EGM”) of Datang Group Holdings Limited (the “Company”) will be held at Hong Kong General Chamber of Commerce, 22/F, United Centre, 95 Queensway, Hong Kong on Tuesday, 15 February 2022 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the resolution set out below as ordinary resolution of the Company. Unless the context requires otherwise, capitalised terms used in this notice and the following resolution shall have the same meanings as those defined in the circular of the Company dated 26 January 2022.

ORDINARY RESOLUTION

“THAT

- (a) the Agreements, copies of which are tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, the terms thereof and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and
- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Agreements.”

By Order of the Board
Datang Group Holdings Limited
WU Di
Chairman

Hong Kong, 26 January 2022

NOTICE OF EGM

Notes:

1. The resolution at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.dyna888.com) in accordance with the Listing Rules.
2. All shareholders of the Company are eligible for attending the EGM. Any independent shareholder of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint a proxy or more than one proxy to attend the EGM and vote instead of him/her. A proxy does not need to be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the proxy form. Every shareholder of the Company present in person or by proxy shall be entitled to one vote for each share held by him/her.
3. In order to be valid, a form of proxy must be deposited at the Company’s Hong Kong share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting (i.e. before 3:00 p.m. on Sunday, 13 February 2022) or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
4. Record time and date for determining the entitlement of the shareholders of the Company to attend and vote at the EGM will be 8:00 a.m. on Tuesday, 15 February 2022. In order to qualify for attending and voting at the EGM, shareholders of the Company whose transfer documents have not been registered are required to submit the share certificates together with the properly completed share transfer forms to the Company’s Hong Kong share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on Monday, 14 February 2022 for registration.
5. The instrument appointing the proxy must be in writing and signed by the appointor or his/her attorney duly authorised in writing, or if the appointer is a legal person, either under a legal person’s seal or signed by its director or an attorney duly authorised in writing.
6. The EGM (or any adjournment thereof) is expected to take no more than half a day. Shareholders of the Company or their proxies attending the EGM (or any adjournment thereof) shall bear their own travelling and accommodation expenses.

As at the date of this notice, 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.