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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
AND SHAREHOLDER LOAN OF ZHUHAI REAL ESTATE**

THE ACQUISITION

The Board is pleased to announce that on 30 December 2019, Tianyu Jurong, as the designated assignee of the transaction Target, entered into the Equity Transaction Agreement, amongst, with Heshan Real Estate, as the vendor, and Acorn Alpha, as the purchaser. Pursuant to such Equity Transaction Agreement, Tianyu Jurong agreed to acquire and Heshan Real Estate agreed to sell the interests in the entire equity and shareholder loan of Zhuhai Real Estate at a total consideration of RMB880 million.

Zhuhai Real Estate is principally engaged in property development and sales of residential properties in Zhuhai City, Guangdong province, the PRC, and its principal asset is a plot of residential Zhuhai 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 30 December 2019, Tianyu Jurong, as the designated assignee of the transaction Target, entered into the Equity Transaction Agreement, amongst, with Heshan Real Estate, as the vendor, and Acorn Alpha, as the purchaser. Pursuant to such Equity Transaction Agreement, Tianyu Jurong agreed to acquire and Heshan Real Estate agreed to sell the interests in the entire equity and shareholder loan of Zhuhai Real Estate at a total consideration of RMB880 million.

THE EQUITY TRANSACTION AGREEMENT

Date : 30 December 2019

Parties : Tianyu Jurong, as the designated consignee of the transaction Target

: Heshan Real Estate, as the vendor of the transaction Target

: Acorn Alpha, as the purchaser of the transaction Target

Zhuhai Real Estate is a company established in Zhuhai City of PRC with limited liability, and to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Zhuhai Real Estate and Acorn Alpha and their ultimate beneficial holding company are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

Consideration

The total consideration for the acquisition of the entire equity interest and shareholder loan in Zhuhai Real Estate is RMB880 million (the "**Consideration**").

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

- (i) an amount of RMB350 million and an amount of RMB50million shall be separately paid to Heshan Real Estate's and Acorn Alpha's designated bank accounts as the first part of the consideration immediately when the Equity Transaction Agreement becomes effective. On completion of the payments, Tianyu Jurong will hold the shareholder loan of RMB530 million transferred from Heshan Real Estate and become the owner of 50% of equity interest in Zhuhai Real Estate; and
- (ii) the balance of RMB430 million and RMB50 million shall be separately paid to Heshan Real Estate's and Acorn Alpha's designated bank before April 30, 2020 after Heshan Real Estate has completed the obligations set out under (a) to (c) in the following paragraph. In return, Tianyu Jurong will obtain the remaining 50% equity interest of Zhuhai Real Estate from Heshan Real Estate.
 - (a) Heshan Real Estate lends funds to Zhuhai Real Estate before 15 March 2020 to pay off the principal and related interests of a loan of RMB650 million owed to an independent trust company in PRC which then transfers the right of such shareholder loan to Tianyu Jurong; and
 - (b) The charge over the Zhuhai Land in favour of the trust company is released in fifteen business days after Zhuhai Real Estate has paid off the principal and related interest of the RMB650 million loan; and
 - (c) If Tianyu Jurong requires Zhuhai Real Estate to cancel all the exiting business contracts which have not yet finished, Heshan Real Estate should complete the obligations set out under (1) to (3) in the following paragraph before 30 April 2020:
 - (1) Paying off all the outstanding contract amounts due for construction works and the compensations for the cancellations of all the existing contracts of Zhuhai Real Estate;

- (2) Finishing all the related registrations in the relevant governmental authorities due to the cancellations of the exiting business contracts in Zhuhai Real Estate;
- (3) Completing the site clearance works on the Zhuhai Land and passing the construction site to Tianyu Jurong.

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 total assets value of Zhuhai Real Estate as at October 31, 2019.

Liability for breach and guarantee

Since the effective date of the Equity Transaction Agreement, if any party revokes or terminates the agreement without the unanimous consent of the other parties, such revocation or termination is regarded as a fundamental breach of the contract which will result in a damage cost of RMB 240 million for the breach of contract payable to all the non-defaulting parties (including the parent company of Heshan Real Estate which provides guarantee for the performance obligations of the Zhuhai Real Estate and its shareholder), except in the circumstance where the termination is due to legal reasons or otherwise agreed in the agreement.

Completion

Completion shall take place upon completion of the following items:

- (i) The registration of the transfer of the entire equity interest of Zhuhai Real Estate from Heshan Real Estate to Tianyu Jurong in the relevant authority of administration of industry and commerce;
- (ii) Heshan Real Estate transfers all the creditor's rights in the shareholder loan in Zhuhai Real Estate to Tianyu Jurong ;
- (iii) Heshan Real Estate and Zhuhai Real Estate coordinate and successfully discharge the existing charge of the Zhuhai Land currently charged in favour of an independent trust company for a RMB650 loan; and
- (iv) Zhuhai Real Estate obtains the new business license in the relevant authority of administration of industry and commerce.

Assets to be acquired

The assets to be acquired by Tianyu Jurong is the entire equity interests and shareholder loan of Zhuhai Real Estate. The assets held by Zhuhai Real Estate is a plot of land of site area of approximately 80,000 sq.m. located in Pingsha New Town, Economic Zone of Gaolan Harbour, Zhuhai City, Guangdong province, the PRC. The plot of land in Zhuhai is charged to an independent trust company for a RMB650 million loan. The land use rights over the land area of GFA of 220,000 sq.m. are granted for a term of seventy (70) years commencing from January 2, 2018 and expiring on January 1, 2088 for the development of residential properties. But Zhuhai Real Estate is obliged to build up about GFA of 22,000 sq.m. for residential properties which are surrendered to the local government for free as social subsidized housing for talents and public rental housing.

Upon the completion of the Acquisition, the Company plans to develop such piece of Zhuhai land into residential properties.

INFORMATION OF ZHUHAI REAL ESTATE

Zhuhai Real Estate was established in Zhuhai City of PRC in December 2017 and is currently 100% held by Heshan Real Estate. The registered capital of Zhuhai Real Estate is RMB10 million which had paid up. Zhuhai Real Estate is principally engaged in property development and sales of residential properties in Zhuhai City, Guangdong province, the PRC, and its principal asset is a plot of residential Zhuhai Land.

Zhuhai Real Estate did not establish accounting books in 2017. Based on the unaudited management accounts as at 31 December 2018, Zhuhai Real Estate recorded revenue amounted to approximately RMB160,000 and net loss before tax and after tax are the same amounted to RMB440,000.

Based on the unaudited management accounts as at 31 October 2019, Zhuhai Real Estate's total asset is RMB129 million comprising mainly the Zhuhai Land. Its net asset deficiency is approximately of RMB170,000 comprising two biggest liabilities, namely the shareholder loan and the RMB650 million loan secured by the land which is due to an independent trust company. The unaudited management accounts of Zhuhai Real Estate show a revenue of RMB37,000 while net the loss before tax is RMB500,000 and net loss after tax is RMB370,000 for the first ten months of 2019.

Upon completion of the Acquisition, Zhuhai Real Estate 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 aforesaid 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, and the capture of merger and acquisition opportunities in the secondary land markets in Guangdong-Hong Kong-Macau Greater Bay Area, for the continuous enlargement of the company's development properties portfolio in this Guangdong-Hong Kong-Macau Greater Bay Area.

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 Zhuhai 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 Guangdong-Hong Kong-Macau Greater Bay Area.

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:

“Zhuhai Real Estate”	a company established in the Zhuhai City of PRC with limited liability and totally own the Zhuhai Land
“Heshan Real Estate”	a company established in the PRC with limited liability and holds the entire equity interest of Zhuhai Real Estate
“Acorn Alpha”	橡華投資諮詢（廣州）有限公司(Acorn Alpha Asset Management Company*), a company established in the PRC with limited liability
“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
“Acquisition”	According to the Equity Transaction Agreement, Tianyu Jurong, as the designated assignee of the transaction Target, acquire the Target at a consideration of RMB880 million.
“Target”	The entire equity and all the shareholder loan which Heshan Real Estate holds and will create in Zhuhai Real Estate
“Equity Transaction Agreement”	30 December 2019, Tianyu Jurong, as the designated assignee of the Target, acquires the entire equity interest and shareholder loan of the Zhuhai Real Estate at a consideration of RMB880 million
“Zhuhai Land”	A plot of land of site area of approximately 80,000 sq.m. located in Pingsha New Town, Economic Zone of Gaolan Harbour, Zhuhai City,

Guangdong province, the PRC. The land use rights over the land area of 220,000 sq.m. has been granted for a term of seventy (70) years commencing from January 2, 2018 and expiring on January 1, 2088 for the development of residential properties

“Group”	the Company and its subsidiaries
“Director(s)”	director(s) 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
“sq. m.”	square meters
“%” 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, 30 December 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.