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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)

(已委任臨時清盤人)

(Provisional Liquidators Appointed)

ANNOUNCEMENT

Reference is made to the announcements of the Company dated 29 January 2010 and 1 February 2010 regarding, *inter alia*, the possible forfeiture of the land use right of the Tianhe Land by government authorities.

The board of Directors was informed on 12 February 2010 that on 4 February 2010, Huan Cheng and Guang Li entered into the First Agreement pursuant to which Guang Li would negotiate with and seek to obtain the Concession from the relevant government authorities in relation to the Tianhe Land and participate in the investment for the development of the 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. On 21 February 2010, Huan Cheng and Guang Li entered into the Second Agreement to supersede the First Agreement.

Pursuant to the Second Agreement, the principle key terms are as follows: 1) Huan Cheng's shareholder, i.e. Yaubond, will make Capital Injection of RMB150 million to increase the registered capital of Huan Cheng from RMB220 million to RMB370 million in two months from the date of entering into the Second Agreement. The RMB150 million will be paid by Yaubond out of its working capital. Guang Li agreed to provide a loan of RMB50 million to Huan Cheng, bearing an interest rate with reference to the then prevailing market interest rate, for the purpose of future capital injection so that the registered capital of Huan Cheng will reach RMB420 million; 2) in addition to the Capital Injection, Huan Cheng will be responsible for the pre-development costs incurred prior to obtaining the construction permit and bear all costs and expenses in relation to obtaining such permit; 3) Guang Li agreed to negotiate with the relevant government authorities in relation to the Idle Land Issue and to seek to obtain the Concessions within 6 months from the completion date of the Capital Injection by Huan Cheng and bear all the costs and expenses involved in resolving the Idle Land Issue; 4) in return, Guang Li would share equally the after tax profit or loss, risk and third party liabilities in relation to the sales or leasing of the commercial properties of the Tianhe Land upon completion of the construction; and 5) in the events of default as provided under the Second Agreement including, amongst others, the failure to complete the Capital Injection on time or the change of ownership structure, legal representative or directors of Huan Cheng, or disposal or pledge of shares in Huan Cheng without Guang Li's written consent, Guang Li would be entitled to either (i) acquire (or nominate another party to acquire) the land use right of the Tianhe Land at half the book value of the investment on the Tianhe Land and half of any pre-development costs borne by Huan Cheng prior to obtaining the construction permit, with an aggregate cap of approximately RMB161 million; or (ii) be compensated with a sum of an amount two times of the costs and expenses incurred by Guang Li under the Second Agreement plus an addition amount of RMB50 million.

INFORMATION ON HUAN CHENG AND THE GROUP

Huan Cheng, an indirectly wholly-owned subsidiary of the Company, was established in the PRC on 12 October 2004 and is principally engaged in property development. Huan Cheng has not carried out any business since its establishment other than the acquisition, holding of the land use right of and carrying out development works on the Tianhe Land.

On 14 August 2008, the Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality approved Huan Cheng's application to increase its registered capital to RMB420 million for the purpose of development of the Tianhe Land. However, such capital injection has not been made because of the adverse financial situation of the Group. The failure in the capital injection has adversely affected the business and financial creditability of Huan Cheng, contributing partly to the Tianhe Land being scrutinized by the government authorities for the delay in development.

On 2 November 2009, Messrs. Lai Kar Yan, Yeung Lui Ming and Darach E. Haughey of Deloitte were appointed as Receivers. Reference is made to the announcement of the Company dated 3 November 2009.

Huan Cheng's immediate holding company is Yaubond whose board of directors consists of Messrs. Edward Simon Middleton and Patrick Cowley of KPMG, who were also acting as the receivers and managers of the security assets (as described below), and the Receivers and Mr. Yeung Wallace Wai Yim from Deloitte. However, due to the number of the appointees exceeded the maximum number of directors as stated in the articles of association of Yaubond, the appointment of the Receivers and Mr. Yeung Wallace Wai Yim from Deloitte has not been updated on the register of directors of Yaubond.

In addition, on 10 February 2010, the Provisional Liquidators received a letter from PricewaterhouseCoopers which stated that on 1 February 2010, Messrs. Victor Yat Kit Jong and Donald Edward Osborn were appointed by Lehman Brothers Commercial Corporation Asia Limited (In Liquidation), replacing Messrs. Edward Simon Middleton and Patrick Cowley of KPMG, as the receivers and managers of the security assets, which include (i) the entire issued share capital of Sky Honest, the shareholder loan to Sky Honest and all other assets of Chain Up; and (ii) 51% of the issued share capital of Yaubond, the shareholder loan from Sky Honest to Yaubond and all other assets of Sky Honest in accordance with the credit agreements entered into between Chain Up and Sky Honest with Lehman Brothers Commercial Corporation Asia Limited (now in Liquidation) on 27 July 2007.

INFORMATION ON GUANG LI

Guang Li is a state-owned enterprise incorporated in the PRC. Guang Li is principally engaged in the development, sale and provision of consultancy services in relation to metal and electrical tools and materials, construction materials, mechanical and engineering products, metals and others.

LISTING RULES IMPLICATIONS

The Directors did not take part in the negotiations giving rise to the First Agreement and the Second Agreement as there are no common directors between the Company and Huan Cheng. They were informed that the management of Huan Cheng considered that the transaction would be beneficial to, and in the interest of, all the stakeholders of Huan Cheng as the value of the Tianhe Land to the Company could vanish shortly in the event that the land use right of the Tianhe Land is forfeited by the government authorities. The Directors are seeking advice from professional advisers to assess the management rights and responsibilities applicable to Huan Cheng, the implications to the Company under the Listing Rules in relation to the entering into the Second Agreement and whether the terms of the transaction are fair and reasonable and in the interests of the stakeholders of the Company as a whole. The Company will make further announcements in due course.

The Provisional Liquidators did not take part in any of the negotiations giving rise to the First Agreement and the Second Agreement. Moreover, the Provisional Liquidators are making enquiries with Messrs. Donald Edward Osborn and Victor Yat Kit Jong of PricewaterhouseCoopers, being the receivers and managers of the security assets (as described above), Messrs. Edward Simon Middleton and Patrick Cowley of KPMG, being the directors of Yaubond and Messrs. Lai Kar Yan, Yeung Lui Ming and Darach E. Haughey of Deloitte, being directors of Nicco whether 1) they have knowledge of the First Agreement and/or the negotiations giving rise to the First Agreement; 2) they have given any sort of authorization or consent (either oral or written) regarding Huan Cheng's entry into the First Agreement with Guang Li; and 3) they have any knowledge and information about Guang Li. The entering into of the First Agreement and Second Agreement will have legal and financial implications to the Group and the Provisional Liquidators are looking into the matter.

Trading in the shares of the Company has been suspended since 9:30 a.m. on 3 November 2009 at the request of the Company and will remain suspended until further notice.

DEFINITIONS

In this announcement, the following terms have the meanings set out below unless the context stated otherwise:

“Capital Injection”	the capital injection of RMB150 million to increase the registered capital of Huan Cheng from RMB220 million to RMB 370 million
“Chain Up”	Chain Up Limited, a company incorporated in the British Virgins Islands with limited liability and a directly wholly-owned subsidiary of the Company, which holds 100% of Sky Honest
“Company”	Skyfame Realty (Holdings) Limited (Provisional Liquidators Appointed), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 59)

“Concession”	the concession granted by the relevant government authorities in relation to the Idle Land Issue, in the form of extending the land use right of the Tianhe Land
“Deloitte”	Deloitte Touche Tohmatsu
“Director(s)”	the director(s) of the Company
“First Agreement”	the agreement dated 4 February 2010 entered into between Huan Cheng and Guang Li in relation to the resolving the Idle Land Issue and future development of the Tianhe Land
“Group”	the Company and its subsidiaries
“Guang Li”	Guangxi Guang Li Trading Limited* (廣西廣利貿易有限責任公司), a state-owned enterprise, incorporated in the PRC
“Huan Cheng”	Guangzhou Huan Cheng Real Estate Development Company Limited* (廣州寰城實業發展有限公司), a company incorporated in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company
“Idle Land Issue”	the putting into official record for scrutiny for idle land by the Government of the Guangzhou Municipal Government on the ground that the Tianhe Land has been left undeveloped for over two years
“Listing Rules”	the Rules Governing the Rules of Securities on the Stock Exchange
“Nicco”	Nicco Limited, a company incorporated in the British Virgins Islands with limited liability and an indirectly wholly-owned subsidiary of the Company, which holds 49% of Yaubond
“Noteholders”	holders of the Notes
“Notes”	the US\$200 million 4% secured convertible notes due in 2013 issued by the Company, which has an aggregate outstanding principal of US\$192,000,000 as at the date of this announcement

“PRC”	the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Provisional Liquidators”	Messrs. Stephen Liu Yiu Keung and David Yen Ching Wai, both of Ernst & Young Transactions Limited, being the joint and several provisional liquidators of the Company
“Receivers”	Messrs. Lai Kar Yan, Yeung Lui Ming and Darach E. Haughey of Deloitte, who were appointed by the Trustee as receivers and managers of the Security charged which include, among the interest in certain intermediary investment holdings subsidiaries of the Company and to deal with the Security charged
“Second Agreement”	the agreement dated 21 February 2010 entered into between Huan Cheng and Guang Li to supersede the First Agreement
“Security”	has the same meaning ascribed to it in the circular of the Company dated 4 April 2007
“Shareholder(s)”	the shareholder(s) of the Company
“Sky Honest”	Sky Honest Investments Corp., a company incorporated in the British Virgins Islands with limited liability and an indirectly wholly-owned subsidiary of the Company, which holds 51% of Yaubond
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianhe Land”	a parcel of land 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 6,057 square metres, the land use right of which is owned by Huan Cheng
“Trustee”	The Hongkong and Shanghai Banking Corporation Limited, being the trustee and security trustee under the trust deed dated 4 May 2007 (as amended and supplemented from time to time) constituting the Notes
“Yaubond”	Yaubond Limited, a company incorporated in the British Virgins Islands with limited liability and an indirectly wholly-owned subsidiary of the Company, which holds 100% of Huan Cheng
“RMB”	Renminbi, the lawful currency of the PRC

“US\$” United States dollar(s), the lawful currency of the United States of America

“%” per cent

For and on Behalf of
Skyfame Realty (Holdings) Limited
(Provisional Liquidators Appointed)

Stephen Liu Yiu Keung

David Yen Ching Wai

Joint and Several Provisional Liquidators

By Order of the Board
Skyfame Realty (Holdings) Limited
(Provisional Liquidators Appointed)

Yu Pan

Chairman

Hong Kong, 23 February 2010

As at the date of this announcement, the board of Directors 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*