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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)

VERY SUBSTANTIAL DISPOSAL

Financial Adviser in relation to the Disposal



ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED
卓亞(企業融資)有限公司

THE DISPOSAL

The Board is pleased to announce that on 26 July 2010, the Company, HNA Hotel, Yaubond and Huan Cheng entered into the Agreement, pursuant to which HNA Hotel has conditionally agreed to acquire, and the Company and Yaubond have conditionally agreed to dispose of the entire equity interest in Huan Cheng and assign the debt due of approximately RMB144 million (equivalent to approximately HK\$166 million) (subject to change based on the management accounts of Huan Cheng as at the Completion Date) by Huan Cheng to Yaubond and its related companies at a total consideration of RMB1,090 million (equivalent to approximately HK\$1,253 million) (subject to adjustments) in cash.

Upon Completion, Huan Cheng will cease to be a subsidiary of the Company. The financial results, assets, liabilities and cash flows of Huan Cheng will be deconsolidated from the Group's consolidated financial statements. After Completion, the Company's properties held for/under development include its 55% interest in the development project in Guiyang City, Guizhou Province, the PRC and the entire interest in the development project in Zhoutouzui, Guangzhou City, Guangdong Province, the PRC.

After considering the Group's current financial position and the repayment commitments of the Company under the Noteholders Agreement and the Restructuring Agreement and the terms of the Disposal, the Directors believe that the Disposal is in the best interests of the Company and the Shareholders as a whole. The net proceeds from the Disposal will be approximately HK\$992 million after making adjustments based on the management accounts of Huan Cheng as at 30 June 2010, of which approximately HK\$498 million will be used as working capital and approximately HK\$494 million will be used for fulfilling the Company's obligations under the Noteholders Agreement and the Restructuring Agreement.

IMPLICATIONS OF THE LISTING RULES

The Disposal constitutes a very substantial disposal for the Company and is subject to, among other things, publication of an announcement, a circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

A circular containing, among other things, (i) further details of the Disposal; (ii) financial information of Huan Cheng; (iii) unaudited pro forma financial information of the Remaining Group; and (iv) a notice of the SGM will be despatched to the Shareholders as soon as practicable. It is expected that the circular will be despatched on or before 11 August 2010, which is 11 business days after the publication of the announcement.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the Shares has been suspended since 9:30 a.m. since 3 November 2009 at the request of the Company and will remain suspended until further notice. The Company is currently preparing an application to the Stock Exchange for resumption of trading in the Shares. The Director will use its best endeavors to resume trading in the Shares as soon as possible.

Reference is made to (i) the announcement of the Company dated 23 February 2010 in relation to the Second Agreement entered into between Huan Cheng and Guang Li in connection with the Tianhe Land; (ii) the announcement of the Company dated 8 June 2010 in relation to the Noteholders Agreement in connection with the settlement of the Notes; and (iii) the announcement of the Company dated 9 June 2010 in relation to the Restructuring Agreement in connection with the settlement of the Sky Honest Loan.

The Board is pleased to announce that on 26 July 2010, the Company, HNA Hotel, Yaubond and Huan Cheng entered into the Agreement, pursuant to which HNA Hotel conditionally agreed to acquire, and the Company and Yaubond conditionally agreed to dispose of, the entire equity interest in Huan Cheng at the Consideration in cash. Principal terms of the Agreement are set out as follows.

THE AGREEMENT

Date

26 July 2010

Parties

- (1) Yaubond. As at the date of this announcement, Yaubond beneficially holds the entire equity interest in Huan Cheng;
- (2) the Company, together with Yaubond as vendors;

- (3) HNA Hotel as purchaser; and
- (4) Huan Cheng as the project company

HNA Hotel is an investment holding company whose subsidiaries are principally engaged in the investment in and management of hotels and golf clubs. Reference is made to the Company's announcement dated 13 January 2010, the Company disposed of and HNA Hotel acquired the entire equity interest in 廣州市城建天譽房地產開發有限公司 (Guangzhou Cheng Jian Tianyu Real Estate Development Company Limited*), a then indirect wholly-owned subsidiary of the Company, which also constituted a very substantial disposal of the Company and was completed on 28 December 2009. Save as the aforesaid and the Agreement, HNA Hotel has not entered into any agreement with the Group. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, HNA Hotel and its ultimate beneficial owners do not hold any Shares as at the date of the Announcement and are third parties independent of the Company and its connected persons.

Assets to be disposed of

The entire equity interest in Huan Cheng was beneficially held by Yaubond as at the date of this announcement, and the assets of which mainly comprise the Tianhe Land.

Consideration

An aggregate of RMB1,090 million (equivalent to approximately HK\$1,253 million) (subject to adjustments as described below) is payable by HNA Hotel in cash in installments as the Consideration.

Payment of the Consideration by HNA Hotel shall be subject to the satisfaction of the following conditions:

- a) HNA Hotel being satisfied with the results of the due diligence review of, including but not limited to, the legal, engineering and financial aspects of Huan Cheng and the Tianhe Land, and the Agreement being approved by HNA Hotel's shareholders at a general meeting. For the avoidance of doubt, such due diligence review shall be concluded by HNA Hotel and the shareholders' meeting of HNA Hotel shall be convened within ten (10) days from the date of the Agreement;
- b) the Agreement being approved by passing of the resolutions at the meeting of the Board and the Shareholders at the SGM within two months from the date of the Agreement;
- c) the termination of all prior agreements entered into between Huan Cheng and Guang Li, including but not limited to the Second Agreement, and the cancellation of all liabilities or obligations owed by Huan Cheng to Guang Li;

- d) all permits and approvals obtained regarding the development of the Tianhe Land, including but not limited to 《國有土地使用証》 (Certificate for the Use of State-Owned Land), 《建設用地規劃許可証》 (the Planning Permit on Land for Construction Use), 《建設工程規劃許可証》 (the Planning Permit on Construction Works) and 《建設工程施工許可証》 (the Working Permit on Construction Works), and the commencement of the construction work on the Tianhe Land;
- e) the written resignations of all the directors, supervisors and senior management of Huan Cheng, with their declarations of not claiming any liabilities against Huan Cheng thereafter being approved by HNA Hotel; and
- f) the Disposal and share transfer in relation to Huan Cheng approved by the Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality.

The Company is currently negotiating with Guang Li to terminate the Second Agreement and all prior agreements and expects that a binding agreement will be reached imminently. Based on the current status of negotiations, no compensation has to be paid by the Group to Guang Li for the termination of the Second Agreement and all prior agreements. Upon termination of the Second Agreement, Huan Cheng will have no liabilities or obligations owing to Guang Li.

HNA Hotel may at its discretion waive any of the conditions above, except (b), where applicable. If the conditions mentioned above cannot be fulfilled (or waived) by the earlier of (i) 31 December 2010 or (ii) the date of Yaubond receiving the first installment from HNA Hotel, HNA Hotel will have the discretion to either continue or terminate the Agreement.

The Consideration shall be satisfied by stage payment in the following manners:

1. a sum of RMB600 million (equivalent to approximately HK\$690 million) as first installment being paid by HNA Hotel by the later of (i) ten days after the fulfillment of all the conditions precedent or being waived by HNA Hotel as described above; or (ii) three months after the date of the Agreement;
2. a sum of RMB350 million (equivalent to approximately HK\$402 million) as second installment, being satisfied by the later of (i) six months after the payment of first installment of the Consideration; or (ii) any other date as agreed between HNA Hotel and Yaubond; and
3. the remaining balance after any adjustment (as described below) to be paid after HNA Hotel being satisfied with the construction work on the Tianhe Land and Huan Cheng having obtained 房地產權屬証明 (the Real Estate Ownership Certificate) in relation to the completed properties on the Tianhe Land.

The Consideration to be paid by HNA Hotel shall be increased if Huan Cheng has a net asset position or decreased if Huan Cheng has a net liability position, other than the land use right of Tianhe Land (with a book value of approximately HK\$407 million as at the date of 30 June 2010) as shown on the management accounts of Huan Cheng as at the Completion Date. Based on the management accounts of Huan Cheng as at 30 June 2010, Huan Cheng will be in net assets position (other than the Tianhe Land) of approximately HK\$13 million. As at 30 June 2010, there was a current liability of approximately HK\$166 million due by Huan Cheng to Yaubond and its associates. This debt will be assigned to HNA Hotel upon Completion on a dollar-for-dollar basis which has already been included in the Consideration and will not be shown on the management accounts of Huan Cheng as at the Completion Date. Except for this, it is already known that a contracted liability of approximately HK\$8 million arising mostly from the outstanding decoration costs for the new fire station and assets mostly relating to prepaid construction costs and performance bonds totaling approximately HK\$21 million have been booked in the management accounts of Huan Cheng. The Directors expect that other than the land use right of Tianhe Land, the net asset value or net liability value as reflected in the management accounts of Huan Cheng as at the Completion Date is relatively insignificant as compared with the Consideration.

In addition, the Consideration will be subject to adjusting downward as follows: (i) if there are any liabilities incurred to Huan Cheng arising from any guarantee made in favour of third parties on the Completion Date. The Directors do not expect any such guarantee will incur before the Completion Date; (ii) if there are any charges committed by Huan Cheng arising from future design and project management costs in relation to the development of the Tianhe Land. The Directors expect such charges will cost approximately RMB20 million (equivalent to approximately HK\$23 million); (iii) as agreed between the parties, a contractor, which is a successful bidder in relation to the development of the Tianhe Land will be engaged by Huan Cheng and be retained by HNA Hotel after Completion. Pursuant to the existing construction plan in relation to the development of the Tianhe Land, the construction costs are estimated to be approximately RMB1,210 million (equivalent to approximately HK\$1,391 million). The Company is authorised to monitor the progress of the construction works on the Tianhe Land. If Huan Cheng delays in making payments to the contractor and therefore causes increase in the construction costs, the Company shall bear such excess costs (with any additional tax incurred) with a maximum of RMB20 million (equivalent to approximately HK\$23 million). As at the date of this announcement, the Directors do not expect any delay in making payment(s) to the contractor. In addition, the Company shall bear any excess construction costs to be incurred upon implementation of the existing construction plan, which are not due to any changes in design plans; and (iv) by 50% of the finance costs for the development costs in relation to the Tianhe Land. The Directors expect the finance costs to be shared by Yaubond and the Company will be approximately RMB100 million (equivalent to approximately HK\$115 million).

The Consideration was determined after arm's length negotiations between the Company and HNA Hotel with reference to (i) the appraised value of the Tianhe Land of RMB1,147 million (equivalent to approximately HK\$1,319 million) based on the valuation report on the Tianhe Land as at 30 June 2010 prepared by DTZ Debenham on the assumption that the relocation works have been completed and the Tianhe Land is vacant; and (ii) the financial pressure faced by the Group arising from the payment obligations pursuant to the Noteholders Agreement and the Restructuring Agreement. The Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

If HNA Hotel delays payment of Consideration without any reasonable excuse, HNA Hotel shall be obliged to pay a daily penalty payment of 0.03% of the overdue amount of the Consideration.

Completion

Completion shall take place upon the change of the registered shareholders of Huan Cheng at the State Administration for Industry and Commerce of the PRC and completion of all the subsequent procedures. Upon Completion, Huan Cheng will cease to be a subsidiary of the Company. The financial results, assets, liabilities and cash flows of Huan Cheng will be deconsolidated from the Group's consolidated financial statements. The Directors expect that Completion will take place on or about 10 October 2010, and that the first installment of the Consideration will be received on or about 15 November 2010. The construction works on the Tianhe Land and the Disposal are expected to be completed in around 2013.

INFORMATION ON HUAN CHENG

Huan Cheng was incorporated in the PRC on 12 October 2004 and is currently a wholly foreign-owned enterprise with a registered capital of RMB220 million which has been fully paid up. The application for an increase of the registered capital of RMB420 million has been approved by the Ministry of Commerce of the PRC on 14 August 2008 but the increase of registered capital has not been completed by Yaubond. Huan Cheng has not carried on any business since its establishment other than having the land use right of the Tianhe Land.

The directors of Huan Cheng reported that the issue of idle land has been resolved, and all necessary regulatory permits and approvals for the construction of the Tianhe Land have been obtained.

The Tianhe Land is situated at the junction of Tianhe Bei Road and Linhe Dong Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC and having a development site area of approximately 7,217 sq.m.. Huan Cheng has obtained the land use right certificate issued by Bureau of Land Resources and Housing Management of Guangzhou Municipal for a term of 40 years for commercial use, commencing from 12 April 2005 and the relevant land use permits in respect of the Tianhe Land. As valued by DTZ Debenham, the market value of the Tianhe Land in its existing state as at 30 June 2010 was RMB1,147 million (equivalent to approximately HK\$1,319 million). Under the current plan, the Tianhe Land is planned to be developed into a 50-storey (portion 4-storey commercial podium and 43-storey hotel building) for commercial, hotel and office use (with six levels of basement) with a total gross floor area of 112,490 sq.m.. As at the date of this announcement, foundation works on the Tianhe Land has been commenced. The Company is in the process of relocating the fire station which is expected to be completed on or before 31 December 2010. According to the reply letter of the development proposal application issued on 23 July 2008, Guangzhou Urban Planning Bureau has agreed the development proposal to relocate and reconstruct the fire station outside the current site and the entire site of the Tianhe Land can be used for commercial and/or office purpose after the relocation of the fire station is completed.

Set out below is the financial information of Huan Cheng which is prepared in accordance with the Hong Kong Financial Reporting Standards by the Directors:

	For the year		For the
	ended 31 December		six months
	2008	2009	ended 30 June
	(HK\$ million)	(HK\$ million)	(HK\$ million)
	(unaudited)	(unaudited)	(unaudited)
Revenue	–	–	–
Loss before and after tax	(4.2)	(5.3)	(8.5)

The net loss before and after taxation recorded for the year ended 31 December 2009 was mainly attributable to operating costs, mainly staff costs, incurred in the early stage of development of the Tianhe Land.

	As at 31 December		As at 30 June
	2008	2009	2010
	(HK\$ million)	(HK\$ million)	(HK\$ million)
	(unaudited)	(unaudited)	(unaudited)
Net assets value	244.8	239.9	234.3

The decrease in net assets value of Huan Cheng as at 31 December 2009 was mainly attributable to the operating losses incurred during the year.

REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

The Company is an investment holding company and its principal subsidiaries are engaged in investment holding, property development, provision of project management and related services in the PRC. Upon Completion, the Company's properties held for/under development include its 55% interest in the development project in Guiyang City, Guizhou Province, the PRC and the entire interest in the development project in Zhoutouzui, Guangzhou City, Guangdong Province, the PRC. The Company will also continue its principle activities in lease of investment properties and sale of developed properties.

After considering the Company's current financial position and the payment obligations of the Company pursuant to the Noteholders Agreement and Restructuring Agreement and the terms of the Disposal, the Directors believe that the Disposal will be in the best interests to the Company and the Shareholders as a whole. The net proceeds from the Disposal will be approximately HK\$992 million after making adjustments based on the management accounts of Huan Cheng as at 30 June 2010, of which approximately HK\$498 million will be used as working capital and approximately HK\$494 million will be used for fulfilling its obligations under the Noteholders Agreement and the Restructuring Agreement.

As set out in the announcement of the Company dated 8 June 2010 and 9 June 2010, the Company entered into the Noteholders Agreement and the Restructuring Agreement respectively, pursuant to which the Company has paid the first installment to the Noteholders and the lenders of the Sky Honest Loan and it will be required to pay the outstanding second installment of approximately US\$51,420,000 (after setting off the cash balances of US\$2,180,000 in escrow accounts) and HK\$61,600,000, which total to an aggregate outstanding indebtedness of approximately HK\$463 million, and shall be paid on or before 4 October 2010 without incurring any additional interest. Given that the first installment of the Consideration is expected to be received on or about 15 November 2010 and the Company will immediately use this proceed to repay the Noteholders and the lenders of the Sky Honest Loan, the Company is obliged to pay an additional interest costs of approximately HK\$22.7 million and reimbursable expenses of approximately HK\$5 million to the Noteholders and an additional interest of approximately HK\$3.3 million to the lenders of the Sky Honest Loan pursuant to the Noteholders Agreement and the Restructuring Agreement respectively.

As at the date of this announcement, the Group only had a balance of unrestricted cash of approximately HK\$17 million, which is insufficient to meet the upcoming second installments under the Restructuring Agreement and the Noteholders Agreement, the Company thus decided to dispose the entire interests in Huan Cheng to satisfy the payment.

FINANCIAL EFFECT OF THE DISPOSAL

As a result of the Disposal, subject to confirmation by the Company's auditors, the Group expects to realise a gain on disposal of approximately HK\$309 million from the Disposal, which is calculated after making adjustments to the Consideration by adding the net assets balance of approximately HK\$13 million (based on the management accounts of Huan Chen as at 30 June 2010 and excluding the Tianhe Land) and deducting the amount of the following items, inter alia, (1) the 50% of the finance cost for the development costs of the Tianhe Land which is estimated to be approximately HK\$115 million, (2) known and future design and project management costs in relation to the development of the Tianhe Land in total of approximately HK\$23 million, (3) estimated transaction costs and resulting taxes of approximately HK\$137 million, and (4) the carrying value of the investment in Tianhe Land of HK\$756 million attributable to the Group (being the total assets of approximately HK\$874 million less liabilities of approximately HK\$118 million), and adding the realisation of foreign exchange reserve and other reserve upon the Disposal of approximately HK\$74 million.

OPERATIONS ON THE REMAINING GROUP

The Directors believe that the anticipated settlements with the Noteholders and lenders of the Sky Honest Loan lenders after the second installments are paid with the net proceeds from the Disposal will substantially reduce the liabilities and finance costs of the Group. In addition, the Disposal can provide the Group with sufficient financial resources to allow the management to use its endeavors in running its existing development projects on hand.

Subsequent to the Disposal, the Remaining Group will have one investment property, a commercial podium of approximately 20,000 sq.m. at Tianyu Garden Phase 2 in Tianhe District, a prime business hub in Guangzhou. The Group has been receiving stable rental annualized income of approximately HK\$17 million from the leasing of the property which now has an occupancy rate of approximately 64%, with renowned corporations and the US consulate as tenants. The property's open market value is approximately HK\$417 million as at 31 December 2009.

For the property development business, the Remaining Group holds the land use right of two pieces of land in the PRC:

Guiyang Project

The Group holds a 55% stake of the project, which consists of high-end residential apartments of a total GFA of approximately 580,000 sq.m. and community facilities in Guiyang, Guizhou Province, the PRC. The first phase of the project with a total GFA of approximately 90,000 sq.m. was launched for pre-sale in the second quarter of 2009 and 90% of which have been contracted and sale proceeds of HK\$370 million have been received from buyers as at 30 June 2010. The proceeds will be recognised as income in the second half of the year after the completed residential units are delivered to buyers for occupation starting from early July. The second phase of the project with a total GFA area of approximately 209,000 sq.m. is under construction which is ready to be marketed before the end of this year.

The project is held by a 55%-held subsidiary of the Company. The land and construction in progress has an open market value attributable to the Group of approximately HK\$501 million as at 31 December 2009.

Zhoutouzui Project

The management is performing and will imminently complete all procedures in obtaining the necessary permits and approvals from the government to facilitate the immediate commencement of construction work on the site, which is realistically expected to take place within 2010. Properties will be developed on a plot of land with a site area of approximately 86,557 sq.m. with a planned GFA of approximately 316,141 sq.m. consisting of mainly residential, office and service apartments, and ancillary facilities of commercial and carparks. The site, opposite to the renowned White Swan Hotel, Guangzhou Guangdong Province, the PRC, offers a GFA of approximately 146,077 sq.m. for the construction of riverfront residential units with full view of the Pearl River.

The land use right is 100% held by a wholly-owned subsidiary of the Company. However, pursuant to a joint development agreement dated 18 September 2001 entered into among the wholly-owned subsidiary and the other two independent third parties, the Group will only share 72% interest in the completed properties to be completed on the site. The land is in vacant possession and has an open market value attributable to the Group of HK\$1.6 billion as at 31 December 2009.

IMPLICATIONS OF THE LISTING RULES

The Disposal constitutes a very substantial disposal of the Company and is subject to, among other things, publication of an announcement, a circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

GENERAL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll and therefore the ordinary resolutions to be put to vote at the SGM will be taken by way of poll as required by the Listing Rules.

Reference is made to the circular of the Company in relation to the disposal of the entire equity interest in 廣州市城建天譽房地產開發有限公司(Guangzhou Cheng Jian Tianyu Real Estate Development Company Limited*) to HNA Hotel dated 16 October 2009. Given that the share charges made by Sharp Bright International Limited ("Sharp Bright") and Grand Cosmos Holdings Limited ("Grand Cosmos") in favour of the Trustee as part of the security of the Notes are still in force as at the date of this announcement, the proceeds from the Disposal will be mostly used to settle the Notes and the Sky Honest Loan and the Shares pledged to the Trustee will then be released free from encumbrances. In such regard, Mr. Yu, Grand Cosmos and Sharp Bright, the Noteholders and the lenders of the Sky Honest Loan are deemed to have interest in the Disposal which is different from other Shareholders, and shall abstain from voting on the resolution in respect of the Disposal at the SGM.

As at the date of the announcement, to the best knowledge of the Directors, (i) Mr. Yu, Grand Cosmos, and Sharp Bright together directly and indirectly hold 1,058,112,271 Shares; and (ii) lenders of the Sky Honest Loan together hold 7,699,184 Shares and (iii) other Noteholders together hold 8,413,185 Shares.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquires, no other Shareholder is required to abstain from voting in respect of the resolutions in relation to the Disposal at the SGM.

A circular containing, among other things, (i) further details of the Disposal; (ii) financial information of Huan Cheng; (iii) unaudited pro forma financial information of the Remaining Group; and (iv) a notice of the SGM will be despatched to the Shareholders as soon as practicable. It is expected that the circular will be despatched on or before 11 August 2010, which is 11 business days after the publication of the announcement.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the Shares has been suspended since 9:30 a.m. since 3 November 2009 at the request of the Company and will remain suspended until further notice. The Company is currently preparing an application to the Stock Exchange for resumption of trading in the Shares. The Director will use its best endeavors to resume trading in the Shares as soon as possible.

The Company will keep the shareholders of the Company informed when material developments take place.

DEFINITIONS

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

“Agreement”	the agreement entered into between the Company, HNA Hotel, Yaubond and Huan Cheng dated 26 July 2010 in relation to the Disposal
“Board”	board of Directors
“Business Day(s)”	a day (not a Saturday, Sunday or public holiday in the PRC) on which licensed banks in the PRC are generally open for business during their normal business hours
“Company”	Skyfame Realty (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange (stock code: 00059)
“Completion”	completion of the Disposal pursuant to the terms of the Agreement
“Completion Date”	the date on which the new business license of Huan Cheng is obtained showing HNA Hotel has become the owner of the entire equity interest in Huan Cheng
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of the Disposal, being RMB1,090 million (equivalent to approximately HK\$1,253 million) (subject to adjustments as described in the section headed “Consideration”)
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire equity interest in Huan Cheng by Yaubond and the Company to HNA Hotel
“DTZ Debenham”	DTZ Debenham Tie Leung Limited, an independent professional valuer

“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Guang Li”	廣西廣利貿易有限責任公司 (Guangxi Guang Li Trading Limited*), a state-owned enterprise, incorporated in the PRC
“HNA Hotel”	海航酒店控股集團有限公司 (HNA Hotel Holdings Group Co. Limited*), a company incorporated in the PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huan Cheng”	廣州寰城實業發展有限公司 (Guangzhou Huan Cheng Development Company Limited*), a wholly owned foreign enterprise incorporated in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yu”	Mr. Yu Pan, the executive Director and chairman of the Company, is a controlling Shareholder through his 100% interest in Sharp Bright International Limited, which wholly owns Grand Cosmos Holdings Limited, which in turn holds 963,776,271 Shares, representing approximately 65.22% of the issued share capital of the Company as at the date of this announcement
“Noteholders”	the holders of the Notes
“Noteholders Agreement”	an agreement dated 7 June 2010 entered into between Yue Tian Development Limited, the Company, The Hongkong and Shanghai Banking Corporation Limited, Mr. Yu Pan, the participating noteholders and the Provisional Liquidators in relation to the settlement of the Notes
“Notes”	the US\$200 million 4% secured convertible notes due 2013 issued by the Company, which has an aggregate outstanding principal of US\$192,000,000 as at the date of this announcement (before netting off the first installment of US\$100,000,000 and the escrow monies of approximately US\$2,180,000 transferred to the Noteholders’ account on 30 June 2010)

“PRC”	the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Provisional Liquidators”	Messrs. Stephen Liu Yiu Keung and David Yen Ching Wai, the joint and several provisional liquidators of the Company, both of Ernst & Young Transactions Limited acting without personal liability, during the period between 6 November 2009 and 9 July 2010
“Remaining Group”	the Group upon the Completion
“Restructuring Agreement”	an agreement dated 9 June 2010 entered into between Sky Honest Investments Corp., Chain Up Limited, the Company, Yaubond and Lehman Brothers Commercial Corporation Asia Limited (In Liquidation) in relation to the settlement of the Sky Honest Loan
“Second Agreement”	the agreement dated 21 February 2010 entered into between Huan Cheng and Guang Li pursuant to which Guang Li would negotiate with and seek to obtain the concession from the relevant government authorities in relation to the land use right of the Tianhe Land and participate in the investment for the development of the Tianhe Land project, and in exchange, Guang Li would share 50% of the future after tax profit or loss of Huan Cheng in the development of the Tianhe Land
“SGM”	the special general meeting of the Company to be convened and held to approve the Agreement and the transactions contemplated thereunder
“Share(s)”	shares of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Sky Honest Loan”	Sky Honest Investments Corp.’s loan that arranged by Lehman Brothers Commercial Corporation Asia Limited (In Liquidation) of a principal amount of HK\$220 million under a bridging loan agreement
“Tianhe Land”	the Tianhe Land is situated at the junction of Tianhe Bei Road and Linhe Dong Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC and having a development site area of approximately 7,217 sq.m.

“Trust Deed”	a trust deed dated 4 May 2007 (as amended and supplemented from time to time) constituting the Notes entered into by and among, inter alia, the Company, The Hongkong and Shanghai Banking Corporation Limited as the trustee and the security Trustee
“Trustee”	The Hongkong and Shanghai Banking Corporation Limited, being the trustee and security trustee under the Trust Deed
“Yaubond”	Yaubond Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company, which holds 100% of Huan Cheng
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square meters
“US\$”	United State dollar(s), the lawful currency of the United States of America
“%”	per cent.

Unless otherwise specified in this announcement, translation of RMB into HK\$ and US\$ into HK\$ are made in this announcement, for illustration purpose only, at the rate of RMB0.8696 to HK\$1 and US\$1 to HK\$7.8 respectively. No representation is made that any amount in RMB or US\$ could have been converted at that rate or any other rates.

By Order of the Board
Skyfame Realty (Holdings) Limited
Yu Pan
Chairman

Hong Kong, 27 July 2010

As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely Mr. Yu Pan (chairman), Mr. Lau Yat Tung, Derrick (deputy chairman) and Mr. Wong Lok; and four independent non-executive directors, namely Mr. Choy Shu Kwan, Mr. Cheng Wing Keung, Raymond, Ms. Chung Lai Fong and Mr. Jerry Wu.

* *for identification purposes only*