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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

Reference is made to the announcement of the Company dated 8 July 2021 in relation to, among others, the deemed disposal of equity interest in a subsidiary.

THE CO-OPERATIVE DEVELOPMENT AGREEMENT

The Board announces that on 30 September 2021, Tianyu Jurong (being an indirect 80% owned subsidiary of the Company which holds 49% equity interests of the Target Company), Chongqing Hesheng (being an indirect wholly-owned subsidiary of the Company which holds 51% equity interests of the Target Company), Chongqing Tangcheng (as the subscriber) and Chongqing Zhiyuan (as the Target Company) entered into Co-operative Development Agreement pursuant to which Chongqing Hesheng agreed to increase its capital contribution in Chongqing Zhiyuan from RMB20,820,000 to RMB 60,000,000 and Chongqing Tangcheng agreed to make a capital contribution of RMB20,000,000 in Chongqing Zhiyuan and pay to Tianyu Jurong an amount of RMB84,778,000, being consideration for the acquisition of 20% equity interest in the Target Company.

Before the Capital Increase, the registered and paid up capital of Chongqing Zhiyuan is RMB40,820,000, which is 49% and 51% owned by Tianyu Jurong and Chongqing Hesheng respectively. After the completion of the Capital Increase, the registered capital of Chongqing Zhiyuan will be increased to RMB100,000,000 and will be held by Tianyu Jurong, Chongqing Hesheng and Chongqing Tangcheng as to 20%, 60% and 20%, respectively, and Chongqing Zhiyuan will remain a subsidiary of the Company.

Before the Capital Increase, Chongqing Zhiyuan is effectively an indirect 90.2% owned subsidiary of the company, mainly engages in real estate development and sales in China.

LISTING RULES IMPLICATIONS

Chapter 14

As the effective percentage equity interest of Chongqing Zhiyuan is reduced from 90.2% to 76% upon completion of the Capital Increase, the transactions contemplated under the Co-

operative Development Agreement constitute a deemed disposal of equity interest in the Chongqing Zhiyuan under Rule 14.29 of the Listing Rules.

As disclosed in the section headed “Particulars of the Parties”, Chongqing Tangcheng is a indirect subsidiary of Datang Group. Aggregate with the transaction which was disclosed in the Company’s announcement “Discloseable and Connected Transactions – Deemed Disposal of Equity Interest in a Subsidiary” dated 8 July 2021, 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 Co-operative Development 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”, Chongqing Tangcheng is a connected person at the Company’s subsidiary level. The Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Exemption under Rule 14A.101

- (1) The Transaction on terms of the Co-operative Development Agreement has been approved by the Board on 30 September 2021; and
- (2) all the independent non-executive directors have confirmed that the terms of the Co-operative Development 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.

Reference is made to the announcement of the Company dated 8 July 2021 in relation to, among others, the deemed disposal of equity interest in a subsidiary.

THE CO-OPERATIVE DEVELOPMENT AGREEMENT

On 30 September 2021, Tianyu Jurong, Chongqing Hesheng, Chongqing Tangcheng and Chongqing Zhiyuan entered into the Co-operative Development Agreement.

The principal terms of the Co-operative Development Agreement are set out below:

- Date : 30 September 2021
- Parties : (1) Tianyu Jurong, the Company’s indirect 80% owned subsidiary which holds 49% equity interests of the Target Company;
- (2) Chongqing Hesheng, the Company’s indirect wholly-owned subsidiary which holds 51% equity interests of the Target Company;

- (3) Chongqing Tangcheng, a limited liability company established in China, as the subscriber under the Co-operative Development Agreement; and
- (4) Chongqing Zhiyuan, as the Target Company, effectively the Company's indirect 90.2% owned subsidiary.

Transaction

Chongqing Hesheng agreed to increase its capital contribution in Chongqing Zhiyuan from RMB20,820,000 to RMB60,000,000 and Chongqing Tangcheng agreed to make a capital contribution of RMB20,000,000 in Chongqing Zhiyuan and pay to Tianyu Jurong an amount of RMB84,778,000, being consideration for the acquisition of 20% equity interest in the Target Company.

Before the Capital Increase, the registered capital of Chongqing Zhiyuan is RMB40,820,000 and Chongqing Zhiyuan is owned as to 49% by Tianyu Jurong and 51% by Chongqing Hesheng. Upon completion of the Capital Increase, the registered capital of Chongqing Zhiyuan will be increased to RMB100,000,000 and Chongqing Zhiyuan will be owned as to 20% by Tianyu Jurong, 60% by Chongqing Hesheng, and 20% by Chongqing Tangcheng. Chongqing Zhiyuan will remain a subsidiary of the Company

The consideration paid by Chongqing Tangcheng was determined on the basis of normal commercial terms and after arm's length negotiations with reference to the net aggregate asset value of Chongqing Zhiyuan for financial year ended 31 December 2020 and the investment costs incurred by Tianyu Jurong. The Board has approved the Transactions on 30 September 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

Chongqing Hesheng and Chongqing Tangcheng shall make the capital contribution of RMB39,180,000 and RMB20,000,000 respectively in Chongqing Zhiyuan upon fulfilment of the conditions precedent; and Chongqing Tangcheng shall pay the net consideration in an amount of RMB77,581,956.20 to Tianyu Jurong (after netting off the proportionate distribution of surplus cash in Chongqing Zhiyuan of RMB7,196,043.80) in an escrow account within 5 business days upon the fulfilment of the conditions precedent which will then be released to Tianyu Jurong after completion of the business registration with the local Administration for Industry and Commerce concerning the Capital Increase and other relevant closing procedures.

Conditions precedent

Completion of the Capital Increase is subject to the fulfilment of the conditions that the relevant pledges on lands or equity interests of the Target Company having been released.

Shareholding structure

Before the Capital Increase, the registered capital of Chongqing Zhiyuan is 49% owned by Tianyu Jurong and 51% owned by Chongqing Hesheng. Upon completion of the Capital Increase, Chongqing Zhiyuan will be owned as to 20% by Tianyu Jurong, 60% by Chongqing Hesheng, and 20% by Chongqing Tangcheng. Chongqing Zhiyuan will remain a subsidiary of the Company.

Completion

The completion of the Capital Increase shall take place upon 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 Chongqing Zhiyuan after Capital Increase

The board of directors of Chongqing Zhiyuan shall consist of five directors: (1) Tianyu Jurong nominates one director, (2) Chongqing Hesheng nominates two directors, (3) Chongqing Tangcheng nominate one director, and (4) a creditor who had provided a loan to Chongqing Zhiyuan nominates one director.

Information of Chongqing Zhiyuan

Chongqing Zhiyuan is 49% owned by Tianyu Jurong and 51% owned by Chongqing Hesheng, and is in aggregate effectively 90.2% indirectly owned by the Company before the Capital Increase. Chongqing Zhiyuan has a registered and paid up capital of RMB40,820,000, mainly engaged in real estate development and commercial housing sales in China. As at the date of this announcement, Chongqing held a residential property project under construction in Xinsheng Village, Bicheng Street, Bishan District, Chongqing City, the PRC which will be developed into residential and ancillary commercial properties of GFA 448,000 sq.m. (saleable GFA of 359,000 sq.m.).

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

	For the year ended 31 December	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Total asset	682,554	601,656
Total equity	575,005	581,606
Net loss before taxation	6,600	49
Net loss after taxation	6,600	49

FINANCIAL EFFECTS OF THE TRANSACTION

Before the Capital Increase, Chongqing Zhiyuan is 49% owned by Tianyu Jurong and 51% owned by Chongqing Hesheng, and in aggregate is effectively 90.2% held indirectly by the Company. Upon completion of the Capital Increase, the registered capital of Chongqing Zhiyuan will be held by Tianyu Jurong, Chongqing Hesheng and Chongqing Tangcheng as to 20%, 60% and 20% respectively, and Chongqing Zhiyuan will continue to be a subsidiary of the Company. As a result, the financial results of Chongqing Zhiyuan 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 Chongqing Zhiyuan 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. And also allow Tianyu Jurong to enrich its cash resource. Therefore, the Company considers that the entering into of the Co-operative Development Agreement and the transactions contemplated thereunder are in the interest of the Company.

The Co-operative Development 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 indirect 80% owned subsidiary of the Company, is a limited liability company incorporated in Nanning City, China, mainly engaged in property development business in China.

(2) Chongqing Hesheng

Chongqing Hesheng, an indirect wholly-owned subsidiary of the Company, is a limited liability company incorporated in Chongqing, China, mainly engaged in property development business in China

(3) Chongqing Zhiyuan

Chongqing Zhiyuan, effectively an indirect 90.2% owned subsidiary of the Company, is a limited liability company incorporated in Chongqing, China, mainly engaged in property development business in China.

(4) Chongqing Tangcheng

Chongqing Tangcheng is a limited liability company established in the PRC. 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 Chongqing Tangcheng, 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 Chongqing Tangcheng constitutes a connected person of the Company at the subsidiary level.

LISTING RULES IMPLICATIONS

Chapter 14

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As disclosed in the section headed “Particulars of the Parties”, Chongqing Tangcheng is an indirect subsidiary of Datang Group. Aggregate with the transaction which was disclosed in the Company’s announcement “Discloseable and Connected Transactions – Deemed Disposal of Equity Interest in a Subsidiary” dated 8 July 2021, 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”, Chongqing Tangcheng is a connected person at the Company’s subsidiary level. The Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Exemption under Rule 14A.101

- (1) The Transaction on terms of the Co-operative Development Agreement has been approved by the Board on 30 September 2021; and
- (2) all the independent non-executive directors have confirmed that the terms of the Co-operative Development 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.

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
“Co-operative Development Agreement”	the co-operative development agreement dated 30 September 2021 entered into by Tianyu Jurong, Chongqing Tangcheng, Chongqing Hesheng and Chongqing Zhiyuan, pursuant to which Chongqing Hesheng agreed to increase its capital contribution in Chongqing Zhiyuan from RMB20,820,000 to RMB 60,000,000 and Chongqing Tangcheng agreed to make a capital contribution of RMB20,000,000 in Chongqing Zhiyuan and pay to Tianyu Jurong an amount of RMB84,778,000, being consideration for the acquisition of 20% equity interest in the Target Company
“Chongqing Hesheng”	重慶核盛房地產開發有限公司 (Chongqing Hesheng Property Development 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 development business in China

Chongqing Tangcheng”	重慶唐承房地產開發有限公司 (Chongqing Tangcheng Property Development Co., Ltd.*), a limited liability company established in the PRC. It is an indirect subsidiary of Datang Group and is a connected person of the Company at the subsidiary level
“Chongqing Zhiyuan” or “Target Company”	重慶之遠地產有限公司 (Chongqing Zhiyuan Property Co., Ltd.*), effectively an indirect 90.2% owned subsidiary of the Company, being a limited liability company incorporated in the PRC, and is mainly engaged in property development business in China
“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 indirect 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”	南寧天譽巨榮置業有限公司 (Nanning Tianyu Jurong Realty Co., Ltd.*), an indirect 80% owned subsidiary of the Company, being a limited liability company incorporated in the PRC, and is mainly engaged in property development business in China
“Transaction” or “Capital Increase”	the increase in capital contribution to be made by Chongqing Hesheng and Chongqing Tangcheng to Chongqing Zhiyuan on the terms of the Co-operative Development Agreement
“%” 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 September 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.