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SKYFAME REALTY (HOLDINGS) LIMITED

天譽置業(控股)有限公司

(Incorporated in Bermuda with limited liability)

AND

SKYFAME INTERNATIONAL HOLDINGS LIMITED

天譽國際控股有限公司

(Incorporated in British Virgin Islands with limited liability)

CONSENT SOLICITATIONS IN RESPECT OF

(I) 13.0% SENIOR NOTES DUE 2022

(ISIN: XS2022224047; Common Code: 202222404), AND

(II) 13.0% SENIOR NOTES DUE 2021

(ISIN: XS2181861654; Common Code: 218186165)

Overview

The board (the “**Board**”) of directors of Skyfame Realty (Holdings) Limited (“**Skyfame Realty**” or the “**Company**”) today announced (i) a solicitation of consents (the “**2022 Notes Consent Solicitation**”) to certain proposed amendments (the “**2022 Notes Proposals**”) to the indenture, dated as of July 8, 2019 (as supplemented or amended to the date hereof, the “**2022 Indenture**”), by and among, Skyfame Realty as issuer, Skyfame International Holdings Limited (“**Skyfame International**”) as subsidiary guarantor, and Citicorp International Limited as trustee, governing its 13.0% Senior Notes Due 2022 (ISIN XS2022224047, Common Code 202222404) (the “**2022 Notes**”); and (ii) a solicitation of consents (the “**2021 Notes Consent Solicitation**” and, together with the 2022 Notes Consent Solicitation, the “**Consent Solicitations**”) to certain proposed amendments (the “**2021 Notes Proposals**” and, together with the 2022 Notes Proposals, the “**Proposals**”) to the indenture, dated as of July 21, 2020 (as supplemented or amended to the date hereof, the “**2021 Indenture**” and, together with the 2022 Indenture, the “**Indentures**”), by and among, Skyfame International as issuer, Skyfame Realty as parent guarantor and Citicorp International Limited, as trustee, governing its 13.0% Senior Notes Due 2021 (ISIN XS2181861654, Common Code 218186165) (the

“2021 Notes” and, together with the 2022 Notes, the “Notes” and, each a “Series”).

The record date for the Consent Solicitations is 5:00 p.m., Central European Time, on January 13, 2021. The Consent Solicitations will expire at 5:00 p.m., Central European Time, on January 22, 2021, unless extended or terminated by Skyfame Realty and Skyfame International.

Purpose of the Consent Solicitations

The principal purpose of the Consent Solicitations and the Proposals is to amend certain provisions in the Indentures, which would allow us to pursue new business opportunities and new sources of capital that may not otherwise be available to us, better suit our business needs and bring the terms of the Notes more in line with the terms of senior notes recently issued by Skyfame International and comparable issuers in the market.

The Proposals

The 2022 Notes Proposals include amendments to, among other things:

- the Proposals to amend definition of “Consolidated Interest Expense” and other related definitions to allow us to include:
 - interest expense arising from lease liabilities which would have been classified as “operating lease” before our adoption of GAAP 16; and
 - interest expense arising from pre-sale receipts in advance from customers;
- the Proposals to introduce the definition of “Finance Subsidiary” and other related provisions to provide us with additional flexibility and reduce our administrative burden if we choose to issue senior notes through any of our offshore special purpose vehicles;
- the Proposals to amend the “Limitation on Restricted Payments” covenant and related definitions, including:
 - amending the covenant to allow us to declare or pay dividends in kind or distribution in kind which consist solely of Capital Stock of any member of the Restructuring Group, subject to certain conditions;
 - amending the definition of “Permitted Investment” to allow: (i) deemed Investments in an aggregate amount of up to 5.0% of Total Assets upon designation of Subsidiaries in the Restructuring Group as Unrestricted Subsidiaries in connection with the Restructuring, and (ii) Investments in asset management products in an aggregate amount of up to 10.0% of Total Assets;
- the Proposals to amend the “Limitation on Transactions with Shareholders and Affiliates” covenant to (i) subject to certain conditions, allow our transactions with the Restructuring Group entered into in connection with the Restructuring, and (ii) carve out any Affiliate Transaction that is conducted in accordance with the Listing Rules of the Stock Exchange of Hong Kong Limited from certain documentation requirements under the 2022 Indenture;

- the Proposals to amend the provisions relating to “Designation of Restricted and Unrestricted Subsidiaries” to allow, subject to certain conditions, the Restructuring of the Restructuring Group; and
- the Proposals to clarify and amend certain definitions to bring such provisions more in line with the terms of the 2023 Notes and senior notes issued by certain comparable issuers in the market.

The 2021 Notes Proposals include amendments to, among other things:

- the Proposals to amend definition of “Consolidated Interest Expense” and other related definitions to allow us to include:
 - interest expense arising from lease liabilities which would have been classified as “operating lease” before our adoption of GAAP 16; and
 - interest expense arising from pre-sale receipts in advance from customers;
- the Proposals to amend the “Limitation on Restricted Payments” covenant and related definitions, including:
 - amending the covenant to allow us to declare or pay dividends in kind or distributions in kind which consist solely of Capital Stock of any member of the Restructuring Group, subject to certain conditions;
 - amending the definition of “Permitted Investment” to allow: (i) deemed Investments in an aggregate amount of up to 5.0% of Total Assets upon designation of Subsidiaries in the Restructuring Group as Unrestricted Subsidiaries in connection with the Restructuring, and (ii) Investments in asset management products in an aggregate amount of up to 10.0% of Total Assets;
- the Proposals to amend the “Limitation on Transactions with Shareholders and Affiliates” covenant to (i) subject to certain conditions, allow our transactions with the Restructuring Group entered into in connection with the Restructuring, and (ii) carve out any Affiliate Transaction that is conducted in accordance with the Listing Rules of the Stock Exchange of Hong Kong Limited from certain documentation requirement under the 2021 Indenture;
- the Proposals to amend the provisions relating to “Designation of Restricted and Unrestricted Subsidiaries” to allow, subject to certain conditions, the Restructuring of the Restructuring Group;
- the Proposals to clarify and amend certain definitions to bring such provisions more in line with the terms of the 2023 Notes and senior notes issued by comparable issuers in the market.

For a detailed statement of the terms and conditions of the Consent Solicitations and the Proposals, Holders of the Notes should refer to the consent solicitation statement dated January 14, 2021 (the “**2022 Notes Consent Solicitation Statement**”) and the consent solicitation statement dated January 14, 2021 (the “**2021 Notes Consent Solicitation Statement**” and, together with the 2022 Notes Consent Solicitation Statement, the “**Consent Solicitation Statements**”). The Consent Solicitation Statements will be distributed to the Holders of the Notes by D. F. King Ltd., the information and tabulation agent for the Consent Solicitations.

The Company has engaged Guotai Junan Securities (Hong Kong) Limited to act as solicitation agent for the Consent Solicitations. Questions from Holders of Notes regarding the Consent Solicitations should be directed to the solicitation agent for the Consent Solicitations, with respect to, Guotai Junan Securities (Hong Kong) Limited, 27/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong (telephone: +852 2509 9118, email: dcm.amber@gtjas.com.hk). Requests for additional copies of the Consent Solicitation Statements should be directed to the information and tabulation agent for the Consent Solicitations, D.F. King Ltd. (telephone: +44 20 7920 9700 (London) or +852 3953 7208 (Hong Kong); email: Skyfame@dfkingltd.com; website: <https://sites.dfkingltd.com/skyfame>).

This announcement is not a solicitation of consent with respect to any Series of the Notes. The Consent Solicitations are being made solely by the Consent Solicitation Statements, which set forth a detailed description of the terms of the Consent Solicitations with respect to the relevant Series of the Notes.

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons who come into possession of this announcement are required to inform themselves about, and to observe, any such restrictions.

ABOUT THE COMPANY

The Company is a real estate developer focusing on high-quality commercial and residential properties and specializing in the development of youth community projects with young families as target customers in China. The Company is headquartered in Guangzhou, Guangdong province and have property development projects in a number of cities in the Greater Bay Area, the Southwestern Region and Southeastern Region of China, such as Shenzhen, Guangzhou, Zhongshan, Nanning, Guilin, Xuzhou, Nanchang, Kunming, Chongqing and Guiyang.

The Company is listed on The Stock Exchange of Hong Kong Limited (Stock Code: 00059).

As there is no assurance that the requisite consents necessary for the Proposals will be obtained, shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

FORWARD-LOOKING INFORMATION

Forward-looking statements in this announcement, including those statements relating to the Consent Solicitations, such as the scheduled expiration date, are based on current expectations. These statements are not guarantees of future events or results. Future events and results involve some risks, uncertainties and assumptions that are difficult to predict. Actual events and results could vary materially from the description contained herein due to many factors including changes in the market and price for any Series of the Notes; changes in the business and financial condition of the Company and its subsidiaries; changes in the debt markets in general; and the occurrence of events specified in the Consent Solicitations that would trigger a condition permitting termination or amendment of the Consent Solicitations.

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

Hong Kong, January 14, 2021

As at the date of this announcement, the board of directors of the Company 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.