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## **TALENT PROPERTY GROUP LIMITED**

**新天地產集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00760)**

### **VERY SUBSTANTIAL DISPOSAL**

### **THE PROPOSED DISPOSAL OF 90% EQUITY INTERESTS IN A SUBSIDIARY**

#### **THE PROPOSED DISPOSAL**

The Board is pleased to announce that on 13 November 2020, the Seller (an indirect wholly-owned subsidiary of the Company), entered into the Equity Transfer Agreement with the Purchaser, pursuant to which the Purchaser has conditionally agreed to acquire and the Seller has conditionally agreed to sell 90% of the equity interests in the Target Company (held by the Seller) at an aggregate consideration of approximately RMB297.7 million.

Upon completion of the Proposed Disposal, the Purchaser will hold 100% of the entire equity interests in the Target Company, the Seller will cease to hold any equity interests in the Target Company and the Target Company will cease to be a subsidiary of the Company.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios in respect of the Proposed Disposal as calculated under the Listing Rules exceeds 75%, the Proposed Disposal constitutes a very substantial disposal of the Company under the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

#### **GENERAL**

The SGM will be convened and held for the purpose of considering and, if thought fit, approving the Equity Transfer Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Equity Transfer Agreement and the Proposed Disposal; (ii) other financial information as required by the Listing Rules; and (iii) a notice convening the SGM, will be despatched to the Shareholders on or before 11 December 2020. As additional time is required by the Company to prepare the information to be included in the circular, it is expected that the circular will be despatched to the Shareholders more than 15 business days after the publication of this announcement. If it is expected that there will be a delay to the despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

## **WARNING**

**As completion of the Proposed Disposal is subject to the approval of the Shareholders at the SGM and the satisfaction of certain conditions precedent which are more particularly described in the section headed “The Equity Transfer Agreement – Conditions precedent” in this announcement, the Proposed Disposal may or may not proceed. Therefore, Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **INTRODUCTION**

The Board is pleased to announce that on 13 November 2020, the Seller (an indirect wholly-owned subsidiary of the Company), entered into the Equity Transfer Agreement with the Purchaser, pursuant to which the Purchaser has conditionally agreed to acquire and the Seller has conditionally agreed to sell 90% of the equity interests in the Target Company (held by the Seller) at an aggregate consideration of approximately RMB297.7 million.

Upon completion of the Proposed Disposal, the Purchaser will hold 100% of the entire equity interests in the Target Company, the Seller will cease to hold any equity interests in the Target Company and the Target Company will cease to be a subsidiary of the Company.

## **THE EQUITY TRANSFER AGREEMENT**

A summary of the principal terms of the Equity Transfer Agreement is set out below:

Date: 13 November 2020

Parties to the Equity Transfer Agreement: (1) Guangzhou Guoyou (as seller); and  
(2) Yangzhou Yunhe (as purchaser)

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, each of the Purchaser and its ultimate beneficial owners is an Independent Third Party.

Subject matter: Pursuant to the Equity Transfer Agreement, the Seller has conditionally agreed to sell, and the Purchase has conditionally agreed to purchase, 90% equity interests in the Target Company held by the Seller.

The main asset of the Target Company is the Land Parcel.

Consideration and payment: The aggregate consideration for the Proposed Disposal is approximately RMB297.7 million, which was determined and agreed between the parties based on arm's length negotiations with reference to, among other things, (i) the original land grant price for the Land Parcel, being RMB326.4 million; (ii) the unaudited net asset value of the Target Company as at 31 October 2020, being approximately RMB297.8 million; and (iii) the share capital contribution made by the Group to the Target Company in early 2019, being RMB270.0 million.

The consideration shall be payable by the Purchaser to the Seller in cash in the following manner:

- (i) RMB142 million shall be paid within seven business days from the effective date of the Equity Transfer Agreement (“**First Payment**”);
- (ii) RMB100 million shall be paid on 31 January 2021 (“**Second Payment**”); and
- (iii) the remaining consideration for the Proposed Disposal, being approximately RMB55.7 million, shall be paid on 30 June 2021 (“**Third Payment**”).

The Seller shall assist the Purchaser in applying for the registration and transfer of 43%, 30% and 17% equity interests in the Target Company respectively (representing approximately 48%, 33% and 19%, respectively, of the total equity interest in the Target Company held by the Seller) on a pro rata basis in accordance with the corresponding payments under the payment schedule with the relevant PRC Government authorities within 10 days of the Purchaser having made each of the First Payment, the Second Payment and the Third Payment, respectively.

Conditions precedent: The Equity Transfer Agreement shall become effective and the Proposed Disposal shall be subject to and conditional upon the Company having obtained the Shareholders' approval for the Equity Transfer Agreement and the transactions contemplated thereunder at the SGM in accordance with the Listing Rules.

Other principal terms/ special conditions: *Repayment of shareholder's loan*  
The Target Company shall repay to the Seller the shareholder's loan due and owed to the Seller as at the date of the Equity Transfer Agreement, being approximately RMB42.5 million, in one lump-sum within seven business days of the completion of the Proposed Disposal (i.e. the Seller having transferred 90% equity interest in the Target Company to the Purchaser).

### *Transition period*

The Seller undertakes to the Purchaser that during the period between 30 September 2020 and the Management Transfer Date (the “**Transition Period**”):

- (i) there will be no material adverse change to the financial condition of the Target Company; and
- (ii) the Seller shall be responsible for any disputes, litigation and damages arising out or caused by any breach of any signed contracts, agreements, undertakings or other legal documents prior to the Management Transfer Date.

The commencement date of the Transition Period, being 30 September 2020, was determined based on arm’s length negotiations between the Seller and the Purchaser and was a mutually agreed reference date for determining the amount of funds previously contributed by the Seller to the Target Company.

Up until the Management Transfer Date, the Seller and the Purchaser shall have equal rights of access to and jointly manage all licenses, seals and other documents of the Target Company. Both parties shall co-operate to meet the legitimate business and operational needs of the Target Company (including the passing of relevant resolutions).

During the period between the Management Transfer Date and the completion of transfer of 90% equity interest in the Target Company to the Purchaser: (i) all operational matters of the Target Company shall be managed and decided by the Purchaser; (ii) the Seller shall not be involved in development or management matters; and (iii) any benefits and risks arising from development or management matters during such period shall be borne by the Purchaser.

### *Liability for breach of the Equity Transfer Agreement*

Upon the Equity Transfer Agreement being effective, any party who fails to perform or partially perform its obligations thereunder is in breach of the Equity Transfer Agreement and shall be liable for any losses suffered by the other party. In any event that any party to the Equity Transfer Agreement fails to perform its obligations in accordance with the agreed timeframe under the Equity Transfer Agreement shall be liable to pay an overdue penalty equal to 0.05% of the total consideration of the Proposed Disposal for each day during the overdue period.

Where the Seller fails to perform and complete relevant equity transfer registration obligations according to the Equity Transfer Agreement for more than 30 days after the Management Transfer Date, the Purchaser shall have the right and option to either (i) require the Seller to perform its obligations and to pay damages for the overdue period; or (ii) terminate the Equity Transfer Agreement and require the Seller to repay the consideration received, together with compensation to the Purchaser, which shall include revenue generated from holding additional equity interest of the Target Company on a pro rata basis.

In the event that the consideration payable by the Purchaser after the Management Transfer Date is overdue for more than 30 days, the Seller has the right and option to either (i) require the Purchaser perform its obligations and to pay damages for the overdue period; or (ii) terminate the Equity Transfer Agreement and require the Purchaser to compensate the Seller's losses arising out from liabilities and losses of the Target Company as a result of holding additional equity interest of the Target Company on a pro rata basis.

## INFORMATION ON THE TARGET COMPANY

The Target Company is an indirect non wholly-owned subsidiary of the Company established under the laws of the PRC on 20 December 2018. The Target Company is principally engaged in property development in the PRC. As at the date of this announcement, the Target Company is held as to 90% and 10% by the Seller and the Purchaser, respectively. For further details on the previous changes in the Seller's equity interest in the Target Company, please refer to the Company's voluntary announcements dated 19 March 2019 and 20 March 2019, respectively.

Set out below is the financial information of the Target Company:

	31 December 2019 <i>RMB'000</i> <i>(audited)</i>	<b>30 June 2020 <i>RMB'000</i> <i>(unaudited)</i></b>
Revenue	Nil	Nil
Net (loss) for the year/period before taxation	776	708
Net (loss) for the year/period after taxation	776	708

## FINANCIAL IMPACT OF THE PROPOSED DISPOSAL ON THE GROUP

Upon the Management Transfer Date, the Target Company will be held as to approximately 47% by the Seller, will cease to be a subsidiary of the Company and the results of the Target Company will cease to be consolidated into the accounts of the Group. Upon completion of the Proposed Disposal, the Company will no longer have any interests in the Target Company. The unaudited net asset value of the Target Company as at 31 October 2020 was approximately RMB297.8 million. The Company expects to record a book gain (before tax and expenses) of approximately RMB29.7 million, which is calculated by deducting the net asset value of the Target Company attributable to the Group (i.e. 90% of the net asset value of the Target Company, being approximately RMB268.0 million) from the consideration (of approximately RMB297.7 million). The actual gain as a result of the Proposed Disposal to be recorded by the Company is subject to any changes to the net book value of the Target Company on the date of the completion of the Proposed Disposal.

The Company expects that the proceeds from the Proposed Disposal will be used primarily as follows: (i) approximately 40% towards repayment of certain bank and other loans which will fall due in 2021 and (ii) approximately 60% towards payment of construction costs for other projects as well as general working capital of the Company and/or to fund future investment opportunities generally.

## **REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL**

Since late 2016, the Group has set foot in the logistics property development industry in view of the potential growth of e-commerce market and logistic facilities in the PRC. However, due to the subsequent slow-down of economic growth of PRC, Sino-US conflicts and the COVID-19 pandemic outbreak, the demand for and investment sentiment regarding commercial properties, especially in second and third tier cities in the PRC were seriously affected. The sales performance of the Group's Xuzhou Intelligent Industrial Town and Yangzhou Intelligent Life City did not meet the initial expectation of the Group's management (especially with respect to Yangzhou).

The Land Parcel was acquired by the Target Company on 29 December 2018 through a successful bidding for land use rights through a listing-for-sale by the Yangzhou City Land Resources Bureau. The construction of zone C of the Land Parcel is underway and such zone is intended to be used primarily for the relocation and settling down of the original farmer's markets in Yangzhou City. As at the date of this announcement, development of zones A and B of the Land Parcel has not commenced and plans for the development of facilities related to the farmer's market there on were under consideration.

Having taken into consideration (i) the current logistics industry market situation in the PRC, (ii) future capital requirements and pace of future cash return from this project, the Board considered that it is a good opportunity to sell the Target Company (and Land Parcel) in order to realize part of its investment portfolio for the return of the Company's original investment and improve the Company's working capital for, among others, (i) repayment of certain bank and other loans, (ii) payment of construction costs for other projects and (iii) development of new project(s) with higher growth potential, as and when such opportunity arises.

Based on the above and the terms of the Equity Transfer Agreement, the Board is of the view that: (i) the Proposed Disposal is in the interest of the Group and the Shareholders as a whole; (ii) the terms of the Equity Transfer Agreement are fair and reasonable; and (iii) the entering into of the Equity Transfer Agreement is in the interest of the Company and Shareholders as a whole.

## **INFORMATION ON THE GROUP AND THE PURCHASER**

### **The Group**

The Company is an investment holding company. Its subsidiaries are principally engaged in property development, investment and management in the PRC.

Guangzhou Guoyou, an indirect wholly owned subsidiary of the Company as at the date of this announcement, was established as a joint venture in the PRC on 4 January 2017, and its scope of business included, among others, investment, development, construction, operation and management of logistics facilities.

## **The Purchaser**

Yangzhou Yunhe is an indirectly state-owned enterprise, being a limited liability company established in the PRC, which is mainly engaged in housing construction, municipal construction, urban renovation, rural infrastructure, and facilities and ancillary projects construction. It is wholly-owned by Yangzhou Urban Construction State-Owned Assets Holding (Group) Co., Ltd\* (揚州市城建國有資產控股(集團)有限責任公司), which is in turn owned by the People's Government of Jiangsu Province in the PRC.

## **IMPLICATIONS UNDER THE LISTING RULES**

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## DEFINITIONS

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

“Board”	the board of Directors
“Company”	Talent Property Group Limited, a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange with a stock code of 00760
“connected person(s)”	has the meaning given to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 13 November 2020 entered into by the Seller and the Purchaser in relation to the Proposed Disposal
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	an individual(s) or a company(ies) who or which is(are) independent of the Company and connected persons of the Company
“Land Parcel”	a parcel of land owned by the Target Company, and located in Shatou Town* (沙頭鎮), in-between Guihuazhi Road* (規劃支路), Yangtze Riverside Expressway Auxiliary Road* (沿江高等級公路輔路), Renmin Road* (人民路) and Zhuhe* (主河) in Yangzhou City, Jiangsu Province, the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Management Transfer Date”	the day after the completion of (i) the transfer of 43% equity interests in the Target Company to the Purchaser and (ii) the obtainment of a new business license of the Target Company from the Yangzhou City Administration of Market Supervision (揚州市市場監督管理局)
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding the Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Proposed Disposal”	the proposed disposal of 90% of the equity interests in the Target Company by the Seller to the Purchaser pursuant to the Equity Transfer Agreement
“Purchaser” or “Yangzhou Yunhe”	Yangzhou Yunhe Urban Development Investment Group Co., Ltd.* (揚州市運和城市建設投資集團有限公司) (previously known as Yangzhou Yunhe New City Development Co., Ltd* (揚州市運和新城建設有限公司)), an indirectly state-owned limited liability company established in the PRC and an Independent Third Party, which currently holds 10% equity interest in the Target Company as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Seller” or “Guangzhou Guoyou”	Guangzhou Guoyou Logistics Co., Ltd.* (廣州國郵物流有限公司), an indirect non wholly-owned subsidiary held as to 51% by the Company, established in the PRC on 4 January 2017
“SGM”	the special general meeting the Company to be held to approve, among other things, the Proposed Disposal and the transactions contemplated thereunder
“Shareholders”	holders of shares in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Yangzhou Shiyou City Development Co., Ltd.* (揚州世郵城市發展有限公司), an indirect non-wholly owned subsidiary, established in the PRC on 20 December 2018
“%”	per cent

By Order of the Board  
**Talent Property Group Limited**  
**Zhang Gao Bin**  
*Chairman*

Hong Kong, 13 November 2020

*As at the date hereof, the Board comprises Mr. Zhang Gao Bin and Mr. Luo Zhangguan as Executive Directors and Mr. Lo Wai Hung, Mr. Mak Yiu Tong and Mr. Fok Chi Tat Michael as Independent Non-executive Directors.*

\* for identification purpose only