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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 TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE EQUITY INTEREST IN CHONGQING ZHIYUAN PROPERTY COMPANY LIMITED\***

#### **THE ACQUISITION**

The Board is pleased to announce that on 6 November 2019, Tianyu Jurong, as the purchaser, entered into the Equity Transaction Agreement with CQ Zhongtai, as the vendor, and pursuant to which Tianyu Jurong agreed to acquire and CQ Zhongtai agreed to sell the entire equity interest in CQ Zhiyuan at a consideration of RMB650 million.

CQ Zhiyuan is principally engaged in property development, leasing of property and sales of construction and renovation materials in Chongqing, the PRC, and its principal asset is the Bishan Land.

#### **LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition contemplated under the Equity Transaction Agreement is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

#### **THE INTRODUCTION**

The Board is pleased to announce that on 6 November 2019, Tianyu Jurong, as the purchaser, entered into the Equity Transaction Agreement with CQ Zhongtai, as the vendor, and pursuant to which Tianyu Jurong agreed to acquire and CQ Zhongtai agreed to sell the entire equity interest in CQ Zhiyuan at a consideration of RMB650 million.

## THE EQUITY TRANSACTION AGREEMENT

Date : 6 November 2019

Parties : Tianyu Jurong, as the purchaser

: CQ Zhongtai, as the vendor

CQ Zhongtai is a company established in the PRC with limited liability, which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

### Consideration

The consideration for the acquisition of the entire equity interest in CQ Zhiyuan is RMB650 million (the "**Consideration**").

The Consideration shall be paid in cash in the following manner:

- (i) an amount of RMB520 million shall be paid to CQ Zhongtai's designated bank account within seven (7) business days upon signing of the Equity Transaction Agreement; and at the date of CQ Zhongtai's receipt of the aforesaid payment, CQ Zhongtai shall complete (a) the release of the existing charge of the entire equity interest of CQ Zhiyuan which is charged in favour of an independent third party; (b) the registration of the transfer of entire equity interest of CQ Zhiyuan from CQ Zhongtai to Tianyu Jurong in the relevant authority of administration of industry and commerce; and (c) the release of the existing charge of the Bishan Land which is charged to an independent third party; and
- (ii) the balance of RMB130 million shall be payable to CQ Zhongtai's designated bank account within thirty (30) days after completion of the items (a) to (c) as set out in the above paragraph (i) and obtaining the new business license of CQ Zhiyuan pursuant to the terms of the Equity Transaction Agreement.

The Consideration was arrived at after arm's length negotiations between the parties to the Equity Transaction Agreement and are on normal commercial terms, with reference to the net assets value of CQ Zhiyuan as at 31 August 2019.

### Completion

Completion shall take place upon completion of the registration of the transfer of entire equity interest of CQ Zhiyuan from CQ Zhongtai to Tianyu Jurong in the relevant authority of administration of industry and commerce; release of the existing charge of Bishan Land and obtaining the new business license of CQ Zhiyuan pursuant to the Equity Transaction Agreement.

## **Assets to be acquired**

The assets to be acquired by Tianyu Jurong is entire equity interests in CQ Zhiyuan and the assets held by CQ Zhiyuan is a plot of land of site area of approximately 133,407 sq.m. located at Xinsheng Village, Bicheng Street, Bishan District, Chongqing, the PRC. The land use rights over the land area of 106,725.6 sq.m. has been granted for a term of fifty (50) years expiring on 29 January 2066 for the development of residential properties and land area of 26,681.4 sq.m. for forty (40) years expiring on 29 January 2056 for commercial properties.

Upon the completion of the Acquisition, the Company plans to develop such piece of land into residential and ancillary commercial properties. The planned total gross floor area of the project to be developed is approximately 367,700 sq.m. including gross floor area of about 36,000 sq.m. developed for under-ground car parks.

## **INFORMATION OF CQ ZHIYUAN**

CQ Zhiyuan was established in the PRC in February 2019 and is currently 100% held by the CQ Zhongtai. The registered capital of CQ Zhiyuan is RMB20 million which is unpaid up as at the date of Equity Transaction Agreement. CQ Zhiyuan is principally engaged in property development, leasing of property and sales of building and renovation materials in Chongqing, the PRC and its principal asset is the Bishan Land.

Based on the unaudited management accounts of CQ Zhiyuan as at 31 August 2019, its recorded unaudited net assets amounted to approximately RMB582 million comprising the Bishan Land recorded at carrying costs of RMB554 million and related taxes paid at the time when the land was injected into CQ Zhiyuan by CQ Zhongtai. The loss before and after taxation for the eight months ended 31 August 2019 are the same, which is RMB49,179.

Upon completion of the Acquisition, CQ Zhiyuan will become a wholly-owned subsidiary of the Company.

## **REASONS FOR THE ACQUISITION**

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 Company adopts its dual-engines of “regional penetration + urban renewal” in its strategy. The regional penetration strategy focuses on the Group’s comparative advantage in the markets of the mainland’s second-tier cities, such as Nanning, Chongqing, Kunming, and Xuzhou, etc. One of the brand products of the Company is the youth community products which have been warmly welcomed by local first-entry home buyers since the first launches of the products in the above markets. At the same time, the Group’s strategy in urban renewal specializing in old districts in the Guangdong-Hong Kong-Macau Greater Bay Area rides on the Company’s 23-year expertise in the past projects and the old district remodeling projects currently being undertaken.

Taking into account of the aforesaid and the fact that the Consideration is determined with reference to, among other things, the Directors' preliminary valuation of the Bishan Land, the Board considered that the Acquisition for development is in the ordinary and usual course of business of the Group, the terms of the Equity Transaction Agreement are fair and reasonable and the Acquisition is in the interests of the Company and its shareholders as a whole, and the Acquisition is an action to execute the regional penetration strategy in Chongqing market.

## **LISTING RULES IMPLICATION**

As one or more applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition contemplated under the Equity Transaction Agreement is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the entire equity interest in CQ Zhiyuan held by CQ Zhongtai as at the date of the Equity Transaction Agreement
“Board”	the board of Directors
“Bishan Land”	A plot of land situated at Xinsheng Village, Bicheng Street, Bishan District, Chongqing, the PRC and having a site area of approximately 133,407 sq.m.
“Company”	Skyfame Realty (Holdings) Limited (stock code: 00059), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“CQ Zhiyuan”	重慶之遠地產有限公司 (Chongqing Zhiyuan Property Company Limited*), a company established in the PRC with limited liability
“CQ Zhongtai”	重慶眾泰汽車工業有限公司 (Chongqing Zhongtai Auto Industrial Company Limited*), a company established in the PRC with limited liability
“Director(s)”	director(s) of the Company
“Equity Transaction Agreement”	the equity transaction agreement dated 6 November 2019 entered into between CQ Zhongtai (as vendor) and Tianyu Jurong (as purchaser) in relation to the transfer of the entire equity interest in CQ Zhiyuan held by CQ Zhongtai to Tianyu Jurong
“Group”	the Company and its subsidiaries
“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
“sq. m.”	square meters
“Tianyu Jurong”	南寧天譽巨榮置業有限公司 (Nanning Tianyu Jurong Realty Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%” 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, 6 November 2019

*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.*