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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)

DISCLOSEABLE AND CONNECTED TRANSACTION

ACQUISITION OF 49% EQUITY INTERESTS IN THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 20 January 2021, Guangzhou Fanzhan (being an indirect wholly-owned subsidiary of the Company) and the Seller entered into the Equity Transfer Agreement, pursuant to which the Seller has agreed to sell and the Purchaser has agreed to purchase 49% of the equity interests in the Target Company (held by the Seller) at an aggregate consideration of RMB24 million.

Upon completion the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will remain consolidated into the financial results of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Since one or more of applicable percentage ratios for the Acquisition under the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

In addition, as at the date of this announcement, the Target Company is a subsidiary of the Company in which the Company indirectly holds 51% equity interests. The Seller holds 49% equity interests of the Target Company, and accordingly is a substantial shareholder of the Target Company. Therefore, pursuant to Rule 14A.07(1) of the Listing Rules, the Seller is a connected person of the Company at the subsidiary level, and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, as (i) the Seller is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Acquisition on 20 January 2021; and (iii) the Directors (including the independent non-executive Directors) are of the view and have confirmed that (a) the terms of the Acquisition are fair and reasonable, and (b) the Acquisition is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Acquisition is therefore subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and Shareholders' approval requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 20 January 2021, Guangzhou Fanzhan (being an indirect wholly-owned subsidiary of the Company) and the Seller entered into the Equity Transfer Agreement, pursuant to which the Seller has agreed to sell and the Purchaser has agreed to purchase 49% of the equity interests in the Target Company (held by the Seller) at an aggregate consideration of RMB24 million.

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THE EQUITY TRANSFER AGREEMENT

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

Date:	20 January 2021
Parties to the Equity Transfer Agreement:	(1) Guangzhou Tongzhou (as seller); and (2) Guangzhou Fanzhan (as purchaser).

The Seller holds 49% equity interests of the Target Company, and accordingly is a substantial shareholder of the Target Company. Therefore, pursuant to Rule 14A.07(1) of the Listing Rules, the Seller is a connected person of the Company at the subsidiary level.

Subject matter:	Pursuant to the Equity Transfer Agreement, the Seller has agreed to sell, and the Purchaser has agreed to purchase 49% of equity interests in the Target Company (held by the Seller).
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Consideration and payment:	The aggregate consideration for the Acquisition is RMB24 million, which was determined and agreed between the parties based on arm's length negotiations and with reference to (i) the paid up registered capital of the Target Company as contributed by the Seller (in the aggregate amount of RMB15 million); (ii) the estimated book gain from the disposal of Yangzhou Shiyou City Development Co., Ltd. (" Yangzhou Shiyou City ") (which was held by the Target Company as to 90%) (in the amount approximately RMB29.7 million); (iii) the total assets and net asset value of the Target Company of approximately RMB1,644.7 million and RMB691.7 million, respectively; (iv) the book value of the remaining properties under development held by the Target Company of approximately RMB913.4 million (made and adjusted by reference to a valuation prepared by an independent property valuer); (v) the funding previously provided by the Group to the Target Company (in the aggregate amount of RMB25 million and RMB967 million by registered capital and shareholder's loan, respectively, as at 30 June 2020); and (vi) benefit of full control over the development of projects on the Land Parcels and financial resources of the Target Company as a whole.
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The total consideration, being RMB24 million, shall be payable by the Purchaser to the Seller in cash within three days from the date of the Equity Transfer Agreement.

Completion:

The Seller shall complete all handover procedures, including verifying, among other things, the official seals, financial seals, assets, contracts, licenses, files and documents of the Target Company, its subsidiaries and investment projects, together with the Purchaser, on the date on which the Seller receives the full amount of the aggregate consideration.

The Seller shall assist the Purchaser in applying for the Change of AIC Registration within three days of the Seller having received the total consideration.

Other principal terms:

The Seller and the Purchaser mutually acknowledge that:

- (i) all contracts and agreements that the Target Company has entered into, and all debts and liabilities of the Target Company (as further detailed in the Equity Transfer Agreement), respectively, and any other debts and liabilities shall be deemed undisclosed by the Seller. The Seller shall be responsible for any aforementioned undisclosed debts and liabilities and to compensate the Purchaser and/or the Target Company in respect of any loss arising from such debts and liabilities (including direct losses, handling costs and legal fees); and
- (ii) the Seller and the Purchaser shall be respectively responsible for any administrative fees and taxes (including but not limited to income tax and stamp duty) incurred by each party in relation to the Acquisition in accordance with relevant laws and regulations, respectively.

INFORMATION ON THE TARGET COMPANY

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

The principal asset of Guangzhou Guoyou is the Land Parcels held by its subsidiaries. Based on the unaudited accounts of Guangzhou Guoyou as at 30 June 2020, the unaudited total assets and net asset value of Guangzhou Guoyou was approximately RMB1,644.7 million and RMB691.7 million, respectively. The total assets of Guangzhou Guoyou represents primarily three properties under development with a total book value of approximately RMB1,337.5 million, of which, approximately RMB424.1 million was attributable to the Suzhong Intelligence Agricultural Industry Demonstration City project, which was contracted for disposal. The book value of the remaining two properties under development amounted to approximately RMB913.4 million and was made and adjusted by reference to a valuation prepared by an independent property valuer.

The financial information of Guangzhou Guoyou for the two financial years ended 31 December 2019 and the six months ended 30 June 2020 is set out below:

	For the year ended 31 December		For the
	2018	2019	six months ended
	<i>(audited)</i>	<i>(audited)</i>	30 June 2020
			<i>(unaudited)</i>
Revenue	RMB nil	RMB nil	RMB nil
Net loss before taxation	RMB21.3 million	RMB186.1 million	RMB130.4 million
Net loss after taxation	RMB17.8 million	RMB186.1 million	RMB130.4 million

INFORMATION ON THE PARTIES

The Group

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

Guangzhou Fanzhan, an indirect wholly owned subsidiary of the Company, is principally engaged in investment holding in the PRC.

The Seller

The Seller is a limited liability company established in the PRC and is primarily engaged in investment holding.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Guangzhou Guoyou was formed in late 2016 as a joint venture by Guangzhou Fanzhan and Guangzhou Tongzhou with equity interests of 51% and 49%, respectively, with the view that the Group would be able to participate in and develop the growing logistics industry in China at the time.

However, due to the subsequent slow-down of economic growth in the 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. During the year, the Group intended to reduce its exposure in these markets

On 13 November 2020, the Group entered into an equity transfer agreement for the disposal of all its equity interest in Yangzhou Shiyou City (which held the Suzhong Intelligence Agricultural Industry Demonstration City project) for an aggregate consideration of RMB297.7 million and a book gain of approximately RMB29.7 million was expected to be recorded. The disposal was approved by the Shareholders at the special general meeting of the Company held on 29 December 2020. For further details, please refer to the announcement and circular of the Company dated 13 November 2020 and 11 December 2020, respectively. After the aforementioned disposal, the Target Company still held two logistics projects, namely, Xuzhou Intelligent Industrial Town and Yangzhou Intelligent Life City. Both projects are under development and at the pre-sale stage. However, their pre-sales performance did not meet the initial expectation of the Group's management.

Other than the slowing down of the PRC economy and the COVID-19 pandemic outbreak, the synergies expected to be achieved in relation to the formation of the Target Company as a joint venture fell short of the expectations of the Group's management. Except the contribution of the Target Company's registered capital in the amount of RMB15 million by Guangzhou Tongzhou, the funding of the Target Company provided by the Group up to 30 June 2020 was RMB25 million and RMB967 million by registered capital and shareholder's loan, respectively. Due to the significant funding made by the Group and the highly uncertain external environment, the Group considered it vital to gain full control of the Target Company, to (i) enable more efficient management of the Target Company and fund management, and (ii) benefit from full control over the proceeds of the aforementioned disposal and participation in the development of the remaining two projects (which altogether have a total asset and a net asset value of RMB1,644.7 million and RMB691.7 million, respectively).

FINANCIAL IMPACT OF THE ACQUISITION

Since the Target Company was already a subsidiary of the Company prior to the Acquisition, its assets and liabilities were already fully consolidated into the financial results of the Group. The total assets of the Group would be reduced by the consideration of RMB24 million. No gain or loss would be recorded in the consolidated income statement of the Group. The consideration and the non-controlling interests attributable to Guangzhou Tongzhou would be treated as an equity transaction as defined under relevant accounting principles and only reserves movement will be recognized in the Group's financial statements.

The Board has approved the Acquisition on 20 January 2021. Based on the above, the Directors (including the independent non-executive Directors) are of the view that the Acquisition, the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are determined on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors are deemed to have a material interest in the Acquisition and hence are not required to abstain from voting on the Board resolution in relation to the Acquisition.

IMPLICATIONS UNDER THE LISTING RULES

Since one or more of applicable percentage ratios for the Acquisition under the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

In addition, as at the date of this announcement, the Target Company is a subsidiary of the Company in which the Company indirectly holds 51% equity interests. The Seller holds 49% equity interests of the Target Company, and accordingly is a substantial shareholder of the Target Company. Therefore, pursuant to Rule 14A.07(1) of the Listing Rules, the Seller is a connected person of the Company at the subsidiary level, and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, as (i) the Seller is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Acquisition on 20 January 2021; and (iii) the Directors (including the independent non-executive Directors) are of the view and have confirmed that (a) the terms of the Acquisition are fair and reasonable, and (b) the Acquisition is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Acquisition is therefore subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and Shareholders' approval requirements under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the 49% of the equity interests in the Target Company held by the Seller pursuant to the Equity Transfer Agreement
“Board”	the board of Directors
“Change of AIC Registration”	Guangzhou Guoyou’s change of company registration records with the competent Industry and Commerce Administration Bureau in the PRC in connection with the Acquisition and in accordance with PRC laws, including registration of 100% equity interests under the Purchaser’s name
“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 760
“Director(s)”	director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 20 January 2021 entered into by the Company and the Seller in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land Parcels”	These represent: <ul style="list-style-type: none">(i) a parcel of land, on which Yangzhou Intelligence Living City is under development, located to the south of Kaifa East Road* (開發東路) and the east of Jiangdu South Road* (江都南路) in Yangzhou, Jiangsu Province, the PRC;(ii) A parcel of land, on which Xuzhou Intelligence Industry Town is under development, located to the south of Guozhuang Road* (郭庄路) and north of Longhai Railway* (隴海鐵路) in Xuzhou, Jiangsu Province, the PRC; and(iii) a parcel of land, on which Suzhong Intelligence Agricultural Industry Demonstration City is under development, 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. The Group is in the progress of disposal of all the equity interest in Yangzhou Shiyou City, which holds such parcel of land. For further details, please refer to the announcement and circular of the Company dated 13 November 2020 and 11 December 2020, respectively.

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser” or “Guangzhou Fanzhan”	Guangzhou Fanzhan Trading Co., Ltd.* (廣州帆展貿易有限公司), an indirect wholly-owned subsidiary of the Company, established in the PRC on 8 August 2011
“RMB”	Renminbi, the lawful currency of the PRC
“Seller” or “Guangzhou Tongzhou”	Guangzhou Tongzhou Investment Co., Ltd.* (廣州通洲投資有限公司), a limited liability company established in the PRC
“Shareholders”	holders of shares in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target Company” or “Guangzhou Guoyou”	Guangzhou Guoyou Logistics Co., Ltd.* (廣州國郵物流有限公司), a limited liability company established in the PRC on 4 January 2017, held by the Company as to 51% as at the date of this announcement
“%”	per cent

* For identification purpose only

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

Hong Kong, 20 January 2021

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.