
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect in this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution licensed to deal in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your units in Talent Property Group Limited (the “Company”), you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 AND NOTICE OF SPECIAL GENERAL MEETING

A letter from the Board is set out on pages 5 to 13 of this circular.

A notice convening the special general meeting to be held at United Conference Centre, 10/F, United Centre, 95 Queensway, Hong Kong on 29 December 2020 at 4:00 p.m. is set out on pages N-1 to N-2 of this circular. Whether or not you are able to attend and vote at the meeting in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the special general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the meeting or any adjournment thereof (as the case may be) should you so wish.

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

Please see page 1 of this document for measures being taken to try to prevent and control the spread of the Coronavirus at the Special General Meeting, including:

- **compulsory temperature checks and health declarations**
- **recommended wearing of surgical face masks**
- **no distribution of corporate gifts and refreshments**

Any person who does not comply with the precautionary measures may be denied entry into the SGM venue. The Company encourages attendees to wear face masks and reminds Shareholders that they may appoint the Chairman of the meeting as their proxy to vote on the relevant resolutions at the SGM as an alternative to attending the SGM in person.

* For identification purpose only

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PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

In view of the ongoing Novel Coronavirus (COVID-19) epidemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the SGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the SGM venue or be required to leave the SGM venue.
- (ii) All Shareholders, proxies and other attendees are required to complete and submit at the entrance of the SGM venue a declaration form confirming their names and contact details, and confirming that they have not travelled to, or to their best of knowledge had physical contact with any person who has recently travelled to, any affected countries or areas outside of Hong Kong (as per guidelines issued by the Hong Kong government at www.chp.gov.hk/en/features/102742.html) at any time in the preceding 14 days. Any person who does not comply with this requirement may be denied entry into the SGM venue or be required to leave the SGM venue.
- (iii) The Company encourages attendees to wear surgical face masks inside the SGM venue at all times, and to maintain a safe distance between seats.
- (iv) No refreshments will be served, and there will be no corporate gifts.

To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of the attendees at the SGM.

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM instead of attending the SGM in person.

The proxy form is attached to this document. If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

If Shareholders choosing not to attend the SGM in person have any questions about the relevant resolutions, or about the Company or any matters for communication with the Board, they are welcome to contact the Company in writing to our principal place of business in Hong Kong or to our email at ir@760hk.com.

If Shareholders have any questions relating to the SGM, please contact Computershare Hong Kong Investor Services Limited, the Company's Share Registrar as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong
E-mail: hkinfo@computershare.com.hk
Tel: 852 2862 8555
Fax: 852 2865 0990

DEFINITIONS

In this circular, the following definitions apply throughout unless otherwise stated. Also, where terms are defined and used in only one section of this document, these defined terms are not included in the table below:

| | |
|-----------------------------|--|
| “Announcement” | announcement of the Company dated 13 November 2020 in relation to the Proposed Disposal |
| “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 between 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 |
| “Latest Practicable Date” | 8 December 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange |

DEFINITIONS

| | |
|---------------------------------|---|
| “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 circular 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 holds 10% equity interest in the Target Company as at the Latest Practicable Date |
| “Remaining Group” | the Group, excluding the Target Company |
| “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 |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time |
| “SGM” | the special general meeting the Company to be held to approve, among other things, the Proposed Disposal and the transactions contemplated thereunder |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Shares” | ordinary share(s) of HK\$0.004 each in the share capital of the Company |

DEFINITIONS

| | |
|--------------------------------------|---|
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” or “Shiyou City” | 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 |

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this circular shall be a reference to Hong Kong time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

* *For identification purpose only*

LETTER FROM THE BOARD



TALENT PROPERTY GROUP LIMITED

新天地产集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00760)

Directors of the Company:

Executive Directors:

Mr. Zhang Gao Bin

Mr. Luo Zhangguan

Independent Non-executive Directors:

Mr. Lo Wai Hung

Mr. Mak Yiu Tong

Mr. Fok Chi Tat Michael

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

***Head office and principal place
of business in Hong Kong:***

Unit A704, 3rd Floor, Tower A

New Mandarin Plaza

No. 14 Science Museum Road

Tsim Sha Tsui East

Kowloon, Hong Kong

11 December 2020

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL
THE PROPOSED DISPOSAL OF
90% EQUITY INTERESTS IN A SUBSIDIARY
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with, among other things, (i) 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.

* For identification purpose only

LETTER FROM THE BOARD

THE PROPOSED DISPOSAL

The Board is pleased to announce that on 13 November 2020 (after the close of trading hours), 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

After taking into account the market value of the Land Parcel, the adjusted unaudited net asset value of the Target Company attributable to the Group as at 31 October 2020 would be approximately RMB307.7 million. The aggregate consideration for the Proposed Disposal, which is approximately RMB297.7 million, represents a discount of approximately 3.2% to such adjusted unaudited net asset value of the Target Company attributable to the Group. Taking into account the current logistics industry market situation in the PRC, and the demand for and investment sentiment regarding commercial properties in second and third-tier cities in the PRC, the Board considers that the consideration for the Proposed Disposal represents a fair return on the Group's investment and more immediate return of cash to the Group.

In view of the above, the Board considers that the consideration for the Proposed Disposal is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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 | 30 June 2020 |
|--|-----------------------------|-------------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | <i>(audited)</i> | <i>(unaudited)</i> |
| 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, and 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

LETTER FROM THE BOARD

(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% (in the sum of approximately RMB120 million) towards repayment of certain bank and other loans which will fall due in 2021; (ii) approximately 34% (in the sum of approximately RMB100 million) towards the payment of construction costs for other projects; and (iii) approximately 26% in aggregate (in the aggregate sum of approximately RMB78 million) towards general working capital of the Company and/or to fund future investment opportunities, if any.

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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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

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. To the best knowledge, information and belief of the Directors having made all reasonable enquires, no Shareholder has a material interest in the Proposed Disposal and the transactions contemplated under the Equity Transfer Agreement. As such, no Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the SGM to approve the Proposed Disposal and the transactions contemplated under the Equity Transfer Agreement.

THE SGM

A notice convening the SGM to be held on 29 December 2020 is set out on pages N-1 to N-2 of this circular.

Whether or not you are able to attend and vote at the meeting in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for

LETTER FROM THE BOARD

holding the special general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the meeting or any adjournment thereof (as the case may be) should you so wish.

CLOSURE OF REGISTER OF SHAREHOLDERS

The register of members of the Company will be closed from Wednesday, 23 December 2020 to Tuesday, 29 December 2020 (both dates inclusive) for determining the identity of Shareholders who are entitled to attend and vote at the SGM. No transfer of shares of the Company will be registered during this period. In order to be eligible to attend and vote at the SGM, unregistered Shareholders should ensure that all share transfer documents accompanied by the relevant share certificates are lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 22 December 2020.

RECOMMENDATION

The Board (including the independent non-executive Directors) considers that the Proposed Disposal is on normal commercial terms and in the ordinary and usual course of business of the Company, and the Proposed Disposal is fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed in the SGM to approve the Equity Transfer Agreement and the transactions contemplated under the Equity Transfer Agreement.

ADDITIONAL INFORMATION

Your attention is also drawn to the information contained in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2020 are disclosed in the Company's annual reports for the three financial years ended 31 December 2017, 2018 and 2019 and the interim report for the six months ended 30 June 2020, respectively, which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.760hk.com).

2. INDEBTEDNESS**Borrowings**

As at the close of business on 31 October 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had total indebtedness amounting to approximately RMB938,144,000.

As at the close of business on 31 October 2020, the Group had bank borrowings with an outstanding amount of RMB312,949,000, which was secured by the investment properties, completed properties held for sales, properties under development, personal guarantee from related parties and the cash inflows of rental income from tenants for ten years.

As at the close of business on 31 October 2020, the Group had other secured borrowings from financial institution with an outstanding amount of RMB431,600,000, which was secured by the pledged deposit, completed properties held for sales, properties under development, equity interests of subsidiaries and personal and corporate guarantee from related parties.

As at the close of business on 31 October 2020, the Group had other unsecured and unguaranteed borrowings with an outstanding amount of RMB50,425,000. Of which, RMB29,460,000 is repayable with one year and RMB20,965,000 is repayable on demand.

Further, as at the close of business on 31 October 2020, the Group had outstanding unsecured, unguaranteed and interest-free advances from an associate and a non-controlling shareholder totalling RMB143,170,000.

Pledged assets

As at the close of business on 31 October 2020, the Group had pledged investment properties, completed properties held for sales, properties under development and the cash inflows of rental income from tenants for ten years to secure bank borrowings of the Group.

As at the close of business on 31 October 2020, the Group had pledged deposit, completed properties held for sales, properties under development and equity interests of subsidiaries to secure other secured borrowings of the Group.

Lease liabilities

As at the close of business on 31 October 2020, the Group had outstanding lease liabilities amounting to RMB2,109,000, which were secured by rental deposits paid by the Group.

Financial guarantees

The Group has in cooperation with certain financial institutions arranged mortgage loan facility for its purchasers of property and provided guarantees to secure obligations of such purchasers for repayments. As at the close of business 31 October 2020, the outstanding guarantees amounted to RMB12,077,000. Such guarantees will be discharged upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after a purchaser take possession of the relevant property; and (ii) the satisfaction of relevant mortgage loan by a purchaser. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee starts from the dates the mortgagees obtained the mortgage loans.

Contingent liabilities

Save as aforesaid, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any other debt securities issued and outstanding, or authorised or otherwise created but unissued, loans or any term loans (secured, unsecured, guaranteed or otherwise), any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and any liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments (guaranteed, unguaranteed, secured or otherwise), mortgages, charges, other material contingent liabilities or guarantees, as at the close of business on 31 October 2020.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that after taking into account the Proposal Disposal, internal resources available to the Group, external borrowings, presently available banking facilities and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for the next 12 months from the date of this circular.

4. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

With the outbreak of the COVID-19, intensified Sino-US friction and the strife in deglobalization, the business environment faces more challenges and uncertainties than ever before. As a result of the effective measures of the COVID-19 prevention in our country, economic recovery took place gradually in second quarter of the year with different magnitude across different regions and cities. Market performances diverged largely. 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).

In the PRC's post-pandemic era, the government still upheld that houses are for living in and not for speculative investment. While citizens' living, consumption and culture keep changing which may have impacts on the development of different sectors. Nonetheless what remains unchanged is people's pursuit for quality life. Xintian Banshan (新天半山), our flagship project in Guangzhou, which sets in a tranquil environment through ingenious combinations, the mountains and nature, is one of the best choices for them. Amid exploring new customers and closing of sales of villas in zone B, the work of façade, pathway and gardening for mega villas in zone E commenced.

Regarding our Yangzhou Intelligent Life City, construction of main structure of the buildings in zone A resumed after the pandemic. Development of zone B is still in planning stage and hinge on pre-sale progress of zone A. With respect to Xuzhou Intelligent Industrial Town, structural work of buildings in zone D to G are almost completed. Construction and formulation of marketing plan for its zone B and C, with street footage, are both under way. In general, local market sentiment and development of where our logistic projects locate are not as robust as the time when we acquired the relevant land parcels. The Group may adjust the way it cooperates and will consider different pricing flexibility to balance profitability and cashflow of these projects.

The Group will broaden financing channels, rationalize allocation of our resources and continue to explore opportunities to better support future growth in order to bring stable and long-term returns to the Shareholders and investors of the Group.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Following the Proposed Disposal, the Remaining Group will continue to carry out its existing businesses. The Target Company to be disposed of was incorporated on 20 December 2018. Its financial results are set out in Appendix II to this circular. Set out below is the management discussion and analysis on the Remaining Group for the three financial years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020.

Overview of Financial Results

2017 was a remarkable financial year of the Company. The consolidated revenue and gross profit for 2017 amounted to approximately RMB727.0 million and RMB182.3 million, respectively. Increased revenue and gross profit were primarily contributed by the continual sales & delivery of high-rise residential units and villas in zone C of our flagship project, Xintian Banshan. Impairment loss provided thereto in previous years was reversed partly in view of its latest sales record and market condition in 2017. In 2017, there were no more charges of non-cash finance costs and fair value changes relating to the convertible notes after its full conversion in 2016. The Group achieved a profit before tax of RMB188.4 million since the issue of convertible notes in 2010. Tax charge of RMB130.0 million was recorded primarily for the sales of Xintian Banshan and disposal of commercial units of Tianlun Garden. A post-tax profit attributable to the owners of the Company of RMB63.7 million was recorded.

2018 was a financial year in which the Group built the foundation for a brighter future. The consolidated revenue and gross profit for 2018 amounted to approximately RMB278.7 million and RMB82.1 million, respectively. Decrease in revenue in 2018 was primarily due to the fact that high-rise residential units in our flagship project Xintian Banshan, which have the highest volume of stock, have been almost sold out and fully delivered after continual sales in recent years. Though luxury villas at zone B are available for subscription, they will not enter the delivery phase until next year. Impairment loss of Xintian Banshan provided in previous years was again reversed partly in view of its latest sales record and market condition in 2018, while the fair value of our investment property Talent Shoes Trading Center was reduced in light of its latest leasing condition. The Group also ramped up investment in its logistics projects in 2018. A post-tax profit attributable to the owners of the Company of RMB69.6 million was recorded.

The consolidated revenue and gross profit for 2019 amounted to approximately RMB277.7 million and RMB115.5 million, respectively. The revenue for the year includes the revenue recognized from luxurious villas at zone B of our flagship project Xintian Banshan, resulting in an increase in the gross profit margin. Without taking into account fair value changes on investment properties and provision for impairment of properties under development, profit before tax amounted to RMB52.8 million. With reference to the results of independent valuation, the Group recorded a reduction of fair value of our Talent Shoes Trading Center and other investment properties totalling RMB62.6 million. After prudently reviewing factors such as the current pre-sale results, the sales strategies after the control of the novel coronavirus epidemic, the development progress and its costs, the Group made a provision for impairment loss totalling RMB168.0 million for logistics commercial projects under development (other than the project held by the Target Company). Reversal of previously provided impairment loss of approximately RMB2.3 million was made for Xintian Banshan project. After taking into account the above factors and the income tax expenses, a post-tax loss attributable to the owners of the Company of RMB99.4 million was recorded.

During the six months ended 30 June 2020 (the “**Interim Reporting Period**”), the Group recorded an unaudited consolidated revenue and gross profit of RMB114.0 million and RMB65.1 million, respectively. A revenue of RMB102.2 million was recorded from the delivery of residential units of Xintian Banshan (新天半山) with gross floor area of approximately 500 square meters (“sqm”) and sales of villas of our South Lake Village Phase 1 with gross floor area of approximately 2,200 sqm. Revenue from selling of other properties held for sales (including carparks) during the Interim Reporting Period was RMB0.6 million. Rental income and properties management fee income from our Talent Shoes Trading Center (天倫鞋業交易中心), a 10-storey complex building located at Zhan Xi Shoe Market, reduced to RMB7.7 million as a result of higher vacancy and short-term rental concession granted to the tenants. After taking into account the costs from the acquisition of Talent Central Limited from Talent Trend Holdings Limited, subsequent development cost, the net provision for impairment loss as well as better profit margin of Xintian Banshan as well as villas of our South Lake Village Phase I, gross profit and overall gross profit margin increased to RMB65.1 million and 57.1%, respectively. Given the provision for impairment loss, unfavourable fair value changes of our properties portfolio, share of loss of an associate and increased finance costs, a loss attributable to owners of the Company of RMB97.4 million was recorded for the Interim Reporting Period.

Liquidity and Financial Resources

The Group’s total assets as at 31 December 2017 were approximately RMB3,297.7 million which were financed by the total equity and total liabilities of approximately RMB1,894.6 million and approximately RMB1,403.1 million respectively.

The Group’s total assets as at 31 December 2018 were approximately RMB3,554.1 million which were financed by the total equity and total liabilities of approximately RMB1,964.1 million and approximately RMB1,590.0 million respectively.

The Group’s total assets as at 31 December 2019 were approximately RMB3,683.7 million which were financed by the total equity and total liabilities of approximately RMB1,778.8 million and approximately RMB1,904.9 million, respectively.

The Group’s total assets as at 30 June 2020 were approximately RMB3,746.1 million which were financed by the total equity and total liabilities of approximately RMB1,597.8 million and approximately RMB2,148.3 million, respectively.

The Group borrowings were all denominated in Renminbi. Bank balances and cash were mainly denominated in Renminbi. As at 31 December 2017, 2018 and 2019 and 30 June 2020, there were no outstanding forward contracts in foreign currency committed by the Group that might involve it in significant foreign exchange risks and exposures.

Capital Structure and Gearing Ratio

As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group's gearing ratio then computed as total liabilities over total assets was approximately 42.5%, 44.7%, 51.7% and 57.4%, respectively.

As at 31 December 2017, bank borrowings and other borrowings amounted to RMB170.0 million and RMB101.9 million carried fixed interest rate.

As at 31 December 2018, all bank borrowings were repaid and other borrowings amounted to RMB381.9 million carried fixed interest rate.

As at 31 December 2019, bank borrowings amounted to RMB333.3 million carry variable interest rate of 63.3% to 110.6% over the People's Bank of China 5 years loan base interest rate. Other borrowings amounted to RMB524.7 million carry fixed rate with a range from 9.5% to 11% per annum.

As at 30 June 2020, bank borrowings and other borrowings amounted to RMB325.7 million and RMB617.4 million, respectively.

Foreign Currencies Exposure

The revenue and the cost of goods sold and of service of the Group are mainly denominated in Renminbi. Therefore, the Group is not exposed to any other material foreign currency exchange risk. An average rate and a closing rate of HK\$1.15332: RMB1 and HK\$1.19996: RMB1, respectively, were applied on consolidation of the financial statements for the year ended 31 December 2017, HK\$1.18692: RMB1 and HK\$1.13842: RMB1, respectively, were applied on consolidation of the financial statements for the year ended 31 December 2018, HK\$1.13491: RMB1 and HK\$1.11436: RMB1, respectively, were applied on consolidation of the financial statements for the year ended 31 December 2019, and HK\$1.10019: RMB1 and HK\$1.09456: RMB1, respectively, were applied on the consolidation of the condensed financial statements for the six months ended 30 June 2020. No hedging measure has been implemented by the Group for the relevant financial years/period.

Charge on Assets

As at 31 December 2017, an investment property of the Group amounted to approximately RMB702 million was pledged to secure general banking facilities.

As at 31 December 2018, an investment property of the Group amounted to approximately RMB665 million was pledged to secure general banking facilities. Properties under development and deposit with the approximate value of RMB455 million and RMB3 million were pledged to secure facilities from a financial institution.

As at 31 December 2019, an investment property and completed properties held for sale of the Group amounted approximately RMB607 million and RMB187.3 million were pledged to secure general banking facilities. Completed properties held for sale, properties under development and deposit with the approximate value of RMB267.9 million, RMB538.3 million and RMB4.2 million respectively were pledged to secure other borrowings.

As at 30 June 2020, the carrying amounts of investment properties, properties under development, completed properties held for sale and trade receivables of approximately RMB589 million, RMB164 million, RMB187 million and RMB6 million, respectively, were pledged to secure general bank facilities. Whereas, carrying amounts of properties under development, completed properties held for sale and cash deposit of approximately RMB109 million, RMB296 million and RMB3 million, respectively, were pledged to secure other borrowings.

Funding Policies and Financial Instruments for Hedging Purpose

As at the Latest Practicable Date, the Group's financial instruments mainly consisted of pledged deposit, cash and cash equivalents, trade receivables, deposits and other receivables, trade payables and other payables and borrowings.

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including currency risk, interest risk and other price risk), credit risk and liquidity risk. As the Group's exposure to market risk, credit risk and liquidity risk are kept at a minimum level, the Group has not used any derivative or other instruments for hedging purposes during the relevant financial years/period.

Significant Investments Held and Material Acquisitions and Disposals

The principal activity of the Company is investment holding.

On 5 January 2017, the Group made purchase of the Ping An Bank Tiantianli Principal-guarantee RMB Corporate Wealth Management Product ("PAB Wealth Management Product"), which was a principal-guaranteed floating return bank product, issued by Ping An Bank in the amount of RMB85 million. The Group has also previously purchased the said product on 13 December 2016 and 14 December 2016 in the amount of RMB70 million and RMB50 million respectively. The total amount of aforesaid three purchases was RMB205 million and such purchases, calculated on an aggregate basis, constituted discloseable transactions of the Company. Further details of the purchases are disclosed in the announcement of the Company dated 11 January 2017. The Company has subsequently exercised its rights to require Ping An Bank to redeem part of the PAB Wealth Management Product in the sum of (i) RMB65 million on 6 January 2017 and (ii) RMB100 million on 23 February 2017. The Group does not hold any more PAB Wealth Management Product.

On 11 January 2017, Guangzhou Guoyou Logistics Co., Ltd. (廣州國郵物流有限公司) (a 51% subsidiary of the Company) successfully bid for the land use rights to a parcel of land with a site area of approximately 81,186 square meters located to the south of Kaifa East Road and east of Jiangdu South Road in Yangzhou, Jiangsu Province, the PRC through open tender auction organized and held by Yangzhou Land Resources Bureau at the land grant price of RMB190.81 million. The acquisition constitutes a discloseable transaction under the Listing Rules. Further details of the acquisition are disclosed in the announcement of the Company dated 11 January 2017.

On 19 December 2017, the Group successfully bid for the land use rights to a parcel of land with a site area of approximately 101,904 square meters located to the south of Guozhuang Road, north of Longhai Railway in Xuzhou City, Jiangsu Province, the PRC through listing-for-sale organized and held by Xuzhou City Land Resources at the land grant price of RMB256.8 million. The acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is regarded as a “Qualified Property Acquisition” under Rule 14.04(10C) of the Listing Rules. Further details of the acquisition are disclosed in the announcement of the Company dated 19 December 2017.

Save as disclosed above, there were no other significant investments held by the Remaining Group for the three financial years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020.

Save as otherwise disclosed in this circular, the Group had no other material acquisitions and disposals of subsidiaries and associated companies during the three years ended 31 December 2019 and up to the Latest Practicable Date.

Segmental Information

The Group is organised into three business units, based on which information is prepared and reported to the Group’s chief decision makers, for the purposes of resource allocation and assessment of performance: (i) property development (consisting of the sales of properties which were completed); (ii) property investment (consisting of the leasing of investment properties); (iii) property management (consisting of the provision of property management services). These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

The reportable segment revenue and profits or losses of each segment of the Group (excluding the Target Company to be disposed of) for the three financial years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 are provided as follows:

For the financial year ended 31 December 2017

| | Property development | Property investment | Property management | Total |
|-------------------------------------|---------------------------------|--------------------------------|--------------------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Reportable segment revenue | 700,933 | 33,231 | 7,744 | 741,908 |
| Reportable segment profit/(loss) | 226,984 | (125) | (6,816) | 220,043 |

For the financial year ended 31 December 2018

| | Property development | Property investment | Property management | Total |
|-------------------------------------|---------------------------------|--------------------------------|--------------------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Reportable segment revenue | 250,891 | 17,520 | 10,257 | 278,668 |
| Reportable segment profit/(loss) | 130,634 | (30,801) | 5,910 | 105,743 |

For the financial year ended 31 December 2019

| | Property development | Property investment | Property management | Total |
|-------------------------------------|---------------------------------|--------------------------------|--------------------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Reportable segment revenue | 247,083 | 19,315 | 11,255 | 277,653 |
| Reportable segment profit/(loss) | (77,631) | (48,615) | 1,937 | (124,309) |

For the six months ended 30 June 2020

| | Property development | Property investment | Property management | Total |
|-------------------------------------|---------------------------------|--------------------------------|--------------------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Reportable segment revenue | 102,886 | 6,251 | 4,906 | 114,043 |
| Reportable segment profit/(loss) | (75,817) | (15,127) | 697 | (90,247) |

An analysis of the Group's segment revenue, results, assets and liabilities for the year ended 31 December 2019 and for the six months ended 30 June 2020 is set out in note 5 to the consolidated financial statements for the three years ended 31 December 2019 as included in the Company's annual reports for the three years ended 31 December 2019, and in note 3 to the condensed consolidated financial statements for the six months ended 30 June 2020 as included in the Company's interim report for the six months ended 30 June 2020, respectively.

The Remaining Group will continue to focus on (i) real estate development, (ii) property investment and (iii) property management in the PRC.

Employee and Remuneration Policies

As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group had approximately 254 employees, with about 251 in the PRC and 3 in Hong Kong, approximately 229 employees, with about 226 in the PRC and 3 in Hong Kong, approximately 213 employees comprising about 209 in the PRC and 4 in Hong Kong, and 232 employees comprising about 229 in the PRC and 3 in Hong Kong, respectively. All employees are remunerated based on industry practice and in accordance with prevailing labor law. In Hong Kong, apart from basic salary, staff benefits including medical insurance, performance related bonus, and mandatory provident fund would be provided by the Group.

The adoption of a new share option scheme was approved by the shareholders meeting held on 20 May 2013. No new share options were granted during the relevant financial years/period.

Future Plans

For the remainder of 2020, the Group will continue to attract more sizable merchants, strengthen the market positioning and improve management services to maintain the rental income from our redevelopment project, and the Group will continue to explore potential buyers, from close ties with them, and promote the sale of villas of our flagship project, realizing cash recovery.

**FINANCIAL INFORMATION OF YANGZHOU SHIYOU CITY DEVELOPMENT CO.,
LTD.**

Set out below are the unaudited statements of financial position of Yangzhou Shiyou City Development Co., Ltd. as at 31 December 2018 and 2019 and 30 June 2020 and the unaudited statements of profit or loss and other comprehensive income, unaudited statements of changes in equity and unaudited statements of cash flows of Yangzhou Shiyou City Development Co., Ltd. for the period from 20 December 2018 (date of incorporation) to 31 December 2018, year ended 31 December 2019 and the six months ended 30 June 2019 and 30 June 2020 (the “Relevant Periods”), and certain explanatory notes (the “Financial Information”), which have been reviewed by the Company’s auditor, CHENG & CHENG LIMITED, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants.

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME

| | From 20 December 2018 (date of incorporation) to 31 December 2018 <i>RMB</i> (<i>unaudited</i>) | For the year ended 31 December 2019 <i>RMB</i> (<i>unaudited</i>) | For the six months ended 30 June 2019 <i>RMB</i> (<i>unaudited</i>) | 2020 <i>RMB</i> (<i>unaudited</i>) |
|---------------------------------|--|--|---|--|
| Revenue | – | – | – | – |
| Other income | – | 8,753 | 4,063 | 9,871 |
| Administrative expenses | (20) | (784,651) | (243,743) | (718,045) |
| Loss before taxation | (20) | (775,898) | (239,680) | (708,174) |
| Taxation | – | – | – | – |
| Loss for the period/year | (20) | (775,898) | (239,680) | (708,174) |

UNAUDITED STATEMENTS OF FINANCIAL POSITION

| | As at 31 December | | As at |
|---|-------------------|--------------------|--------------------|
| | 2018 | 2019 | 30 June |
| | RMB | RMB | RMB |
| | (unaudited) | (unaudited) | (unaudited) |
| ASSETS AND LIABILITIES | | | |
| Non-current asset | | | |
| Plant and equipment | – | 51,206 | 44,735 |
| Current assets | | | |
| Properties under development | – | 337,156,111 | 424,159,824 |
| Prepayments, deposits and other receivables | 66,240,000 | 79,302 | 1,137,043 |
| Cash and cash equivalents | 4,979 | 4,435,470 | 5,412,739 |
| | <u>66,244,979</u> | <u>341,670,883</u> | <u>430,709,606</u> |
| Current liabilities | | | |
| Trade payables | – | – | 70,727,765 |
| Accruals and other payables | – | 54,000 | 105,672 |
| Amounts due to an immediate holding company | 20,000,000 | 41,937,697 | 41,937,697 |
| Amounts due to fellow subsidiaries | 46,244,999 | 506,310 | 7,299 |
| Borrowings | – | – | 19,460,000 |
| | <u>66,244,999</u> | <u>42,498,007</u> | <u>132,238,433</u> |
| Net current (liabilities)/assets | <u>(20)</u> | <u>299,172,876</u> | <u>298,471,173</u> |
| Net (liabilities)/assets | <u>(20)</u> | <u>299,224,082</u> | <u>298,515,908</u> |
| EQUITY | | | |
| Share capital | – | 300,000,000 | 300,000,000 |
| Accumulated losses | (20) | (775,918) | (1,484,092) |
| Total equity | <u>(20)</u> | <u>299,224,082</u> | <u>298,515,908</u> |

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

| | Paid up capital RMB (unaudited) | Accumulated loss RMB (unaudited) | Total RMB (unaudited) |
|---|--|---|--------------------------------------|
| At 20 December 2018 (date of incorporation) | – | – | – |
| Loss for the period | – | (20) | (20) |
| At 31 December 2018 | – | (20) | (20) |
| Capital injection | 300,000,000 | – | 300,000,000 |
| Loss for the year | – | (775,898) | (775,898) |
| At 31 December 2019 | 300,000,000 | (775,918) | 299,224,082 |
| Loss for the period | – | (708,174) | (708,174) |
| At 30 June 2020 | <u>300,000,000</u> | <u>(1,484,092)</u> | <u>298,515,908</u> |

UNAUDITED STATEMENTS OF CASH FLOWS

| | From 20 December 2018 (date of incorporation) to 31 December 2018 RMB (unaudited) | For the year ended 31 December 2019 RMB (unaudited) | For the six months ended 30 June 2019 RMB (unaudited) | 2020 RMB (unaudited) |
|---|--|--|---|----------------------------|
| Cash flows from operating activities | | | | |
| Loss for the period/year | (20) | (775,898) | (239,680) | (708,174) |
| Adjustments for: | | | | |
| Depreciation of plant and equipment | – | 2,550 | – | 6,471 |
| Interest income | – | (8,153) | (4,063) | (9,871) |
| Operating cash flows before movements in working capital | (20) | (781,501) | (243,743) | (711,574) |
| Increase in properties under development | – | (337,156,111) | (336,593,168) | (87,003,713) |
| (Increase)/decrease in prepayment, deposits and other receivables | (66,240,000) | 66,160,698 | 66,130,454 | (1,057,741) |
| Increase in trade payables | – | – | – | 70,727,765 |
| Increase in accruals and other payables | – | 54,000 | – | 51,672 |
| Cash used in operations | (66,240,020) | (271,722,914) | (270,706,457) | (17,993,591) |
| Net cash used in operating activities | (66,240,020) | (271,722,914) | (270,706,457) | (17,993,591) |
| Cash flows from investing activities | | | | |
| Purchase of plant and equipment | – | (53,756) | – | – |
| Interest received | – | 8,153 | 4,063 | 9,871 |
| Net cash used in investing activities | – | (45,603) | 4,063 | 9,871 |
| Cash flows from financing activities | | | | |
| Proceeds from other unsecured loans | – | – | – | 19,460,000 |
| Increase in amounts due to an immediate holding company | 20,000,000 | 21,937,697 | 16,937,697 | – |
| Increase/(decrease) in amounts due to fellow subsidiaries | 46,244,999 | (45,738,689) | (46,240,000) | (499,011) |
| Capital injection | – | 300,000,000 | 300,000,000 | – |
| Net cash generated from financing activities | 66,244,999 | 276,199,008 | 270,697,697 | 18,960,989 |
| Net increase/(decrease) in cash and cash equivalents | 4,979 | 4,430,491 | (4,697) | 977,269 |
| Cash and cash equivalents at beginning of the period/year | – | 4,979 | 4,979 | 4,435,470 |
| Cash and cash equivalents at end of the period/year | 4,979 | 4,435,470 | 282 | 5,412,739 |
| Analysis of balances of cash and cash equivalents | | | | |
| Cash and bank balance | 4,979 | 4,435,470 | 282 | 5,412,739 |

1. GENERAL INFORMATION

Yangzhou Shiyou City Development Co., Ltd. is a limited liability company incorporated in China. The address of its registered office and principal place of business is 1 Renmin Road., Shatou Town, Guangling District, Yangzhou City, Jiangsu Province, the PRC.

The Financial Information are presented in RMB which is the same as the functional currency of Yangzhou Shiyou City Development Co., Ltd.

On 13 November 2020, Guangzhou Guoyou Logistics Co., Ltd. (the “Vendor”), the immediate holding company of Yangzhou Shiyou City Development Co., Ltd., as vendor and 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) (the “Purchaser”) as purchaser entered into a share purchase agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the 90% equity interests in Yangzhou Shiyou City Development Co., Ltd. held by the Vendor at a cash consideration of approximately RMB297.7 million (the “Disposal”).

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The unaudited Financial Information of Yangzhou Shiyou City Development Co., Ltd. has been prepared in accordance with Rule 14.68(2)(a)(i) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and is solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal.

The amounts included in the unaudited Financial Information have been recognised and measured in accordance with the relevant accounting policies of the Company and its subsidiaries (the “Group”) adopted in the preparation of the Group’s consolidated financial statements and the Company’s interim report for relevant years/periods, which conform with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. HKFRSs comprise all Hong Kong Financial Reporting Standards (“HKFRSs”); Hong Kong Accounting Standards (“HKASs”); and Interpretations.

The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in HKAS 1 (Revised) “Presentation of Financial Statements” or an interim financial report as defined in HKAS 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and should be read in conjunction with the relevant published annual and interim reports of the Company.

**3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL
REPORTING STANDARDS**

Yangzhou Shiyou City Development Co., Ltd. has initially applied HKFRS 16 “Leases” on 1 January 2019, in accordance with the transition provisions set out in Yangzhou Shiyou City Development Co., Ltd.’s financial statements for the year ended 31 December 2019, without restating the comparative information.

The application of these new HKFRSs and amendments to HKFRSs in the relevant financial period has had no material impact on Yangzhou Shiyou City Development Co., Ltd.’s financial performance and positions for the current and prior periods and on the disclosures set out in the financial information.

**INDEPENDENT REVIEW REPORT OF FINANCIAL INFORMATION OF
YANGZHOU SHIYOU CITY DEVELOPMENT CO., LTD.
TO THE BOARD OF DIRECTORS OF
TALENT PROPERTY GROUP LIMITED**

(Incorporated in the Bermuda with limited liability)

Introduction

We have reviewed the unaudited financial information of Yangzhou Shiyou City Development Co., Ltd. set out on pages II-2 to II-7 which comprises the unaudited statements of financial position as at 31 December 2018 and 2019 and 30 June 2020 and the unaudited statements of profit or loss and other comprehensive income, unaudited statements of changes in equity and unaudited statements of cash flows for the period from 20 December 2018 (date of incorporation) to 31 December 2018, year ended 31 December 2019 and six months ended 30 June 2019 and 30 June 2020 (the “Relevant Periods”) and explanatory notes (the “Financial Information”). The Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Talent Property Group Limited (the “Company”) dated 11 December 2020 in connection with the disposal of the 90% equity interests in Yangzhou Shiyou City Development Co., Ltd. in accordance with the Rule 14.68(2)(a)(i) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”).

The directors of the Company are responsible for the preparation and presentation of the Financial Information of Yangzhou Shiyou City Development Co., Ltd. in accordance with the basis of preparation set out in Note 2 to the Financial Information and Rule 14.68(2)(a)(i) of the Listing Rules. The directors are also responsible for such internal control as management determines is necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error. The Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants. A review of Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Financial Information of Yangzhou Shiyong City Development Co., Ltd. for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Financial Information.

CHENG & CHENG LIMITED*Certified Public Accountants*

Hong Kong

11 December 2020

**A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

The accompanying unaudited pro forma financial information of Talent Property Group Limited (the “Company”) and its subsidiaries (collectively, the “Group”) has been prepared to illustrate the effect of the proposed disposal of 90% equity interest in Yangzhou Shiyong City Development Co., Ltd. (the “Disposal”). The Company and its subsidiaries immediately after the completion of the Disposal are collectively referred to as the “Remaining Group”.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group for the six-month ended 30 June 2020 are prepared based on the unaudited condensed consolidated statement of profit or loss and other comprehensive income and unaudited condensed consolidated statement of cash flows of the Group for the six-month ended 30 June 2020 as extracted from the interim report of the Company for the six-month ended 30 June 2020 as if the Disposal had been completed on 1 January 2020.

The unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2020 is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2020 as extracted from the interim report of the Company for the six months ended 30 June 2020 as if the Disposal had been completed on 30 June 2020.

The unaudited pro forma financial information of the Remaining Group is prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. It is prepared based on a number of assumptions, estimates, uncertainties and currently available information. Accordingly, as a result of the nature of the unaudited pro forma financial information of the Remaining Group, it may not give a true picture of the actual financial position, results of operations or cash flows of the Remaining Group that would have been attained had the Disposal actually occurred on the dates indicated herein. Furthermore, the unaudited pro forma financial information of the Remaining Group does not purport to predict the Remaining Group’s future financial position, results of operations or cash flows.

The unaudited pro forma financial information of the Remaining Group should be read in conjunction with the financial information of the Group as set out in Appendix I and other financial information included elsewhere in this circular.

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE REMAINING GROUP AS AT 30 JUNE 2020

| | Unaudited consolidated statement of financial position of the Group as at 30 June 2020 RMB'000 | Pro forma adjustments | | | | | Unaudited consolidated statement of financial position of the Remaining Group as at 30 June 2020 RMB'000 |
|---|---|-----------------------|-------------------|-------------------|-------------------|--|--|
| | | RMB'000 Note 1 | RMB'000 Note 2 | RMB'000 Note 3 | RMB'000 Note 4 | | |
| ASSETS AND LIABILITIES | | | | | | | |
| Non-current assets | | | | | | | |
| Investment properties | 624,000 | | | | | | 624,000 |
| Plant and equipment | 5,434 | | (45) | | | | 5,389 |
| Right-of-use assets | 2,387 | | | | | | 2,387 |
| Interests in an associate | 302,650 | | | | | | 302,650 |
| Pledged deposit | 3,386 | | | | | | 3,386 |
| Deferred tax assets | 39,861 | | | | | | 39,861 |
| | <u>977,718</u> | | | | | | <u>977,673</u> |
| Current assets | | | | | | | |
| Properties under development | 1,813,763 | | (424,160) | | | | 1,389,603 |
| Completed properties held for sale | 932,981 | | | | | | 932,981 |
| Trade receivables | 6,469 | | | | | | 6,469 |
| Prepayments, deposits and other receivables | 141,348 | 41,945 | (1,137) | | (41,945) | | 140,211 |
| Financial assets at fair value through profit or loss | 12,150 | | | | | | 12,150 |
| Contract costs | 661 | | | | | | 661 |
| Tax recoverable | 35,870 | | | | | | 35,870 |
| Cash and cash equivalent | 255,809 | | (5,413) | 297,706 | 41,945 | | 590,047 |
| | <u>3,199,051</u> | | | | | | <u>3,107,992</u> |

**B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION OF THE REMAINING GROUP AS AT 30 JUNE 2020 (CONTINUED)**

| | Unaudited consolidated statement of financial position of the Group as at 30 June 2020 RMB'000 | Pro forma adjustments | | | | Unaudited consolidated statement of financial position of the Remaining Group as at 30 June 2020 RMB'000 |
|--|---|-----------------------|-------------------|-------------------|-------------------|--|
| | | RMB'000 Note 1 | RMB'000 Note 2 | RMB'000 Note 3 | RMB'000 Note 4 | |
| Current liabilities | | | | | | |
| Trade payables | 539,865 | | (70,728) | | | 469,137 |
| Accruals and other payables | 155,199 | 41,945 | (42,051) | | | 155,093 |
| Contract liabilities | 371,595 | | | | | 371,595 |
| Lease liabilities | 1,698 | | | | | 1,698 |
| Provision for tax | 320,893 | | | 671 | | 321,564 |
| Borrowings | 173,839 | | (19,460) | | | 154,379 |
| | <u>1,563,089</u> | | | | | <u>1,473,466</u> |
| Net current assets | <u>1,635,962</u> | | | | | <u>1,634,526</u> |
| Total assets less current liabilities | <u>2,613,680</u> | | | | | <u>2,612,199</u> |
| Non-current liabilities | | | | | | |
| Borrowings | 788,771 | | | | | 788,771 |
| Deferred tax liability | 197,672 | | | | | 197,672 |
| Lease liabilities | 942 | | | | | 942 |
| | <u>987,385</u> | | | | | <u>987,385</u> |
| Net assets | <u>1,626,295</u> | | | | | <u>1,624,814</u> |
| EQUITY | | | | | | |
| Share capital | 37,628 | | | | | 37,628 |
| Reserves | 1,712,737 | | | 14,469 | | 1,727,206 |
| Equity attributable to the owners of Company | 1,750,365 | | | | | 1,764,834 |
| Non-controlling interests | (124,070) | | (29,852) | 13,902 | | (140,020) |
| Total equity | <u>1,626,295</u> | | | | | <u>1,624,814</u> |

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP
FOR THE SIX-MONTH ENDED 30 JUNE 2020

| | Unaudited consolidated statement of profit or loss and other comprehensive income of the Group for the six-month ended 30 June 2020 RMB'000 | Pro forma adjustments | | Unaudited consolidated statement of profit or loss and other comprehensive income of the Remaining Group for the six-month ended 30 June 2020 RMB'000 |
|---|---|-----------------------|-------------------|--|
| | | RMB'000 Note 5 | RMB'000 Note 6 | |
| Revenue | 114,043 | | | 114,043 |
| Cost of sales and services | (48,923) | | | (48,923) |
| Gross profit | 65,120 | | | 65,120 |
| Other revenue | 3,714 | (10) | | 3,704 |
| Distribution costs | (6,176) | | | (6,176) |
| Administrative and other operating expenses | (24,463) | 718 | | (23,745) |
| Fair value changes on investment properties | (19,646) | | | (19,646) |
| Impairment loss of properties under development | (125,000) | | | (125,000) |
| Gain on disposal of a subsidiary | – | | 28,404 | 28,404 |
| Share of result of an associate | (9,711) | | | (9,711) |
| Finance costs | (31,134) | | | (31,134) |
| Loss before tax | (147,296) | | | (118,184) |
| Income tax expense | (14,415) | | (671) | (15,086) |
| Loss for the period | <u>(161,711)</u> | | | <u>(133,270)</u> |
| Other comprehensive loss for the period | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation of financial statements of foreign operations | (17) | | | (17) |
| Total comprehensive loss for the period | <u>(161,728)</u> | | | <u>(133,287)</u> |

**D. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS
OF THE REMAINING GROUP FOR THE SIX-MONTH ENDED 30 JUNE 2020**

| | Unaudited consolidated statement of cash flows of the Group for the six-month ended 30 June 2020 RMB'000 | Pro forma adjustments | | | Unaudited consolidated statement of cash flows of the Remaining Group for the six-month ended 30 June 2020 RMB'000 |
|---|--|-----------------------|-------------------|-------------------|---|
| | | RMB'000 Note 4 | RMB'000 Note 6 | RMB'000 Note 7 | |
| Loss before tax | (147,296) | | 28,404 | 708 | (118,184) |
| Adjustments for: | | | | | |
| Interest income on financial assets carried at amortised costs | (340) | | | 10 | (330) |
| Fair value changes on investment properties | 19,646 | | | | 19,646 |
| Management fee income from an associate | (82) | | | | (82) |
| Interest income on loan to an associate | (257) | | | | (257) |
| Impairment loss of properties under development | 125,000 | | | | 125,000 |
| Share of result of an associate | 9,711 | | | | 9,711 |
| Finance costs | 31,134 | | | | 31,134 |
| Gain on disposal of a subsidiary | – | | (28,404) | | (28,404) |
| Depreciation on plant and equipment | | | | | |
| – owned assets | 928 | | | (6) | 922 |
| – right-of-use assets | 796 | | | | 796 |
| Operating cash flow before working capital changes | 39,240 | | | | 39,952 |

**D. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS
OF THE REMAINING GROUP FOR THE SIX-MONTH ENDED 30 JUNE 2020
(CONTINUED)**

| | Unaudited consolidated statement of cash flows of the Group for the six-month ended 30 June 2020 RMB'000 | Pro forma adjustments | | | Unaudited consolidated statement of cash flows of the Remaining Group for the six-month ended 30 June 2020 RMB'000 |
|---|--|-----------------------|-------------------|-------------------|---|
| | | RMB'000 Note 4 | RMB'000 Note 6 | RMB'000 Note 7 | |
| Increase in properties under development and completed properties held for sale | (206,276) | | | 87,004 | (119,272) |
| Increase in trade receivables | (187) | | | | (187) |
| Increase in prepayments, deposits and other receivables | (46,537) | | | 1,058 | (45,479) |
| Increase in contract costs | (53) | | | | (53) |
| Increase in financial assets at fair value through profit or loss | (12,150) | | | | (12,150) |
| Increase in trade payables | 84,127 | | | (70,728) | 13,399 |
| Increase in accruals and other payables | 2,257 | | | (53) | 2,204 |
| Increase in contract liabilities | 143,454 | | | | 143,454 |
| Cash used in operations | 3,875 | | | | 21,868 |
| Land appreciation tax paid | (5,314) | | | | (5,314) |
| Tax refund | (2,787) | | | | (2,787) |
| Net cash (used in)/generated from operating activities | (4,226) | | | | 13,767 |
| Cash flows from investing activities | | | | | |
| Purchase of plant and equipment | (3,018) | | | | (3,018) |
| Purchase of investment property | (646) | | | | (646) |
| Placement of pledged deposits | (2,196) | | | | (2,196) |
| Release of pledged deposits | 3,000 | | | | 3,000 |
| Interest received | 340 | | | (10) | 330 |
| Net proceed received from disposal of a subsidiary | – | | 297,706 | | 297,706 |
| Net cash (used in)/generated from investing activities | (2,520) | | | | 295,176 |

**D. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS
OF THE REMAINING GROUP FOR THE SIX-MONTH ENDED 30 JUNE 2020
(CONTINUED)**

| | Unaudited consolidated statement of cash flows of the Group for the six-month ended 30 June 2020 RMB'000 | Pro forma adjustments | | | Unaudited consolidated statement of cash flows of the Remaining Group for the six-month ended 30 June 2020 RMB'000 |
|---|--|-----------------------|-------------------|-------------------|---|
| | | RMB'000 Note 4 | RMB'000 Note 6 | RMB'000 Note 7 | |
| Cash flows from financing activities | | | | | |
| Proceeds from bank loan | 183,256 | | | | 183,256 |
| Proceeds from other secured loans | 369,600 | | | | 369,600 |
| Proceeds from other unsecured loan | 59,460 | | | (19,460) | 40,000 |
| Repayment of bank loans | (190,855) | | | | (190,855) |
| Repayment of other unsecured loans | (22,800) | | | | (22,800) |
| Repayment of other secured loans | (300,000) | | | | (300,000) |
| Repayment from the target company | – | 41,945 | | | 41,945 |
| Net movement of amounts due to an executive director | (4,659) | | | | (4,659) |
| Increase in other payables | – | | | 499 | 499 |
| Finance cost | (25,272) | | | | (25,272) |
| Repayment of lease liabilities | (763) | | | | (763) |
| Net cash generated from financing activities | 67,967 | | | | 90,951 |
| Net increase in cash and cash equivalents | 61,221 | | | | 399,894 |
| Cash and cash equivalents at beginning of the period | 194,569 | | | (4,435) | 190,134 |
| Effect of foreign exchange rate changes | 19 | | | | 19 |
| Cash and cash equivalents at end of the period | 255,809 | | | | 590,047 |

E. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. The adjustments represent the reinstatement of intra-group transactions and balances, which have been eliminated at consolidation.
2. These adjustments represent the exclusion of the assets and liabilities of Yangzhou Shiyou City Development Co., Ltd. (the “Target”) as at 30 June 2020, which were extracted from the unaudited statement of financial position of Yangzhou Shiyou City Development Co., Ltd. as set out on page II-3 of this circular, as if the Disposal had been completed on 30 June 2020.
3. These adjustments represent (I) the estimated gross proceeds from the Disposal of approximately RMB297,706,000 and (II) the estimated gain on the Disposal as if the Disposal had been completed on 30 June 2020. Calculation of pro forma gain on the Disposal was as follows:

| | <i>RMB'000</i> |
|---|----------------|
| Cash consideration | 297,706 |
| Less: Total net assets of the Target as at 30 June 2020 | (298,516) |
| Add: Net assets attributable to non-controlling interest of the Target as at 30 June 2020 | 29,852 |
| Estimated gain on disposal before tax as if the Disposal had been completed on 30 June 2020 | 29,042 |
| Less: Income tax expenses | (671) |
| Estimated gain on disposal after tax as if the Disposal had been completed on 30 June 2020 | <u>28,371</u> |
| Estimated gain on the Disposal attributable to the Company | 14,469 |
| Estimated gain on the Disposal attributable to non-controlling interest of the Group | <u>13,902</u> |

The estimated transaction costs directly attributable to the Disposal is considered as minimal.

4. Pursuant to the share purchase agreements, the outstanding balances between the Vendor and the Target will be fully settled by cash when 100% shareholding is transferred to the Purchaser.

5. The adjustments represent the exclusion of the operating results of the Target for the period ended 30 June 2020, which were extracted from the unaudited statement of profit or loss and other comprehensive income of Yangzhou Shiyu City Development Co., Ltd. for the period ended 30 June 2020 as set out on page II-2 of this circular issued by the Company dated 11 December 2020 (the “Circular”), as if the Disposal had been completed on 1 January 2020.
6. These adjustments represent (I) the estimated gross proceeds from the Disposal of approximately RMB297,706,000 and (II) the estimated gain on the Disposal as if the Disposal had been completed on 1 January 2020. Calculation of pro forma gain on the Disposal was as follows:

| | <i>RMB'000</i> |
|--|----------------------|
| Cash consideration | 297,706 |
| Less: Total net assets of the Target as at 1 January 2020 | (299,224) |
| Add: Net assets attributable to non-controlling interest of the Target as at 1 January 2020 | <u>29,922</u> |
| Estimated gain on disposal before tax as if the Disposal had been completed on 1 January 2020 | 28,404 |
| Less: Income tax expenses | <u>(671)</u> |
| Estimated gain on disposal after tax as if the Disposal had been completed on 1 January 2020 | <u><u>27,733</u></u> |
| Estimated gain on the Disposal attributable to the Company | 14,144 |
| Estimated gain on the Disposal attributable to non-controlling interest of the Group | <u><u>13,589</u></u> |

The estimated transaction costs directly attributable to the Disposal is considered as minimal.

7. The adjustments represent the exclusion of the cash flows of the Group for the year ended 30 June 2020, which were extracted from the unaudited statement of cash flows of Yangzhou Shiyu City Development Co., Ltd. for the period ended 30 June 2020 as set out on page II-5 of the Circular, as if the Disposal had been completed on 1 January 2020.

8. The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group, except otherwise indicated.

**INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE
REMAINING GROUP****To the Directors of Talent Property Group Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Talent Property Group Limited (the “Company”) and its subsidiaries (collectively the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2020, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the six months ended 30 June 2020 and related notes (the “Unaudited Pro Forma Financial Information”) as set out on pages III-2 to III-9 of the Company’s circular dated 11 December 2020, in connection with the proposed disposal of 90% equity interests in Yangzhou Shiyong City Development Co., Ltd. (the “Disposal”) by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-2 to III-9.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Disposal on the Group’s financial position as at 30 June 2020, and the Group’s financial performance and cash flows for the period then ended as if the Disposal had taken place at 30 June 2020 and 1 January 2020 respectively. As part of this process, information about the Group’s financial position, its financial performance and cash flows has been extracted by the Directors from the interim report for the six months ended 30 June 2020 of the Company, on which a review report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus”, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal at 30 June 2020 or 1 January 2020 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) The Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) Such basis is consistent with the accounting policies of the Group; and
- (c) The adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

CHENG & CHENG LIMITED

Certified Public Accountants

Hong Kong

11 December 2020

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from B.I. Appraisals Limited, an independent property valuer, in connection with its opinion of value of the Property as at 31 October 2020.



B.I. Appraisals Limited
保柏國際評估有限公司
Registered Professional Surveyors, Valuers & Property Consultants

22/F, China Overseas Building,
139 Hennessy Road, Wan Chai, Hong Kong
Tel: (852) 2127 7762 Fax: (852) 2137 9876
E-mail: info@biappraisals.com
Website: www.biappraisals.com

11 December 2020

The Board of Directors
Talent Property Group Limited
Unit A704, 3rd Floor, Tower A
New Mandarin Plaza
14 Science Museum Road
Tsim Sha Tsui
Kowloon

Dear Sirs/Madam,

Re: The development site for the proposed Suzong Demonstration City on Intelligent Agricultural Industry* (蘇中智慧農業產業示範城) located east of Renmin Road* (人民路) and north of Yangtze Riverside Expressway Auxiliary Road* (沿江高等級公路輔路) in Shatou Town* (沙頭鎮), Guangling District* (廣陵區), Yangzhou City, Jiangsu Province, the People's Republic of China ("PRC")

In accordance with the instructions from Talent Property Group Limited (hereinafter referred to as the "Company") for us to value the captioned property (hereinafter referred to as the "Property"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the Property as at 31 October 2020 (hereinafter referred to as the "Date of Valuation").

It is our understanding that this valuation document is to be used by the Company for disclosure purpose in relation to a proposed disposal (hereinafter referred to as the "Proposed Disposal") that involved the Property. We further understand that our report is to be incorporated in a circular to be issued by the Company in relation to the Proposed Disposal.

This letter, forming part of our valuation report, states the instructions, identifies the property being valued, explains the basis and methodology of our valuation, and lists out the assumptions and the title investigation we have made in the course of our valuation, as well as the limiting conditions.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Our valuation has been carried out in accordance with The HKIS Valuation Standards 2017 Edition issued by The Hong Kong Institute of Surveyors and under generally accepted valuation procedures and practices, which are in compliance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION METHODOLOGY

We have valued the Property, which is a development site held by a subsidiary of the Company under construction, in accordance with the latest development proposal provided to us and have adopted the Direct Comparison Method assuming it is capable of being sold in existing state with the benefit of immediate vacant possession and making reference to comparable sales evidence as available from the relevant markets. In addition, we have taken into consideration the construction costs that have already been expended as at the Date of Valuation and the outstanding construction costs that will be expended to complete the development to reflect the quality of the completed development.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the Property would be sold in the open market without the benefit of deferred terms contracts, leasebacks, joint venture, management agreements, or any similar arrangements that would serve to affect its value. In addition, no account has been taken of any option or right of pre-emption concerning or effecting a sale and no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any of the property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoing of an onerous nature that could affect its value.

We have assumed that the Property will be constructed, occupied and used in full compliance with, and without contravention of all ordinances, except only where otherwise stated. We have further assumed that all consents, approvals, required licences, permits, certificates and authorizations have been obtained, except only where otherwise stated, for the use of the Property upon which our valuation is based.

TITLE INVESTIGATION

We have been provided by the Company with copies of title documents and a legal opinion dated 10 December 2020 prepared by Guangdong Guangzhizhou Law Firm (廣東廣之洲律師事務所), the Company's legal adviser on the PRC law (hereinafter referred to as the "PRC Legal Adviser"), regarding the title to and the interest in the Property. We have not inspected the original of the title documents to verify the ownership and to ascertain the existence of any amendments that may not appear on the copies handed to us. All documents and leases have been used for reference only.

In the course of our valuation, we have relied on the advice given by the Company and the legal opinion of the PRC Legal Adviser regarding the title to and the interest in the Property. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title to the Property that is assumed to be good and marketable.

LIMITING CONDITIONS

We are not able to conduct the inspection of the Property due to the quarantine measures for individuals in the context of the COVID-19 outbreak currently enforced in Hong Kong and in the PRC. In the course of our valuation, as agreed with the Company, we have relied on the photographs of the environment and the neighborhood of the Property taken by the Company on 30 October 2020. No structural survey has been made nor have any tests been carried out on any of the building services provided in the Property. Therefore, we are not able to report whether the Property are free of rot, infestation or any other structural defects.

We have not carried out site measurements to verify the correctness of the site and floor areas of the Property but have assumed that the areas shown on the documents provided to us are correct. Dimensions, measurements and areas included in the valuation report attached are based on information contained in the documents provided to us by the Company and are therefore approximations only.

Moreover, we have not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any development.

We have relied to a considerable extent on the information provided by the Company and accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, latest development proposal, particulars of occupancy, site and floor plans, site and floor areas and all other relevant matters in the identification of the Property. We have not seen original planning consents and have assumed that the Property have been/would be erected, occupied and used in accordance with such consents.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

Our valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

This report and each part of it is prepared and intended for the exclusive use of the Company for the purpose hereinbefore stated. In accepting this report, the Company expressly agrees not to use or rely upon this report or any part of it for any other purpose without obtaining our prior written consent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in the valuation certificate attached are in Renminbi (RMB).

REMARKS

The outbreak of the Novel Coronavirus (COVID-19), declared by World Health Organization on 11 March 2020, has impacted global financial markets and is expected to bring additional disruption to economic activities around the world. Given the unknown future impact that COVID-19 might have on the real estate market, volatility and uncertainty that property value might change significantly and unexpectedly even over short periods of time. Readers are reminded that we do not intend to provide an opinion of value as of any date after the Date of Valuation in this report. We recommend that the valuation of the Property should be kept under frequent review and the users of this report should seek latest opinion on the real estate market for their decisions.

We hereby confirm that we have neither present nor prospective interests in the Company, the Property and its owner or the value reported herein.

Our valuation report is attached herewith.

Yours faithfully,
For and on behalf of
B.I. APPRAISALS LIMITED
William C. K. Sham
Registered Professional Surveyor (G.P.)
China Real Estate Appraiser
Registered Business Valuer
MRICS, MHKIS, MCIREA
Executive Director

Notes:

- (1) Mr. William C. K. Sham is a qualified valuer on the approved List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the Hong Kong Institute of Surveyors. Mr. Sham has over 35 years' experience in the valuation of properties in Hong Kong and has over 25 years' experience in the valuation of properties in the PRC and the Asia Pacific region.
- (2) * For identification purpose only.

VALUATION REPORT

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 October 2020 |
|--|--|--|--|
| The development site for the proposed Suzong Demonstration City on Intelligent Agricultural Industry* (蘇中智慧農業產業示範城) located east of Renmin Road* (人民路) and north of Yangtze Riverside Expressway Auxiliary Road* (沿江高等級公路輔路) in Shatou Town* (沙頭鎮), Guangling District* (廣陵區), Yangzhou City, Jiangsu Province, the People's Republic of China ("PRC") | <p>The Property comprises a development site with a total site area of approximately 247,254.00 sq.m. separated by access roads into three plots of land, designated respectively as Land A, Land B and Land C. It is located on the northeastern side of Renmin Road, bounded by Xingye Road* (興業路) on the northwestern side, Yangtze Riverside Expressway Auxiliary Road on the southeastern side, within Shatou Town of Guangling District in Yangzhou City.</p> <p>The Property is proposed to be developed by three phases into a commercial complex known as "Suzong Demonstration City on Intelligent Agricultural Industry" and comprising a hotel, various blocks of buildings for commercial, office and exhibition uses, a market for agricultural products and other ancillary public facilities, including 2,615 car parking spaces and 477 lorry parking spaces.</p> <p>The total gross floor area of the proposed development is approximately 344,454 sq.m., of which the plot ratio gross floor area is approximately 272,346 sq.m.</p> <p>The phase 1 development has been carried out on Land C. Upon completion, the phase 1 development will comprise 14 blocks of 2-12 storey building erected over 2 floors of car park basement with a total of 286 basement car parking spaces, 471 open car parking spaces and 218 lorry parking spaces. The buildings are planned for office, commercial and market uses.</p> | <p>Land C of the Property is currently under construction, construction works of which is expected to be completed in December 2021.</p> <p>The remaining portions of the Property are currently vacant pending for detailed planning.</p> | <p>RMB570,000,000</p> <p>(See Note 16 below)</p> |

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 October 2020 |
|----------|---|--------------------------|--|
| | The total gross floor area of the phase 1 development is approximately 88,020.00 sq.m, including 17,690.00 sq.m. for the basement floors. | | |
| | The land use rights of the Property have been granted for commercial use for terms from 11 April 2019 to 10 April 2059. | | |

Notes:

- (1) Pursuant to the three sets of Real Estate Ownership Certificate (不動產權證書) all registered on 26 April 2019 in Yangzhou Municipal Natural Resources Bureau* (揚州市自然資源局), the land use rights of the Property have been granted to Yangzhou Shiyou Development Co., Ltd.* (揚州世郵城市發展有限公司, hereinafter referred to as “Shiyou City”), the details of the said certificates are summarized as follows:

| Certificate No. | Site Area | Uses | Term |
|---|-----------------|------------|-------------------------------------|
| Su (2019) Yangzhou Municipal Real Estate Ownership No. 0046795 (蘇(2019)揚州市不動產權第0046795號) | 89,957.00 sq.m. | Commercial | From 11 April 2019 to 10 April 2059 |
| Su (2019) Yangzhou Municipal Real Estate Ownership No. 0046794 (蘇(2019)揚州市不動產權第0046794號) | 89,442.00 sq.m. | Commercial | From 11 April 2019 to 10 April 2059 |
| Su (2019) Yangzhou Municipal Real Estate Ownership No. 0046792 (蘇(2019)揚州市不動產權第0046792號) | 67,855.00 sq.m. | Commercial | From 11 April 2019 to 10 April 2059 |

- (2) Pursuant to the Contract for Grant of State-owned Construction Land Use Rights (國有建設用地使用權出讓合同) (Contract No.: 3210042019CR0004) dated 11 January 2019 (hereinafter referred to as the “Land Grant Contract”) entered into between Yangzhou Municipal Stated-owned Land Resources Bureau* (揚州市國土資源局, hereinafter referred to as the “Land Bureau”) and Shiyou City, the land use rights of the Property have been agreed to be granted to Shiyou City. Major conditions of the Land Grant Contract are summarized as follows:

| | | | |
|-----|-------------------------------|---|---|
| (a) | Lot no. | : | GZ098; |
| (b) | Site area of the lot | : | 247,254 sq.m.; |
| (c) | Site Area of the land granted | : | 247,254 sq.m.; |
| (d) | Term of land use rights | : | 40 years commencing from 11 January 2019; |
| (e) | Land grant premium | : | RMB326,375,280; |
| (f) | Payment term | : | The first half of land grant premium of RMB163,187,640 shall be paid before 7 February 2019 and the remaining half shall be paid before 1 April 2019; |
| (g) | Permitted uses | : | For commercial use; |

- (h) Total gross floor area : Based on ST-18B-01 Land Planning Design issued by the planning department;
- (i) Plot ratio : Not greater than 1.50;
- (j) Site coverage : Not greater than or equal 50%;
- (k) Green land ratio : Not less than or equal 10%;
- (l) Construction period : Construction shall commence on or before 11 April 2020 and shall be completed on or before 11 April 2022;
- (m) Alienation clause : Not less than 30% of the plot ratio gross floor areas of the proposed development shall be held by the grantee not for sale.
- (n) Other land use requirements shall be implemented in accordance with “Announcement of Listing Transfer of State-owned Construction Land Use Rights in Yangzhou Urban Area (Gua[2018] No. 5)”* (《揚州市區建設建設用地使用權掛牌出讓公告(掛[2018]5號)》) prepared by Yangzhou Municipal Public Resources Exchange Centre* (揚州市公共資源交易中心) and “Land Plot Planning and Design Requirements” (《地塊規劃設計條件》) prepared by Yangzhou Municipal Planning Bureau* (揚州市規劃局).
- (3) Shiyou City, as advised by the Company, is an indirect non-wholly owned subsidiary of the Company established under the laws of the PRC on 20 December 2018 in accordance with the Co-Investment Co-operation Agreement and its supplementary agreement (hereinafter collectively referred to the “JV Agreement”) entered into between Guangzhou Guoyou Logistics Co., Ltd.* (廣州國郵物流有限公司, an indirectly 51%-owned subsidiary of the Company, hereinafter referred to as “Guangzhou Guoyou”), and Yangzhou Yunhe New City Development Co., Ltd.* (揚州市運和新城建設有限公司, an Independent Third Party, hereinafter referred to as “Yangzhou Yunhe”).
- (4) Pursuant to the JV Agreement, Shiyou City is held by Guangzhou Gouyou and Yangzhou Yunhe with equity interest of 90% and 10% respectively. Major conditions of the JV Agreement are summarized as follows:
- (a) Guangzhou Gouyou and Yangzhou Yunhe shall contribute in aggregate an amount of RMB270 million and RMB30 million, respectively, to the registered capital of Shiyou City in cash;
- (b) The Property shall be developed in the mode of overall planning and rolling development;
- (c) The sales profit of the proposed development shall be distributed between both parties according to their respective shareholdings after sufficient funds are reserved for the subsequent development of the project; and
- (d) It is agreed that the proposed development on Land C shall be transfer at cost to a newly established operation company, which will be wholly owned by Yangzhou Yunhe.
- (5) Pursuant to the Planning Permit for Use of Construction Land (建設用地規劃許可證) Di Zi No. 3210002019G1025 (地字第3210002019G1025號) dated 30 August 2019 issued by Yangzhou Municipal Natural Resources and Planning Bureau* (揚州市自然資源和規劃局), the proposed development on Land B was in compliance with the urban and rural planning requirements.
- (6) Pursuant to the Planning Permit for Use of Construction Land Di Zi No. 3210002019G1026 (地字第3210002019G1026號) dated 30 August 2019 issued by Yangzhou Municipal Natural Resources and Planning Bureau, the proposed development on Land C was in compliance with the urban and rural planning requirements.
- (7) Pursuant to the Planning Permit for Use of Construction Land Di Zi No. 3210002019G1027 (地字第3210002019G1027號) dated 30 September 2019 issued by Yangzhou Municipal Natural Resources and Planning Bureau, the proposed development on Land A was in compliance with the urban and rural planning requirements.

- (8) Pursuant to the Planning Permit for Construction Works (建設工程規劃許可證) Jian Zi No. 3210002020G2057 (建字第3210002020G2057號) dated 10 March 2020 issued by Yangzhou Municipal Natural Resources and Planning Bureau, the construction works for Blocks C7 and C8 in Land C with a total gross floor area of 34,890.18 sq.m. were in compliance with the planning requirements.
- (9) Pursuant to the Planning Permit for Construction Works Jian Zi No. 3210002020G2058 (建字第3210002020G2058號) dated 10 March 2020 issued by Yangzhou Municipal Natural Resources and Planning Bureau, the construction works for Block C14 in Land C with a total gross floor area of 4,972.39 sq.m. were in compliance with the planning requirements.
- (10) Pursuant to the Planning Permit for Construction Works Jian Zi No. 3210002020G2059 (建字第3210002020G2059號) dated 10 March 2020 issued by Yangzhou Municipal Natural Resources and Planning Bureau, the construction works for Blocks C2 and C3 in Land C with a total gross floor area of 5,782.87 sq.m. were in compliance with the planning requirements.
- (11) Pursuant to the Planning Permit for Construction Works Jian Zi No. 3210002020G2060 (建字第3210002020G2060號) dated 10 March 2020 issued by Yangzhou Municipal Natural Resources and Planning Bureau, the construction works for Blocks C4, C5 and C6 in Land C with a total gross floor area of 12,794.13 sq.m. were in compliance with the planning requirements.
- (12) Pursuant to the Planning Permit for Construction Works Jian Zi No. 3210002020G2061 (建字第3210002020G2061號) dated 10 March 2020 issued by Yangzhou Municipal Natural Resources and Planning Bureau, the construction works for Block C1 in Land C with a total gross floor area of 4,742.87 sq.m. were in compliance with the planning requirements.
- (13) Pursuant to the Planning Permit for Construction Works Jian Zi No. 3210002020G2062 (建字第3210002020G2062號) dated 10 March 2020 issued by Yangzhou Municipal Natural Resources and Planning Bureau, the construction works for Block C13 in Land C with a total gross floor area of 1,945.77 sq.m. were in compliance with the planning requirements.
- (14) Pursuant to the Planning Permit for Construction Works Jian Zi No. 3210002020G2063 (建字第3210002020G2063號) dated 10 March 2020 issued by Yangzhou Municipal Natural Resources and Planning Bureau, the construction works for Blocks C9, C10, C11 and C12 in Land C with a total gross floor area of 12,651.5 sq.m. were in compliance with the planning requirements.
- (15) Pursuant to the Commencement Permit for Construction Works (建築工程施工許可證) No. 321002202005150201 dated 15 May 2020 issued by Yangzhou City Guangling District Housing and Urban-Rural Construction Bureau* (揚州市廣陵區住房和城鄉建設局), the construction works for Blocks C1-C14 of the proposed development, having a total gross floor area of 77,779.71 sq.m., were in compliance with the requirements for commencement and were approved to commence.
- (16) We have been advised that the Property was acquired on 29 December 2018 at a total cost of approximately RMB326.4 million and the total cost to develop Land C of the Property is estimated to be approximately RMB360,200,000 and that the total development cost (excluding the land costs) that has already been expended as at the Date of Valuation amounted to approximately RMB188,800,000. In the course of our valuation, we have taken into account the construction cost that has already been expended.
- (17) The market value as if completed of Land C of the Property as at the Date of Valuation is reasonably assessed at RMB529,000,000.
- (18) The opinion of the PRC Legal Adviser is summarized as follows:
- (a) Shiyou City is a company duly formed and validly existing under the laws of the PRC.
 - (b) Shiyou City is in possession of the temporary qualification for operation in the real estate development business.
 - (c) Shiyou City is in possession of the proper legal title to the 100% rights and interest of the Property and is entitled to dispose of, develop and use of the Property.

- (d) The property is not involved in any mortgage, seizure, objection or document filing.
- (e) The land grant premium has been settled in full.
- (f) The construction of Land C has commenced before obtaining the Commencement Permit for Construction Works, which may lead to the legal risk of administrative punishment.
- (19) The status of title and grant of major approvals, consents or licences in accordance with the information provided by the Group are as follows:
- | | |
|--|----------|
| Contract for Grant of State-owned Construction Land Use Rights | Obtained |
| Real Estate Ownership Certificate | Obtained |
| Planning Permit for Use of Construction Land | Obtained |
| Planning Permit for Construction Works (Land C only) | Obtained |
| Commencement Permit for Construction Works (Land C only) | Obtained |
- (20) All English translations marked with an asterisk (*) are for identification only.

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 aspects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interest or short position of the Directors and chief executives in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”), were as follows:

| Name of director | Capacity/Nature of interest | Number of shares | Percentage of the Company's issued share capital |
|------------------|------------------------------------|------------------|--|
| Zhang Gao Bin | Beneficial owner | 111,095,000 | 1.08% |
| | Interest in controlled corporation | 6,474,393,939 | 62.89% |
| Luo Zhangguan | Beneficial owner | 1,380,000 | 0.01% |
| Mak Yiu Tong | Beneficial owner | 150,000 | 0.00% |

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company:

- (i) was a director or employee of a company which had 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; or
- (ii) had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or were deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register of members of the Company; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. DISCLOSURE OF INTEREST OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors and chief executives of the Company, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Division 2 and 3 of Part XV of the SFO:

| Name | Note | Number of underlying shares interest | Percentage of the Company's issued share capital |
|-------------------------------|------|---|--|
| Talent Trend Holdings Limited | 1 | 6,474,393,939 | 62.89% |

Note:

- 1 The entire issued share capital of Talent Trend Holdings Limited is directly, beneficially and wholly owned by Mr. Zhang Gao Bin.

Save as disclosed above, no persons, other than a director whose interests are set out above, had registered an interest or a short position in the shares and underlying shares or debentures of the Company that was required to be recorded under Section 336 of Part XV of the SFO.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates (as defined under the Listing Rules) had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Directors had any existing or proposed service contracts with the Company which are not determinable by the employer within one year without payment of any compensation (other than statutory compensation).

6. INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors nor chief executives of the Company had any interest, direct or indirect, in any asset which had been since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director is materially interested and which is significant in relation to the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

8. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the date of this circular:

- (a) the Equity Transfer Agreement;
- (b) the co-investment co-operation agreement dated 19 March 2019 entered into between Yangzhou Yunhe and Guangzhou Guoyou in relation to the injection of RMB30 million into Shiyu City by Yangzhou Yunhe for subscription of 10% equity interest in the registered capital of Shiyu City, the details of which are set out in the announcements of the Company dated 19 March 2019 and 20 March 2019, respectively; and
- (c) the land use right grant contract dated 11 January 2019 entered into between Shiyu City and Yangzhou City Land Resources Bureau* (揚州市國土資源局), details of which are set out in the announcement and circular of the Company dated 30 December 2018 and 22 February 2019, respectively.

9. QUALIFICATION AND CONSENT OF EXPERTS

The following are the qualifications of the experts who has given opinion or advice contained in this circular:

| Name | Qualification |
|------------------------------------|------------------------------|
| Cheng & Cheng Limited | Certified public accountants |
| B.I. Appraisals Limited | Independent property valuer |
| Guangdong Guangzhizhou Law Firm | PRC legal adviser |

Each of Cheng & Cheng Limited, B.I. Appraisals Limited and Guangdong Guangzhizhou Law Firm has given and has not withdrawn its written consent to the issue of this circular with its statements, letter or report (as the case may be) included in the form and context in which it is included.

As at the Latest Practicable Date, the above experts:

- (a) did not have any shareholding, direct or indirect, in any members of the Group or any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019 (being the date to which the latest published audited financial statements of the Group were made up).

The statements, letter or report (as the case may be) from the above experts are given as of the date of this circular for incorporation herein.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at our office of Unit A704, 3rd Floor, Tower A, New Mandarin Plaza, No. 14 Science Museum Road, Tsim Sha Tsui East, Hong Kong from the date of this circular up to and including a date which in any event is not less than 14 days from the date of this circular:

- (a) the memorandum and bye-laws of the Company;
- (b) the Equity Transfer Agreement;

- (c) other material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (d) the unaudited financial information of the Target Company, the text of which is set out in Appendix II to this circular;
- (e) the letter on the unaudited pro forma financial information of the Remaining Group issued by Cheng & Cheng Limited, the text of which is set out in Appendix III to this circular;
- (f) the valuation report prepared by B.I. Appraisals Limited, the text of which is set out in Appendix IV of this circular;
- (g) the written consents referred to in the paragraph headed “Qualification and Consent of Experts” in this appendix;
- (h) the annual reports of the Company for each of the two years ended 31 December 2019, and the interim report of the Company for the six months ended 30 June 2020; and
- (i) this circular.

11. GENERAL

- (a) The company secretary of the Company is Mr. Lee Wai Kuen, a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (b) The Company’s branch share registrar is Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (c) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (d) The head office and principal place of business in Hong Kong is Unit A704, 3rd Floor, Tower A, New Mandarin Plaza, No. 14 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.

NOTICE OF SPECIAL GENERAL MEETING



TALENT PROPERTY GROUP LIMITED

新天地产集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00760)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting of the shareholders (the “**Shareholders**”) of Talent Property Group Limited (the “**Company**”) will be held at United Conference Centre, 10/F, United Centre, 95 Queensway, Hong Kong on 29 December 2020 at 4:00 p.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the resolution below.

ORDINARY RESOLUTION

THAT:

- (a) the Equity Transfer Agreement as defined in the circular dated 11 December 2020 despatched to the shareholders of the Company (the “**Circular**”), a copy of which has been produced to this meeting, and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) any one director of the Company be and is hereby authorised to do all such acts and things as he in his sole and absolute discretion deems necessary, desirable or expedient to implement, give effect to and/or complete the Equity Transfer Agreement and the transactions contemplated thereunder, where required, any amendment of the terms of the Equity Transfer Agreement as required by, or for the purposes of obtaining the approval of, relevant authorities or to comply with all applicable laws, rules and regulations.

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

Hong Kong, 11 December 2020

* For identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

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.

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head Office and Principal Place
of Business:*

Unit A704, 3rd Floor, Tower A
New Mandarin Plaza
No. 14 Science Museum Road
Tsim Sha Tsui East
Kowloon, Hong Kong

Notes:

- (a) A shareholder entitled to attend and vote at the meeting may appoint another person as his proxy to attend and to vote instead of him. A proxy need not be a shareholder of the Company.
- (b) In the case of joint holders of any share, any one of such persons may vote at the said meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders is present at the said meeting, personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
- (c) In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notorially certified copy of that power or authority, must be deposited at the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person should they so wish.
- (d) For the purpose of determining shareholders of the Company who are entitled to attend and vote at the forthcoming SGM to be held on 29 December 2020, the register of members of the Company will be closed from Wednesday, 23 December 2020 to Tuesday, 29 December 2020, both days inclusive. In order to qualify for attending and voting at the SGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 22 December 2020.
- (e) In view of the coronavirus disease 2019 and recent recommendations for prevention and control of its spread, the Company will implement certain precautionary measures at the special general meeting of the Company to protect attending Shareholders, staff and other persons from the risk of infection. For further details, please refer to the circular of the Company dated 11 December 2020.