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TEMPUS

騰邦控股

TEMPUS HOLDINGS LIMITED

騰邦控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 06880)

VERY SUBSTANTIAL DISPOSAL

DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL

IN THE TARGET COMPANIES AND

RELATED SHAREHOLDER'S LOAN

References are made to the announcements of the Company dated 14 April 2021 and 11 June 2021 in relation to the Proposed Disposal.

THE PROPOSED DISPOSAL

On 30 June 2021 (after trading hours), the Vendor (a direct wholly-owned subsidiary of the Company), the Purchaser and the Company (as Guarantor for the performance of the obligations of the Vendor under the Sale and Purchase Agreement) entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, (i) the Sale Shares, representing the entire issued share capital of the Target Companies; and (ii) the Sale Loans, being all such sum of money due and owing by the Target Companies to the Vendor as at Completion, at the Consideration. The Consideration shall be HK\$250 million with adjustments.

Following Completion, the Target Companies will cease to be subsidiaries of the Company and the financial results and the assets and liabilities of the Target Companies will no longer be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Proposed Disposal exceeds 75%, the Proposed Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) a notice of the EGM; and (iii) further information required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 20 August 2021 as additional time is required to prepare the relevant financial information of the Target Companies.

As Completion is subject to fulfillment of the conditions precedent as set out in the Sale and Purchase Agreement, the Proposed Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

References are made to the announcements of the Company dated 14 April 2021 and 11 June 2021 in relation to the Proposed Disposal.

THE SALE AND PURCHASE AGREEMENT

On 30 June 2021 (after trading hours), the Vendor (a direct wholly-owned subsidiary of the Company), the Purchaser and the Company (as Guarantor for the performance of the obligations of the Vendor under the Sale and Purchase Agreement) entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, (i) the Sale Shares, representing the entire issued share capital of the Target Companies; and (ii) the Sale Loans, being all such sum of money due and owing by the Target Companies to the Vendor as at Completion, at the Consideration.

The principal terms of the Sale and Purchase Agreement are as follows:

Date

30 June 2021 (after trading hours)

Parties

- Vendor: Tempus (BVI) Properties Investment Limited, a direct wholly-owned subsidiary of the Company.
- Purchaser: Yi Feng Development Limited. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.
- Guarantor: the Company (as Guarantor for the performance of the obligations of the Vendor under the Sale and Purchase Agreement).

Assets to be disposed of

The assets to be disposed of pursuant to the Sale and Purchase Agreement comprise:

- (i) the Sale Shares, representing the entire issued share capital of the Target Companies. As at the date of this announcement, the registered capital of the Target Company A and the Target Company B were US\$100 and US\$100, respectively, which has been fully paid-up by the Vendor. Subject to the release of mortgage/charge over the Properties as discussed below, the Vendor shall transfer the Sale Shares, free of encumbrance, to the Purchaser; and
- (ii) the Sale Loans, being all such sum of money due and owing by the Target Companies to the Vendor as at Completion. As at 31 May 2021, the outstanding indebtedness owing by the Target Companies to the Vendor is in a sum of approximately HK\$175.9 million.

The Target Companies holds the entire legal and beneficial interest of each of the Properties. Further details of the Target Companies and the Properties are set out in the paragraph headed “Information on the Target Companies and the Properties” in this announcement.

Consideration

The Consideration shall be calculated as follows:

$$\text{Consideration} = \text{HK\$250 million} + X - Y$$

where:

- X = the aggregate amount of the following tangible assets of the Target Companies:
- (a) utility deposits, management fee deposits, rates, government rent and other expenses prepaid in relation to the Properties for the period up to and inclusive of the Completion Date as shown in the Completion Management Accounts; and
 - (b) cash and bank balance as shown in the Completion Management Accounts, if any.
- Y = the aggregate amount of the liabilities of the Target Companies on the Completion Date, other than (a) the Sale Loans, (b) the Mortgage Loan, and (c) any deferred tax liabilities, as shown in the Completion Management Accounts and the amount payable by the Vendor under the Completion Management Accounts, if any.

The HK\$250 million represents (i) approximately HK\$175.9 million, being the Sale Loans as at 31 May 2021; and (ii) balance of approximately HK\$74.1 million, being the Sale Shares.

The Consideration shall be payable in the manner below:

- (i) the initial deposit of HK\$25 million (the “**First Deposit**”) has been paid by the Purchaser prior to the signing of the Sale and Purchase Agreement;
- (ii) the further deposit of HK\$20 million (the “**Second Deposit**”, together with the First Deposit, collectively known as the “**Deposits**”) shall be paid by the Purchaser on or before 16 July 2021; and
- (iii) the balance of the Consideration (the “**Remaining Consideration**”), shall be paid by the Purchaser on Completion.

If Completion does not take place due to the failure of the Purchaser (other than due to the default of the Vendor) to comply fully with its obligations as set out in the Sale and Purchase Agreement, the Deposits shall be forfeited by the Vendor absolutely as agreed liquidated damages, and the Vendor shall not take any further action to claim against the Purchaser for any further liabilities and/or damages for specific performance of the Sale and Purchase Agreement.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser with reference to, among other things, (i) the preliminary market values of the Property A and the Property B of approximately HK\$125.4 million and HK\$133.8 million as at 31 May 2021, respectively, as appraised by an independent firm of qualified professional valuer; (ii) the adjusted net asset values of the Target Companies of approximately HK\$82.6 million after taking into account the preliminary market values of Property A and Property B as appraised by an independent firm of qualified professional valuer; and (iii) the outstanding indebtedness owing by the Target Companies to the Vendor of approximately HK\$175.9 million as at 31 May 2021.

Notwithstanding that the Consideration represents a discount to the adjusted net asset values of the Target Companies and the Sale Loans, taking into account (i) the outstanding indebtedness in particular the bank and other borrowings, the Mortgage Loan and the First Payment Obligation (as defined below) under the Proposal (as defined below); and (ii) the Group's current financial conditions and that the Group is able to find purchaser for the Properties to accommodate the payment terms of the indebtedness, the Directors are of the view that the Consideration is fair and reasonable and that the Proposed Disposal is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon the fulfillment or (as appropriate) waiver of each of the following conditions on or before the Long Stop Date:

- (i) the Purchaser having completed a due diligence review on the business, financial, legal and all other aspects of the Target Companies and reasonably satisfied with the results thereof;
- (ii) no material breach of the warranties as a result of which the Target Companies have suffered loss of more than HK\$750,000;
- (iii) the approval of the Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (iv) draft certificates of incumbency of the Target Companies having been provided by the registered agent of the Target Companies in the BVI;
- (v) the sale and purchase of the Sale Shares and the Sale Loans are to be completed simultaneously; and
- (vi) the simultaneous transfer at Completion of the Sale Shares by the Vendor to the Purchaser.

If any of the above conditions is not fulfilled or waived (as the case may be) on the Long Stop Date, the Purchaser has the right to do the following at its own discretion:

- (i) waive the condition that has not been fulfilled, except for condition (iii) above which is not waivable;
- (ii) postpone the Long Stop Date to a date falling not more than 10 Business Days after the Long Stop Date or any other date to be mutually agreed by the Parties in writing; or

- (iii) by notice in writing to terminate the Sale and Purchase Agreement in which event the Deposits shall be forthwith returned to the Purchaser and the Parties shall have no claim against each other.

Mortgage

As at the date of this announcement, the Properties are mortgaged or charged by the Target Companies to the Mortgagee under the Mortgage. The Vendor undertakes to (as agent for the Target Companies) pay off the amounts outstanding under the Mortgage and to obtain a valid release/discharge of the Properties from the Mortgage at the Vendor's own cost and expenses on or before Completion. The Purchaser agrees to accept the Vendor's solicitors' undertaking to deliver a release/discharge duly executed and attested releasing and discharging the Mortgages in accordance with the undertaking(s) and within such time as the Law Society of Hong Kong shall from time to time suggest.

As at the date of this announcement, the amounts outstanding under the Mortgage Loan amounted to approximately HK\$178.4 million.

The Vendor and the Purchaser authorise the Vendor's solicitors, to appropriate the Remaining Consideration or part thereof as may be necessary for the redemption or discharge of the Mortgage.

The Vendor agrees that they will not create or enter into any charges (whether legal or equitable) liens or other incumbrances over the Properties or to dispose of the Properties after signing the Sale and Purchase Agreement.

Completion

Completion shall take place at or before 12:00p.m. on a Business Day on or before 13 October 2021 immediately after all the conditions above have been fulfilled or waived (as the case may be), or any other date to be mutually agreed between the Parties in writing or such other date as the Vendor and the Purchaser may agree in writing when the business set out in the Sale and Purchase Agreement shall be transacted.

Following Completion, the Target Companies will cease to be subsidiaries of the Company and the financial results and the assets and liabilities of the Target Companies will no longer be consolidated into the consolidated financial statements of the Group.

Guarantee

Pursuant to the Sale and Purchase Agreement, the Company has agreed to guarantee due observance and performance by the Vendor of all the agreements, obligations, undertakings and commitments contained in the Sale and Purchase Agreement.

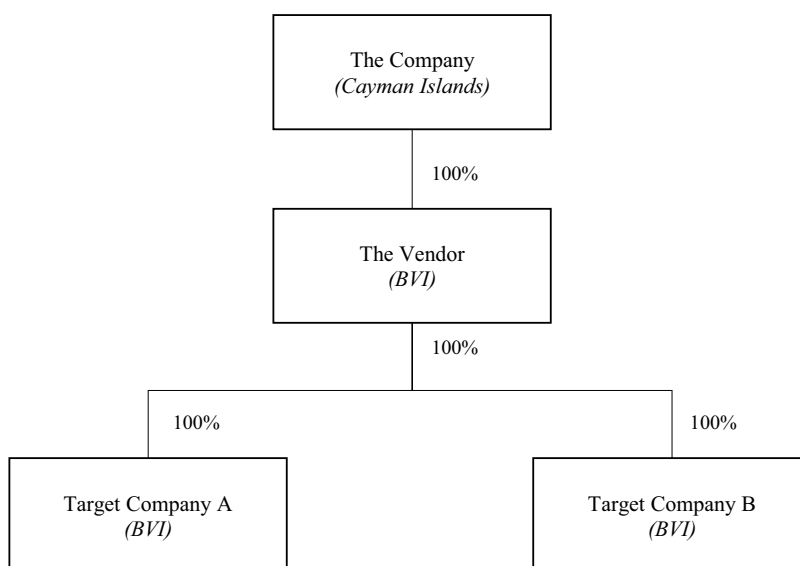
INFORMATION ON THE TARGET COMPANIES AND THE PROPERTIES

Information on the Target Companies

The Target Companies are companies incorporated in the BVI and are indirect wholly-owned subsidiaries of the Company. The principal activities of the Target Companies are property investment.

Corporate structure of the Target Companies

Set out below is the shareholding structure of the Target Companies as at the date of this announcement:



Financial information of the Target Companies

Set out below is a summary of the audited financial information of Target Company A for the two years ended 31 December 2020:

	As at/Year ended 31 December	
	2019	2020
	HK\$'000	HK\$'000
	(audited)	(audited)
Revenue	—	664
Net loss before taxation	5,702	18,620
Net loss after taxation	5,702	18,575
Net assets	66,866	48,291

Set out below is a summary of the audited financial information of Target Company B for the two years ended 31 December 2020:

	As at/Year ended 31 December	
	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Revenue	—	—
Net loss before taxation	5,769	19,933
Net loss after taxation	5,769	19,994
Net assets	70,458	50,465

Information on the Properties

The Properties are located at 28th Floor, 29th Floor, rooftop and Carpark Spaces No. P12 and No. P22 on the 2nd Floor of No. 9 Des Voeux Road West, Hong Kong, which have been used by the Group for its business operations.

The preliminary valuation of the Property A and the Property B as appraised by the independent firm of qualified professional valuer as at 31 May 2021 were approximately HK\$125.4 million and HK\$133.8 million, respectively.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the BVI with limited liability and is an investment holding company. The ultimate beneficial owner of the Purchaser is Canvest Environmental Protection Group Company Limited (stock code: 1381), which is principally engaged in the operation and management of waste-to-energy plants and provision of environmental hygiene and related services and integrated smart city management services.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is principally engaged in sales of health and wellness products and trading business.

INFORMATION ON THE VENDOR

The Vendor is a direct wholly-owned subsidiary of the Company, of which the principal business is investment holding.

FINANCIAL EFFECT OF THE DISPOSAL

Following Completion, the Target Companies will cease to be subsidiaries of the Company and the financial results and the assets and liabilities of the Target Companies will no longer be consolidated into the consolidated financial statements of the Group.

Assuming the Proposed Disposal had completed on 31 May 2021 and based on the unaudited accounts of the Target Companies for the five months ended 31 May 2021, it is expected that the Group would record an estimated loss of approximately HK\$11.6 million upon Completion with reference to (i) the Consideration of HK\$250 million; (ii) the estimated transaction costs and professional expenses of approximately HK\$3.1 million; (iii) the Sale Loans of approximately HK\$175.9 million; and (iv) the adjusted net asset values of the Target Companies of approximately HK\$82.6 million after taking into account the preliminary market values of Property A and Property B as appraised by an independent firm of qualified professional valuer.

The actual gain or loss arising from the Proposed Disposal may be different from the above and shall be subject to the review by the Company's auditors and determined based on the amount of the consolidated net assets/liabilities (as the case may be) of the Target Companies, the amount of the Sale Loans as at the Completion Date and the amount of expenses incidental to the Proposed Disposal.

USE OF PROCEEDS

It is expected that the Company will receive net cash proceeds of approximately HK\$246.9 million from the Proposed Disposal after deducting the estimated transaction costs and professional expenses of approximately HK\$3.1 million.

The Company intends to use the proceeds from the Proposed Disposal as follows.

- (i) approximately HK\$178.4 million, or 72.3% of the net proceeds, be used for repayment of the bank and other borrowings and Mortgage Loan;
- (ii) approximately HK\$47.0 million, or 19.0% of the net proceeds, be used for repayment of the outstanding debts; and
- (iii) approximately HK\$21.5 million, or 8.7% of the net proceeds, be used for general working capital.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

Given the unstable development of economic and political factors around the world under the current novel coronavirus (COVID-19) pandemic situation and Sino-US trade tension, fundraising activities of the Group during the year ended 31 December 2020 were also significantly affected, since potential investors and financial institutions were more cautious on equity and debt financing. In particular, the Group is exposed to the obligation to satisfy the liabilities with the CB Holder (as defined below). Hence, as the Group is able to find purchaser for the Properties, the Company considers that the Proposed Disposal represents an opportunity for the Group to realise from its investment in the Properties in order to accommodate the payment terms of the current and future indebtedness of the Group.

As disclosed in the announcement of the Company dated 1 June 2021 in relation to debt restructuring, the Company received a notice from Wan Tai Investments Limited (the “**CB Holder**”) informing the Company of its agreement in principle to the restructuring plan proposed by the Company in relation to the outstanding principal amount of convertible bonds remained outstanding and interest accrued thereof (the “**Proposal**”), pursuant to which the CB Holder shall only demand the Company to repay an amount of HK\$144 million (the “**Revised Debt**”) which shall be payable as to (i) HK\$56 million by cash on or before 30 November 2021 (the “**First Payment Obligation**”); (ii) for an amount up to HK\$44 million by subscription of shares of the Company following settlement of the First Payment Obligation (the “**Share Subscription**”). The total number of Shares to be subscribed by the CB Holder shall not exceed 20% of the enlarged total issued share capital of the Company immediately after the completion of the Share Subscription; and (iii) balance of the Revised Debt by cash within two years from the completion of the Share Subscription without interest. As at the date of this announcement, the Company has repaid HK\$15.5 million to the CB Holder pursuant to the Proposal, and the remaining outstanding Revised Debt amounted to HK\$128.5 million.

Taking into consideration (i) the outstanding indebtedness; and (ii) the Group’s current financial conditions, the Company has been proactively seeking equity and debt financing opportunities and implementing strategies to conduct active dialogue with creditors and Shareholders on the Group’s business developments, as well as potential debt restructuring and re-financing plans with creditors, so as to improve overall financing cash flows. The Directors have considered various fund raising proposals including equity financing such as rights issue and placing, third party borrowings and disposal of assets of the Group and concluded that the Proposed Disposal is the best option available to settle the bank and other borrowings, the Mortgage Loan and the First Payment Obligation pursuant to the Proposal.

In particular, the Directors consider that the Proposed Disposal will (i) facilitate the settlement of the bank and other borrowings, the Mortgage Loan and the First Payment Obligation under the Proposal; (ii) improve the Company’s credit profile and provide for the long-term viability of the Company; and (iii) allow the Company to refocus on improving its performance in the business operation.

Following Completion, the Company is intended to lease other property as principal office. The Company will publish further announcement(s) to update the Shareholders and potential investors of the Company on the matter as and when necessary in accordance with the requirements under the Listing Rules.

Notwithstanding that the Group would record an estimated loss of approximately HK\$11.6 million upon Completion, taking into account (i) the outstanding indebtedness in particular the bank and other borrowings, the Mortgage Loan and the First Payment Obligation under the Proposal; and (ii) the Group’s current financial conditions and that the Group is able to find purchaser for the Properties to accommodate the payment terms of the indebtedness, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Proposed Disposal exceeds 75%, the Proposed Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) a notice of the EGM; and (iii) further information required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 20 August 2021 as additional time is required to prepare the relevant financial information of the Target Companies.

To the best knowledge, information and belief of the Directors, as at the date of this announcement, none of the Purchaser and its close associates hold any Shares and therefore no Shareholder is required to abstain from voting on the ordinary resolution(s) to be proposed at the EGM approving the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the Proposed Disposal).

As Completion is subject to fulfillment of the conditions precedent as set out in the Sale and Purchase Agreement, the Proposed Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (excluding any day on which a tropical cyclone warning no. 8 or above or a black rainstorm is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered or discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are open for business (other than Saturday, Sunday and public holidays)
“BVI”	the British Virgin Islands
“Company”	Tempus Holdings Limited (stock code: 06880), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loans in accordance with the terms of the Sale and Purchase Agreement
“Completion Date”	a Business Day on or before 13 October 2021 immediately after all the conditions above have been fulfilled or waived (as the case may be), or such other date as the Company and the Purchaser may agree in writing
“Completion Management Accounts”	the draft unaudited accounts of the Target Companies, comprising an unaudited statement of financial position as at the Completion Date prepared by the Target Companies for review by the Purchaser’s accountants
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the total consideration payable by the Purchaser to the Vendor for the acquisition of the Sale Shares and the Sale Loans pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the Proposed Disposal)
“Group”	the Company and its subsidiaries
“Guarantor”	the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date on which the conditions are fulfilled but in any event no later than 21 September 2021 or such other later date as the Parties may agree in writing
“Mortgage(s)”	the mortgage(s)/legal charge(s) in relation to the Properties
“Mortgagee”	the mortgagee(s)/legal chargee(s) under the Mortgage
“Mortgage Loan”	the loan(s) secured by the Mortgage
“Parties”	the Vendor, the Purchaser and the Guarantor
“PRC”	the People’s Republic of China
“Properties”	Property A and Property B
“Property A”	28th Floor and Carpark Space No. P22 on the 2nd Floor of No. 9 Des Voeux Road West, Hong Kong
“Property B”	29th Floor, rooftop and Carpark Space No. P12 on the 2nd Floor of No. 9 Des Voeux Road West, Hong Kong
“Proposed Disposal”	the proposed disposal of the Sale Shares and the Sale Loans by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“Purchaser”	Yi Feng Development Limited (億豐發展有限公司), a company incorporated in the BVI with limited liability
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 30 June 2021 and entered into among the Parties in relation to the sale and purchase of the Sale Shares and the Sale Loans
“Sale Loans”	all the interests, benefits and rights of and in the shareholder’s loan owed by the Target Companies to the Vendor as at the Completion Date
“Sale Shares A”	100 ordinary shares of US\$1 each in the Target Company A, being all the issued shares of the Target Company A
“Sale Shares B”	100 ordinary shares of US\$1 each in the Target Company B, being all the issued shares of the Target Company B
“Sale Shares”	Sale Shares A and Sale Shares B
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company A”	KK VII (BVI) Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Target Company B”	KK VIII (BVI) Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Target Companies”	Target Company A and Target Company B
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Tempus (BVI) Properties Investment Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“%”	per cent.

By Order of the Board
Tempus Holdings Limited
Zhong Baisheng
Chairman

Hong Kong, 30 June 2021

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Zhong Yiming, Mr. Yip Chee Lai, Charlie, Mr. Wang Xingyi and Mr. Sun Yifei; one non-executive Director, namely Mr. Zhong Baisheng; and three independent non-executive Directors, namely Mr. Li Qi, Mr. Wong Kai Hing and Mr. Cheng Tsz Lok