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天譽置業(控股)有限公司
SKYFAME REALTY (HOLDINGS) LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 00059)

PROPOSED CAPITAL REORGANISATION

The Board intends to put forward to the Shareholders a proposal at the Annual General Meeting to reduce HK\$1,200,000,000 standing to the credit of the Share Premium Account with the credit arising therefrom to be transferred to the Contributed Surplus Account and to authorise the Board to apply such amount in such manner as permitted under the laws of Bermuda and the Bye-laws.

The Capital Reorganisation is conditional upon, among other things, the Shareholders passing of a special resolution to approve the Capital Reorganisation at the Annual General Meeting.

A circular of the Company containing, among other things, further details of the Capital Reorganisation together with a notice convening the Annual General Meeting will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

CAPITAL REORGANISATION

Proposal

The Board intends to put forward to the Shareholders a proposal at the Annual General Meeting to reduce HK\$1,200,000,000 standing to the credit of the Share Premium Account with the credit arising therefrom to be transferred to the Contributed Surplus Account and to authorise the Board to apply such amount in such manner as permitted under the laws of Bermuda and the Bye-laws.

As at 31 December 2019, the amount standing to the credit of the Share Premium Account, based on the audited consolidated financial statements of the Company, was HK\$1,792,383,048. It is proposed that the amount of HK\$1,200,000,000 standing to the credit of the Share Premium Account be reduced in accordance with section 46(2) of the Companies Act and the Bye-laws and that the credit arising therefrom be transferred to the Contributed Surplus Account, subject to the conditions set out in the section headed “Conditions of the Capital Reorganisation”.

On the basis that, there is no movement in the Contributed Surplus Account and the Share Premium Account between 31 December 2019 and the date the Capital Reorganisation becomes effective, the amount standing to the credit of the Contributed Surplus Account and the Share Premium Account would be HK\$1,215,496,625 and HK\$592,383,048 respectively.

Reasons for the Capital Reorganisation

Under the Companies Act, where the Company issues Shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium on those Shares shall be transferred to the Share Premium Account. The Company shall not declare or pay a dividend or make a distribution out of the Share Premium Account as share premium is treated as if it were paid up share capital of the Company under the Companies Act. However, the Company, if authorised in a general meeting may, subject to its memorandum of association and bye-laws on such terms as the Company may decide, reduce its share capital through a capital reduction exercise by way of the Capital Reorganisation. The Contributed Surplus Account is a distributable reserve which is available to be applied by the Company in a more general manner as the Board may think fit, including but not limited to, payment of dividends to Shareholders, issue of bonus shares, elimination of accumulated losses and repurchase of Shares.

Having considered the different nature between the Share Premium Account and the Contributed Surplus Account, the Capital Reorganisation, in effect, enlarges the distributable reserves of the Company, which could serve as an alternative source of dividend distributions, as compared to the Company’s existing practice of channeling funds through dividend distributions by its subsidiaries that are incorporated and operating in the People’s Republic of China. The Board therefore considers that the Capital Reorganisation would provide the Company with greater flexibility regarding its future dividend distributions, and believes that this is in the best interests of the Company and Shareholders as a whole.

Effect of the Capital Reorganisation

The implementation of the Capital Reorganisation does not involve any reduction in the authorised or issued share capital of the Company, nor does it involve any alternation to the nominal value of the Shares or the trading arrangements concerning the Shares.

The Board considers that the implementation of the Capital Reorganisation will not, in itself, have any material adverse effect on the underlying assets, liabilities, business operations, management or financial position of the Company or the interests of Shareholders as a whole.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon the following being fulfilled:

1. the passing of a special resolution by the Shareholders approving the Capital Reorganisation at the Annual General Meeting;
2. the obtaining of consent from third party creditors in accordance with the relevant terms of the agreements (if any); and
3. compliance with section 46(2) of the Companies Act, including (i) the publication of a notice in relation to the Capital Reorganisation in an appointed newspaper in Bermuda on a date not more than 30 days and not less than 15 days before the Effective Date, and (ii) the Board having satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Effective Date will be, unable to pay its liabilities as they become due.

Subject to the fulfilment of the above conditions, it is expected that the Capital Reorganisation shall become effective on or about 17 July 2020.

GENERAL

A circular of the Company containing, among other things, further details of the Capital Reorganisation together with a notice convening the Annual General Meeting will be despatched to Shareholders as soon as practicable in accordance with the Listing Rules.

Shareholders and potential investors of the Company should note that the Capital Reorganisation is conditional upon satisfaction of the conditions set out in this announcement. Therefore, the Capital Reorganisation may or may not proceed.

DEFINITIONS

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

“Annual General Meeting”	the forthcoming annual general meeting of the Company to be convened for the purpose of, among other matters, considering, and if thought fit, approving the Capital Reorganisation
“Board”	the board of Directors
“Bye-laws”	the amended and restated bye-laws of the Company (as amended from time to time)
“Capital Reorganisation”	the proposed reduction of an amount of HK\$1,200,000,000 standing to the credit of the Share Premium Account with the credit arising therefrom to be transferred to the Contributed Surplus Account and be applied in such manner as permitted under the laws of Bermuda and the Bye-laws
“Companies Act”	the Companies Act 1981 of the laws of Bermuda, as amended from time to time
“Company”	Skyfame Realty (Holdings) Limited, a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange
“Contributed Surplus Account”	the contributed surplus account of the Company within the meaning of the Companies Act
“Directors”	the directors of the Company
“Effective Date”	the date on which the Capital Reorganisation will become effective (subject to the fulfilment of the conditions set forth in the section headed “Conditions of the Capital Reorganisation” in this announcement) which is expected to be on or about 17 July 2020
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	share(s) of par value of one third HK cent each in the share capital of the Company
“Shareholders”	the holder(s) of Shares
“Share Premium Account”	the share premium account of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Skyfame Realty (Holdings) Limited
YU Pan
Chairman

Hong Kong, 21 April 2020

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. YU Pan (Chairman), Mr. WEN Xiaobing, Mr. WANG Chenghua and Mr. JIN Zhifeng; one non-executive Director, namely Mr. WONG Lok; and three independent non-executive Directors, namely Mr. CHOY Shu Kwan, Mr. CHENG Wing Keung, Raymond and Ms. CHUNG Lai Fong.