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**天譽置業(控股)有限公司**  
**SKYFAME REALTY (HOLDINGS) LIMITED**

(Provisional Liquidators Appointed)

(For Restructuring Purposes)

*(Incorporated in the Bermuda with limited liability)*

**(Stock Code: 00059 and Bonds Stock Code: 5310, 5311,  
5367, 5379, 5567, 5580, 5602, 5626, 5821 and 5855)**

**VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION –  
PROPOSED DISPOSAL OF  
AN EFFECTIVE EQUITY INTEREST OF 73.73%  
IN A NON-WHOLLY OWNED SUBSIDIARY**

**THE DISPOSAL AGREEMENT**

The Board wishes to announce that after trading hours on 30 December 2022, the Vendors (being Chongqing Hesheng, an indirect 97.02% owned subsidiary of the Company, and Tianyu Jurong, an indirect 77.6% owned subsidiary of the Company), the Purchaser and the Project Company entered into the Disposal Agreement, pursuant to which the Vendors conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, an aggregate of 80% equity interest in the Project Company at a consideration of approximately RMB542.1 million. As at the date of this announcement, the Project Company has a registered and paid up capital of RMB100,000,000 and is owned as to 60% by Chongqing Hesheng (an indirect 97.02% owned subsidiary of the Company), 20% by Tianyu Jurong (an indirect 77.6% owned subsidiary of the Company) and 20% by the Purchaser. The Company's aggregate effective equity interest in the Project Company is approximately 73.73%. Upon Completion, the Company will cease to have any equity interest in the Project Company and the Project Company will cease to be a subsidiary of the Company.

## **LISTING RULES IMPLICATIONS**

The Purchaser holds 20% equity interest in the Project Company and its holding company, Datang Group, indirectly holds 30% of Guangxi Zhongqing, which is an indirect subsidiary of the Company. Therefore, the Purchaser is a connected person of the Company at the subsidiary level. Accordingly, the Disposal constitutes a connected transaction of the Company. Pursuant to Rule 14A.101, given that (i) the Board has approved the Disposal Agreement; and (ii) the Directors (including all the independent non-executive Directors) have confirmed that the Disposal Agreement is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the entering into of the Disposal Agreement is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 75%, the entering into of the Disposal Agreement also constitutes a very substantial disposal for the Company and is subject to the reporting, announcement, circular and the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **GENERAL**

A circular containing, amongst other things, (i) details of the Disposal Agreement; (ii) further information of the Project Company; (iii) financial information of the Project Company; (iv) pro forma financial information in relation to the Disposal; (v) valuation report on the PUD held by the Project Company; (vi) a notice convening the SGM; and (vii) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 28 February 2023 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

**As the Disposal Agreement is subject to satisfaction of the condition as set out in the paragraph headed "Condition precedent" below, the Disposal Agreement may or may not become unconditional and therefore the Disposal may not proceed. Shareholders and investors should exercise caution when dealing in the securities of the Company.**

## **THE DISPOSAL AGREEMENT**

On 30 December 2022, the Vendors, the Purchaser and the Project Company entered into the Disposal Agreement, pursuant to which the Vendors conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, an aggregate of 80% equity interest in the Project Company. The key terms of the Disposal Agreement are set out as follows:

### **Date**

30 December 2022 (after trading hours)

### **Parties**

- (i) Chongqing Hesheng and Tianyu Jurong as the Vendors
- (ii) Chongqing Tangcheng as the Purchaser
- (iii) the Project Company (the subject company of the Disposal)

### **Subject assets to be disposed of**

The asset to be disposed of by the Vendors to the Purchaser pursuant to the Disposal Agreement is an aggregate of 80% equity interest in the Project Company.

### **Consideration**

The consideration for the Disposal is approximately RMB542.1 million.

Such consideration was arrived at after arm's length negotiations between the parties to the Disposal Agreement and are on normal commercial terms, with reference to the preliminary valuation as at 30 September 2022 of RMB1,059 million regarding the PUD held by the Project Company as at 30 September 2022 determined by Cushman & Wakefield International Properties Advisers (Guangzhou) Co., Ltd, an independent valuer, with market comparison approach. Based on the unaudited management accounts of the Project Company as at 30 September 2022, the net asset value of the Project Company was approximately RMB554.49 million which included the book value of the PUD held by the Project Company as at 30 September 2022 of approximately RMB1,058.95 million. There was only an insignificant increase of approximately RMB54,000 in the market value of the PUD held by the Project Company as compared to its book value as at 30 September 2022. Based on the aforesaid market value and book value of the PUD held by the Project Company as at 30 September 2022, the adjusted net asset value of the Project Company as at 30 September 2022 was approximately RMB554.54 million (the "**Adjusted NAV**"). After deducting the non controlling interest attributable to 20% equity interest of the Project Company of approximately RMB65.32

million, the consideration for the Disposal of approximately RMB542.1 million represents a premium of approximately 10.8% to the Adjusted NAV attributable to 80% equity interest of the Project Company of approximately RMB489.22 million.

As set out in the Disposal Agreement, (i) the Vendors have an aggregate amount due to the Project Company of approximately RMB262.1 million (the “**Liability**”) which will be assumed by the Purchaser upon Completion; and (ii) Chongqing Hesheng (i.e. one of the Vendors) has an amount of RMB280.0 million due to the Purchaser. The Liability mainly arised from the daily operating expenses paid by the Project Company on behalf of the Vendors while the amount due to the Purchaser arised from financing advanced to Chongqing Hesheng by the Purchaser.

The consideration for the Disposal of approximately RMB542.1 million will be settled/ applied as follows:

- (i) approximately RMB262.1 million to offset the consideration for the Purchaser to assume the Liability; and
- (ii) RMB280.0 million to offset the equivalent amount due by Chongqing Hesheng to the Purchaser.

### **Condition precedent**

Completion of the Disposal Agreement is conditional upon the Shareholders’ approval at the SGM in relation to the Disposal Agreement and the transactions contemplated thereunder. Such condition is not capable of being waived.

### **Completion**

Completion is conditional upon the satisfaction of the condition precedent set out in the Disposal Agreement. Within one day from the date of fulfilment of the condition precedent, the Purchaser shall be responsible for the industrial and commercial registration modification of the Project Company in relation to the Disposal, and the Vendors shall provide necessary assistance. The date of Completion shall be the date of completion of the industrial and commercial registration modification of the Project Company. In any case, Completion shall take place by 30 June 2023, or the Disposal Agreement shall be terminated and lapsed.

Upon completion of the Disposal, the Company will cease to have any equity interest in the Project Company and the Project Company will cease to be a subsidiary of the Company.

The JPLs will liaise with the creditors of the Company in connection with the Disposal.

## INFORMATION OF THE PROJECT COMPANY

The Project Company is a limited liability company incorporated in PRC and is mainly engaged in property development business in the PRC. As at the date of this announcement, the Project Company has a registered and paid up capital of RMB100,000,000 and is owned as to 60% by Chongqing Hesheng (an indirect 97.02% owned subsidiary of the Company), 20% by Tianyu Jurong (an indirect 77.6% owned subsidiary of the Company) and 20% by the Purchaser. The Company's aggregate effective equity interest in the Project Company is approximately 73.73%.

As at the date of this announcement, the Project Company's major asset is the Chongqing Skyfame Linxifu Project. The project site is located at Bishan District, Chongqing, the PRC which is the gateway of Chongqing in the west. The land will be developed into residential and ancillary commercial properties of GFA of 448,000 sq. m. (saleable GFA of 347,000 sq. m.). Construction and pre-sale has been commenced and it is expected to be completed by around 2024.

As of 30 November 2022, an aggregate GFA of 127,000 sq. m. of the Chongqing Skyfame Linxifu Project has been sold. The first phase of the Chongqing Skyfame Linxifu Project is in the final stage of project acceptance and in preparation for delivery. The second and third phases of the Chongqing Skyfame Linxifu Project are in the middle stage of the construction while the fourth phase of the Chongqing Skyfame Linxifu Project is in preliminary stage of construction. The project still needs further financial resources to ensure timely deliveries of presold homes.

Set out below is the financial summary of the Project Company for the two financial years ended 31 December 2021:

	Financial year ended 31 December	
	2020	2021
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Net loss before taxation	(6,600)	(31,954)
Net loss after taxation	(6,601)	(24,368)

Based on the unaudited management accounts of the Project Company as at 30 September 2022, the total assets, total liabilities and net assets of the Project Company were approximately RMB1,516.85 million, RMB962.36 million and RMB554.49 million respectively. The total assets of the Project Company as at 30 September 2022 mainly comprised the PUD held by it of approximately RMB1,058.95 million and amount due from fellow subsidiaries of approximately RMB287.43 million. The total liabilities of the Project Company as at 30 September 2022 mainly comprised contract liabilities of approximately RMB790.61 million and other payables and accruals of approximately RMB171.75 million.

## FINANCIAL EFFECTS OF THE DISPOSAL

Upon the Disposal, based on the unaudited net asset value attributable to 80% equity interest of the Project Company of approximately RMB489.2 million as at 30 September 2022 (after taking into account the pre-acquisition effect of 20% attributable to non-controlling interest in prior years) and the consideration for the Disposal of approximately RMB542.1 million, it is expected that a gain on disposal of approximately RMB52.9 million will be recorded in company level. In addition, upon the Disposal, the accumulated finance cost in relation to the offshore borrowings, which have been capitalized in the Project Company in group level according to the Hong Kong Accounting Standards which amounted to approximately RMB247 million, will be written off to the profit or loss. The accounting treatment and the actual gain or loss as a result of the Disposal to be recorded by the Group is subject to audit and will be assessed after the completion of the Disposal.

## REASONS FOR AND BENEFITS OF THE DISPOSAL AGREEMENT

As disclosed in the interim report of the Company for the six months ended 30 June 2022 (the “**Interim Report**”), during the first half of 2022, the macro environment of the PRC’s real estate industry has undergone tremendous downturn. As a result, the Group experienced a sharp decline in property sales since early 2022. The Group’s access to new financing has also been hampered. Since late June 2022, the Group encountered financial difficulties in meeting its liabilities falling due. Pursuant to an order granted by the Bermuda Court on 15 August 2022, the JPLs were appointed on a “light touch” approach with limited powers for restructuring purposes. As disclosed in the Company’s announcement dated 12 October 2022, a creditor of the Company has filed a winding-up petition (the “**HK Petition**”) against the Company at the High Court of Hong Kong. On 10 November 2022, the Company made an application to the High Court of Hong Kong for striking out or dismissing the HK Petition. The Company is working closely with the JPLs and its advisers to formulate a viable restructuring plan aimed at addressing the current liquidity constraints and protecting the interests of all stakeholders. For details, please refer to the Company’s announcements dated 5 July 2022, 7 July 2022, 12 July 2022, 25 July 2022, 5 August 2022, 15 August 2022, 16 August 2022, 1 September 2022, 12 October 2022, 31 October 2022, 14 December 2022 and 19 December 2022.

As stated in the Interim Report, although local governments of many cities provide supporting policies on the demand side to boost buying sentiment and gradually loosen the supply side restrictions, the management believes it takes time to restore the confidence of creditors and home buyers. In the short term, the pressure of deleveraging inventories still exists and the suppressed buying sentiments will take time to recover.

Delivery of properties on time is the priority target of the Group at this stage. The Group adopts the strategies of geographic focus in the Guangdong-Hong Kong-Macao Greater Bay Area centered in Guangzhou, enhancing project operation efficiency, accelerating the construction of Guangzhou urban renewal projects, strict control of costs and expenses, resolutely taking measures to execute non-core asset disposal and downsizing the business to optimal scale to enable a successful debts restructuring with creditors. The Group believes the above strategies will enhance its resilience to overcome the difficulties.

The Board considers that the Disposal is in line with the Group's strategy to focus on the Guangdong-Hong Kong-Macao Greater Bay Area centered in Guangzhou. Furthermore, the Board is of the view that the Disposal represents a good opportunity for the Company to (i) improve the Group's financial position and gearing; (ii) realise its investment in the Chongqing Skyfame Linxifu Project in a timely manner; and (iii) saving precious financial resources which can be redistributed to the rest of Group's projects to help to ensure timely deliveries of presold homes.

The terms of the Disposal Agreement (including the consideration which was determined with reference to the preliminary valuation as at 30 September 2022 of the PUD held by the Project Company) were arrived at after arm's length commercial negotiation amongst the Vendors and the Purchaser. In view of the above, in particular the fact that the consideration represents a premium of approximately 10.8% to the Adjusted NAV attributable to 80% equity interest of the Project Company, the Directors (including the independent non-executive Directors) are of the opinion that the terms and conditions of the Disposal Agreement (including the consideration) are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

### *The Group*

The Group is principally engaged in property development, property investment, property management and commercial operations.

The Group focuses on the development of a wide range of property types including residential and commercial properties, offices, serviced apartments and hotels in the PRC as well as property investment and property management. Rooted in Guangzhou, the Group explores into cities in the mainland with high growth potential with particular focus on the development of community projects tailored-made for young home buyers. Currently, the Group holds a portfolio of development projects and land reserves covering Guangzhou, Zhongshan, Zhuhai, Shenzhen and Huizhou in the Greater Bay Area; Nanning and Guilin in the southern region; Xuzhou and Nanchang in the eastern region; and Chongqing, Kunming and Guizhou in the southwest region.

### *Chongqing Hesheng*

Chongqing Hesheng is a limited liability company incorporated in the PRC and is 97.02% indirectly owned by the Company. Chongqing Hesheng is principally engaged in property development in the PRC. As at the date of this announcement, Chongqing Hesheng directly owned 60% of the equity interests of the Project Company.

### *Tianyu Jurong*

Tianyu Jurong is a limited liability company incorporated in the PRC which is indirectly owned as to 77.6% by the Company. Tianyu Jurong is principally engaged in property development in the PRC. As at the date of this announcement, Tianyu Jurong directly owned 20% of the equity interests of the Project Company.

### *The Purchaser*

Chongqing Tangcheng is a limited liability company incorporated in the PRC and is indirectly wholly owned by Datang Group, a company listed on the Main Board of the Stock Exchange (stock code: 2117). Chongqing Tangcheng is principally engaged in property development.

Datang Group indirectly holds 30% equity interest of Guangxi Zhongqing, an indirect subsidiary of the Company.

To the best of the directors' knowledge, information and belief having made all reasonable enquiry, save for the Purchaser's 20% interests in the Project Company and Datang Group's 30% interest in Guangxi Zhongqing, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company. Therefore, the Purchaser is a connected person of the Company at subsidiary level.

## **LISTING RULES IMPLICATIONS**

The Purchaser holds 20% equity interest in the Project Company and its holding company, Datang Group, indirectly holds 30% of Guangxi Zhongqing, which is an indirect subsidiary of the Company. Therefore, the Purchaser is a connected person of the Company at the subsidiary level. Accordingly, the Disposal constitutes a connected transaction of the Company. Pursuant to Rule 14A.101, given that (i) the Board has approved the Disposal Agreement; and (ii) the Directors (including all the independent non-executive Directors) have confirmed that the Disposal Agreement is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the entering into of the Disposal Agreement is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 75%, the entering into of the Disposal Agreement also constitutes a very substantial disposal for the Company and is subject to the reporting, announcement, circular and the shareholders' approval requirement under Chapter 14 of the Listing Rules.

None of the Directors has any material interests in the Disposal Agreement. Therefore, none of the Directors are required to abstain from voting on relevant resolutions of the Board.

## **GENERAL**

A circular containing, amongst other things, (i) details of the Disposal Agreement; (ii) further information of the Project Company; (iii) financial information of the Project Company; (iv) pro forma financial information in relation to the Disposal; (v) valuation report on the PUD held by the Project Company; (vi) a notice convening the SGM; and (vii) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 28 February 2023 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Chongqing Hesheng”	重慶核盛房地產開發有限公司 (Chongqing Hesheng Property Development Co., Ltd.*), a limited liability company incorporated in the PRC and an indirectly 97.02% owned subsidiary of the Company holding 60% equity interest of the Project Company
“Chongqing Skyfame Linxifu Project”	a property development project in Bishan District, Chongqing, the PRC
“Company”	Skyfame Realty (Holdings) Limited (天譽置業(控股)有限公司), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 59)
“Completion”	the completion of the Disposal

“Datang Group”	Datang Group Holdings Limited (大唐集團控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 2117)
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of an aggregate of 80% equity interest in the Project Company by the Vendors according to the terms and conditions under the Disposal Agreement
“Disposal Agreement”	the conditional equity transfer agreement dated 30 December 2022 entered into between the Purchaser, the Vendors and the Project Company in relation to the conditional sale and purchase of an aggregate of 80% equity interest in the Project Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Guangxi Zhongqing”	廣西眾擎易舉投資有限公司 (Guangxi Zhongqing Yiju Investment Co., Ltd.*), an indirect subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JPLs”	Joel Edwards of EY Bermuda Limited in Bermuda, So Kit Yee Anita and Lau Wun Man, both of Ernst & Young Transactions Limited in Hong Kong appointed by the Bermuda Court as the joint provisional liquidators of the Company on a “light touch” approach with limited powers for restructuring purposes
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Project Company”	重慶之遠地產有限公司 (Chongqing Zhiyuan Property Co., Ltd.*), a limited liability company incorporated in the PRC and directly owned as to an aggregate of 80% by the Vendors
“PRC”	the People’s Republic of China

“PUD”	properties under development
“Purchaser” or “Chongqing Tangcheng”	重慶唐承房地產開發有限公司 (Chongqing Tangcheng Property Development Company Limited*), a limited liability company incorporated in the PRC holding 20% equity interest in the Project Company and an indirect wholly owned subsidiary of Datang Group
“RMB”	Renminbi, the lawful currency in the PRC
“SGM”	the special general meeting of the Company to be convened to consider, if thought fit, the approval of, among other things, the Disposal Agreement and transactions contemplated thereunder
“Share(s)”	ordinary share(s) of one third Hong Kong cent each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq. m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianyu Jurong”	南寧天譽巨榮置業有限公司 (Nanning Tianyu Jurong Realty Company Limited*), a limited liability company incorporated in the PRC and an indirectly 77.6% owned subsidiary of the Company holding 20% equity interest of the Project Company
“Vendors”	Chongqing Hesheng and Tianyu Jurong
“%”	percentage or per centum

\* *for identification purpose only*

By Order of the Board  
**Skyfame Realty (Holdings) Limited**  
 (Provisional Liquidators Appointed)  
 (For Restructuring Purposes)  
**YU Pan**  
*Chairman*

Hong Kong, 30 December 2022

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. YU Pan (Chairman), Mr. WANG Chenghua and Mr. JIN Zhifeng; one non-executive Director, namely Ms. WANG Kailing; and three independent non-executive Directors, namely Mr. WEN Xiaojing, Mr. CUI Yuan and Ms. TANG Yu.*