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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)

DISCLOSEABLE AND CONNECTED TRANSACTIONS DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY

THE CAPITAL INCREASE AGREEMENT

The Board is pleased to announce that on July 8, 2021, Tianyu Yujun (being an indirect wholly-owned subsidiary of the Company which holds 100% equity interests of the Target Company), Zhangzhou Tanglin Real Estate (as the subscriber) and Tianyu Jurong (as the Target Company) entered into Capital Increase Agreement which Zhangzhou Tanglin Real Estate agrees to make a capital contribution of RMB605,930,000 for 20% equity interests in the Target Company.

As at the date of this announcement, the registered capital of Tianyu Jurong is RMB2,423,720,000, which is 100% owned by Tianyu Yujun. After the completion of the Capital Increase, the registered capital of Tianyu Jurong will be increased to RMB3,029,650,000 and will be held by Tianyu Yujun and Zhangzhou Tanglin Real Estate as to 80% and 20%, respectively, and Tianyu Jurong will remain a subsidiary of the Company.

As at the date of this announcement, Tianyu Jurong is an indirect wholly-owned subsidiary of the company, mainly engaged in real estate development and sales in China.

LISTING RULES IMPLICATIONS

Chapter 14

As the percentage equity interest of Tianyu Jurong will be reduced from 100% to 80% upon completion of the Capital Increase, the transactions contemplated under the Capital Increase Agreement constitute a deemed disposal of equity interest in the Tianyu Jurong under Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the deemed disposal exceed 5% but are less than 25%, the entering into of the Capital Increase Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Chapter 14A

As disclosed in the section headed “Particulars of the Parties”, Zhangzhou Tanglin Real Estate is a connected person at the Company’s subsidiary level. The Transaction constitutes a connected transaction for the Company under Chapter 14A.

Exemption under Rule 14A.101

- (1) The Transaction on terms of the Capital Increase Agreement has been approved by the Board on July 8, 2021; and
- (2) all the independent non-executive directors have confirmed that the terms of the Capital Increase Agreement are fair and reasonable, the Transaction is on normal commercial terms and in the interests of the Company and its shareholders as a whole. The Transaction is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

No Director is interested in the Transaction and none of the Directors was required to abstain from voting at the resolution of the Board approving the Transaction.

THE CAPITAL INCREASE AGREEMENT

On July 8, 2021, Tianyu Yujun (being an indirect wholly-owned subsidiary of the Company which holds 100% equity interests of the Target Company), Zhangzhou Tanglin Real Estate (as the subscriber) and Tianyu Jurong (as the Target Company) entered into Capital Increase Agreement.

The principal terms of the Capital Increase Agreement are set out below:

Date : 8 July 2021

Parties : (1) Target Company: Tianyu Jurong, the Company's indirectly wholly-owned subsidiary;

(2) Tianyu Yujun, the Company's indirectly wholly-owned subsidiary and holds 100% equity interest of Tianyu Jurong; and

(3) Zhangzhou Tanglin Real Estate, a limited liability company established in China, as the subscriber under the Capital Increase Agreement

Transaction

Zhangzhou Tanglin Real Estate agreed to make a capital contribution in an aggregate amount of RMB605,930,000 in cash for 20% equity interests in Tianyu Jurong's equity. As at the date of this announcement, the registered capital of Tianyu Jurong will be RMB2,423,720,000 and Tianyu Jurong is owned as to 100% by Tianyu Yujun. Upon completion of the Capital Increase, the registered capital of Tianyu Jurong will be increased to RMB3,029,650,000 and Tianyu Jurong will be owned as to 80% by Tianyu Yujun and 20% by Zhangzhou Tanglin Real Estate. Tianyu Jurong will remain a subsidiary of the Company

The amount of the capital increase were determined on the basis of normal commercial terms and after arm's length negotiations with reference to the net aggregate asset value of Tianyu Jurong for financial year ended 31 December 2020. The Board has approved the Transactions on 8 July 2021; and all the independent non-executive directors have confirmed that the terms of the Transaction are fair and reasonable, the Transaction is on normal commercial terms and in the interests of the Company and its shareholders as a whole.

Payment terms

Zhangzhou Tanglin Real Estate shall pay the capital contribution to Tianyu Jurong in cash, and the payment schedule are set out below:

- (1) the payment of RMB200 million shall be made within three working days after execution of the Capital Increase Agreement;
- (2) the payment of RMB200 million shall be made within three working days after Tianyu Jurong obtained the new business license in respect of the Capital Increase; and
- (3) The remaining capital contribution shall be paid by Zhangzhou Tanglin Real Estate in accordance with the new articles of association of Tianyu Jurong.

Shareholding structure

As at the date of this announcement, the registered capital of Tianyu Jurong is wholly-owned by Tianyu Yujun. Upon completion of the Capital Increase, the registered capital of Tianyu Jurong will be held as to 80% and 20% by Tianyu Yujun and Zhangzhou Tanglin Real Estate, respectively, and Tianyu Jurong will continue to be a subsidiary of the Company.

Completion

The completion of the Capital Increase shall take place on which the business registration with the local Administration for Industry and Commerce concerning the Capital Increase and other relevant closing procedures are completed.

New Board of Tianyu Jurong after Capital Increase

The board of directors of Tianyu Jurong shall consist of three directors. Tianyu Yujun shall nominate two directors and Zhangzhou Tanglin Real Estate shall nominate one director.

Information of Tianyu Jurong

Tianyu Jurong is a company established by Tianyu Yujun in Nanning city of the PRC with limited liability in July 2014 and is the wholly-owned subsidiary of Tianyu Yujun as at the date of this announcement. Tianyu Jurong has a registered capital of RMB2,423,720,000 and the paid in capital of about RMB780 million, mainly engaged in real estate development and commercial housing sales in China.

The table below sets forth a summary of certain unaudited financial information of Tianyu Jurong (prepared in accordance with the applicable financial reporting standards in the PRC) for the financial year of 2020 and 2019 respectively:

	For the year ended 31 December	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Total asset	10,591,457	7,354,489
Total equity	2,610,220	2,122,474
Net profit before taxation	865,200	1,551,983
Net profit after taxation	487,241	839,330

FINANCIAL EFFECTS OF THE TRANSACTION

As at the date of this announcement, Tianyu Jurong is a directly wholly-owned subsidiary of Tianyu Yujun. Upon completion of the Capital Increase, the registered capital of Tianyu Jurong will be held by Tianyu Yujun and Zhangzhou Tanglin Real Estate as to 80% and 20%, respectively, and Tianyu Jurong will continue to be a subsidiary of the Company. As a result, the financial results of Tianyu Jurong will continue to be consolidated into the financial statements of the Group. It is expected that no material gain or loss will be recorded by the Group from the Capital Increase..

REASONS FOR AND BENEFITS OF THE DEEMED DISPOSAL

The Company is an investment holding company and its principal subsidiaries are engaged in property development, property investment, property management and commercial operations in youth community projects.

The deemed disposal allows Tianyu Jurong to enrich cash resource and increase its registered capital, improve its financial structure and make use of the advantages of its partners to establish a cooperative alliance. Therefore, the Company considers that the entering into of the Capital Increase Agreement and the transactions contemplated thereunder are in the interest of the Company.

The Capital Increase Agreement were determined on the basis of normal commercial terms and after arm's length negotiations. The Board has approved the Transactions; and all the independent non-executive directors have confirmed that the terms of the Transaction are fair and reasonable, the Transaction is on normal commercial terms and in the interests of the Company and its shareholders as a whole.

PARTICULARS OF THE PARTIES

(1) Tianyu Jurong

Tianyu Jurong, an indirectly wholly-owned subsidiary of the Company, is a limited liability company incorporated in Nanning City, China, mainly engaged in property development business in China.

(2) Tianyu Yujun

Tianyu Yujun, an indirectly wholly-owned subsidiary of the Company, is a limited liability company incorporated in Nanning City, China, mainly engaged in property investment business, holding 100% equity interests of Tianyu Jurong before the contemplated transaction.

(3) Zhangzhou Tanglin Real Estate

Zhangzhou Tanglin Real Estate is a limited liability company established in Zhangzhou City, Fujian Province, China. It mainly engaged in property development and is an indirect subsidiary of Datang Group. As at the date of this announcement, the ultimate controlling shareholder of Datang Group is Ms. Wong Hei.

As Guangxi Tangrun, a fellow subsidiary of Zhangzhou Tanglin Real Estate, holds 30% equity interest of Guangxi Zhongqing (a company established in China engaging in the business of property development), an indirect subsidiary of the Company, therefore Zhangzhou Tanglin Real Estate constitute a connected person of the Company at the subsidiary level.

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Exemption under Rule 14A.101

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No Director is interested in the Transaction and none of the Directors was required to abstain from voting at the resolution of the Board approving the Transaction.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Capital Increase Agreement”	the capital increase agreement dated 8 July 2021 entered into by Tianyu Yujun, Zhangzhou Tanglin Real Estate and Tianyu Jurong, pursuant to which Zhangzhou Tanglin Real Estate agreed to make a capital contribution in an aggregate amount of RMB605,930,000 in cash to the registered capital of Tianyu Jurong for 20% equity interests in Tianyu Jurong
“Datang Group”	Datang Group Holding Co., Ltd. (listed on the main board of the stock exchange of Hong Kong, stock code: 02117)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangxi Tangrun”	廣西塘潤投資有限公司 (Guangxi Tangrun Investment Co., Ltd*), a subsidiary of Datang Group, holds 30% equity interest of Guangxi Zhongqing and is a connected person of the Company at the subsidiary level as at the date of this announcement
“Guangxi Zhongqing”	廣西眾擎易舉投資有限公司 (Guangxi Zhongqing Yiju Investment Co., Ltd.*), an indirectly subsidiary of the Company

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianyu Jurong” or “Target Company”	南寧天譽巨榮置業有限公司 (Nanning Tianyu Jurong Realty Company Limited*), an indirectly wholly-owned subsidiary of the Company, being a limited liability company incorporated in the PRC, and is mainly engaged in property development business in China
“Tianyu Yujun”	南寧天譽譽浚投資有限公司 (Nanning Tianyu Yujun Investment Co., Ltd.*), an indirectly wholly-owned subsidiary of the Company, being a limited liability company incorporated in the PRC, and is mainly engaged in property investment business in China
“Transaction” or “Capital Increase”	the increase in capital contribution to be made by Zhangzhou Tanglin Real Estate to Tianyu Jurong on the terms of the Capital Increase Agreement
“Zhangzhou Tanglin Real Estate”	漳州唐林房地產開發有限公司 (Zhangzhou Tanglin Real Estate Development Co., Ltd*), a limited liability company established in Zhangzhou City, Fujian Province, China. It is an indirect subsidiary of Datang Group and is a connected person of the Company at the subsidiary level
“%” or “per cent.”	percentage or per centum

* *for identification purpose only*

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

Hong Kong, 8 July 2021

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.