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渝太地產集團有限公司*
Y. T. REALTY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 75)

DISCLOSEABLE TRANSACTION

ACQUISITION OF THE PROPERTY LOCATED AT 1 HARROW PLACE AND 11 WHITE KENNETT STREET, LONDON

The Board is pleased to announce that on 18 July 2016, the Buyers, each being an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Sellers to acquire directly and indirectly the entirety of the issued units in the Unit Trust, which owns the London Property through the holding of its leasehold interest together with the benefit of the Investment Lease, for a Total Purchase Price of approximately GBP42,336,294 (equivalent to approximately HK\$434,412,713) (subject to adjustment). Completion took place on 18 July 2016, immediately following the entering into of the Agreement.

Immediately prior to Completion, Seller 1 held the entire issued share capital of the Target Company which in turn, together with Seller 2, held the entirety of the issued units in the Unit Trust.

The transactions contemplated under the Agreement constituted a discloseable transaction of the Company subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that the Buyers, each being an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Sellers, the principal terms of which are summarised below.

THE AGREEMENT

Date: 18 July 2016

Parties: Super Gain Ventures Limited, as Buyer 1;

Unique Time Investments Limited, as Buyer 2;

Grove Finco S.À R.L., as Seller 1; and

Grove Second Unitholder S.À R.L., as Seller 2.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Sellers and their respective ultimate beneficial owner(s) are third parties independent of the Group and its connected persons.

Subject matter being acquired

Pursuant to the terms of the Agreement, Buyer 1 and Buyer 2 agreed to acquire respectively from Seller 1 and Seller 2 (i) the Sale Shares, representing the entire issued share capital of the Target Company, and (ii) the Sale Units, representing all the issued units in the Unit Trust held by Seller 2 prior to Completion. Seller 1 also agreed to procure the Target Company to transfer 185,980 of the TC Units to Buyer 2 on Completion, such that immediately following Completion Buyer 2 would in aggregate directly hold 260,000 of the issued units in the Unit Trust.

The Acquisition was completed on 18 July 2016, immediately following the entering into of the Agreement (“**Completion**”). Following Completion, Buyer 1 (through the Target Company) and Buyer 2 respectively holds 7,133,042 and 260,000 issued units in the Unit Trust, representing the entirety of the issued units in the Unit Trust.

Total Purchase Price and payment terms

The total purchase price for the Acquisition (“**Total Purchase Price**”) comprises:

- (i) approximately GBP1,284,967 (equivalent to approximately HK\$13,185,046), being the Estimated NAV of the Target Group immediately prior to Completion as shown in the Estimated Completion Balance Sheet, which was prepared on the basis that the London Property has an indicative market price of GBP42,000,000 (equivalent to approximately HK\$430,962,000) (the Estimated NAV is subject to adjustment as set out in the section headed “*The net asset adjustment*” below, and for the avoidance of doubt, there will be no adjustment in respect of the indicative market price of the London Property);
- (ii) approximately GBP21,702,488 (equivalent to approximately HK\$222,689,229), being the amount paid by the Buyers to the Sellers in procurement of the repayment by the Target Group of the Intra Group Debt on Completion (subject to adjustment as set out in the section headed “*The Intra Group Debt adjustment*” below); and
- (iii) approximately GBP19,348,839 (equivalent to approximately HK\$198,538,437), being the amount paid by the Buyers to the Sellers in procurement of the repayment by the Target Group of the Bank Debt on Completion, which was repaid and discharged in full by the Target Group on Completion.

The Total Purchase Price was paid in cash by the Buyers to the solicitors of the Sellers at Completion, which shall be a good and valid discharge of the obligations of the Buyers to pay the sums in question to the Sellers and their procurement obligation on the repayment of the Intra Group Debt and Bank Debt by the Target Group under the Agreement.

The net asset adjustment

Within 30 business days following Completion, the Sellers will prepare the Completion Balance Sheet and deliver the same to the Buyers. Once the Completion Balance Sheet is agreed to by the Buyers, if the Estimated NAV is different from the Net Asset Value of the Target Group immediately prior to Completion as shown in the Completion Balance Sheet, any shortfall thereof will be paid by the Buyers to the Sellers, or the Sellers shall pay to the Buyers any surplus thereof (as the case may be) within 5 business days after the final determination of the Completion Balance Sheet.

The Intra Group Debt adjustment

At the same time as any net asset adjustment payment is made under the section headed “*The net asset adjustment*” above, if the amount of the Intra Group Debt as shown in the Estimated Completion Balance Sheet is different from the amount of the Intra Group Debt as shown in the Completion Balance Sheet, the Buyers shall procure that the Target Group shall pay any shortfall thereof to the Sellers (on behalf of the relevant members of the Sellers’ Group) to discharge the Intra Group Debt, or the Sellers shall procure that the relevant members of the Sellers’ Group shall pay to the Buyers (on behalf of the Target Group) any surplus thereof by way of refund of any overrepayment of the Intra Group Debt (as the case may be).

Basis of the Total Purchase Price

The Total Purchase Price was determined after arm’s length negotiations between the Buyers and the Sellers, by reference to the Estimated NAV, including the indicative market price of the London Property of GBP42,000,000 (equivalent to approximately HK\$430,962,000) as at 31 May 2016 estimated by an independent professional real estate agent and the book value of each of the Intra Group Debt and Bank Debt both as shown in the Estimated Completion Balance Sheet. The Total Purchase Price (subject to adjustment) was satisfied by the Group’s internal resources.

THE INVESTMENT LEASE

The London Property is leased to Travelodge Hotels for a term of 35 years from 26 April 2007 under the Investment Lease. According to the relevant trust instrument, the unitholders of the Unit Trust are entitled to the rental income from the London Property under the Investment Lease, which will be accounted for in the consolidated financial statements of the Company as rental income of the Group following Completion. The London Property generated a gross rental yield in the region of approximately GBP2,000,000 (equivalent to approximately HK\$20,522,000) per annum for the previous financial year.

REASONS FOR AND BENEFITS OF THE ACQUISITION

At the end of February 2016, the Group acquired the remaining interest in 1 Chapel Place, a prime commercial property in the West End of London, the United Kingdom. Acquisition of the London Property, which comprises approximately 45,528 square feet of six-storey and 142-bedroom hotel complex located in a convenient location in Central London operating as the Travelodge London Central - Liverpool Street Hotel, will further expand the Group's overseas property portfolio and enhance its strategic investment in well-developed markets such as the United Kingdom. It is expected that the London Property will generate a stable and recurrent rental income for the Group.

The Directors consider that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION ON THE PARTIES

The Company is an investment holding company and the principal activities of its subsidiaries, including the Buyers, are property investment and property trading.

The Sellers are two investment holding companies based in Luxembourg operating in the business of property investment in Europe. Immediately prior to Completion, Seller 1 held the entire issued share capital of the Target Company which in turn, together with Seller 2, held the entirety of the issued units in the Unit Trust which owns the London Property.

INFORMATION ON THE UNIT TRUST

The Unit Trust was administered by the Original Trustees prior to Completion. The Original Trustees were the legal owners of the leasehold interest in the London Property holding the same under the Unit Trust for the unitholders (the Target Company and Seller 2) for investment and rental purposes. Following Completion, the Original Trustees have retired and new trustees nominated by the Group have been appointed as joint trustees to administer the Unit Trust for the Group.

INFORMATION ON THE TARGET GROUP

The Target Company is principally engaged in the holding of the Unit Trust and the Unit Trust is principally engaged in the holding of the London Property. The unaudited net deficiency in asset value of the Target Company and unaudited net asset value of the Unit Trust were respectively approximately GBP10,435 (equivalent to approximately HK\$107,074) and approximately GBP7,578,241 (equivalent to approximately HK\$77,760,331) as at 18 July 2016.

For the financial period ended 31 December 2015, the approximate net profits before and after taxation of the Target Company and net loss before taxation of the Unit Trust were respectively:-

	2015 GBP <i>(HK\$ equivalent)</i> <i>(Note 1)</i>
(Audited) Net profits before taxation of the Target Company	887,706 <i>(9,108,751)</i>
(Audited) Net profits after taxation of the Target Company	882,904 <i>(9,059,478)</i>

	2015 GBP <i>(HK\$ equivalent)</i> <i>(Note 1)</i>
(Unaudited) Net loss before taxation of the Unit Trust <i>(Note 2)</i>	800,475 <i>(8,213,674)</i>

Notes:

- 1) For the Target Company, the financial period ended 31 December 2015 covered the period from 25 August 2014 (being its date of incorporation) to 31 December 2015. For the Unit Trust, the financial period ended 31 December 2015 covered the period from 3 September 2014 (being its date of establishment) to 31 December 2015.*
- 2) The net loss before taxation in the amount of approximately GBP800,475 (equivalent to approximately HK\$8,213,674) for the Unit Trust included amortization of property of approximately GBP1,064,912 (equivalent to approximately HK\$10,927,062) due to the current accounting policy adopted by the Unit Trust, and approximately GBP1,552,594 (equivalent to approximately HK\$15,931,167) of interest and finance charges. The London Property will be held as investment property by the Group upon Completion. Under the Group's accounting policy, investment properties are stated at fair value. Excluding the effect of amortization of property and interest and finance charges, the net profits before taxation of the Unit Trust were approximately GBP1,817,031 (equivalent to approximately HK\$18,644,555) for the financial period ended 31 December 2015.*

LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the Acquisition are higher than 5% but lower than 25%, the transactions contemplated under the Agreement constituted a discloseable transaction of the Company 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 have the meanings as set out below:

“Acquisition”	means the acquisition of the Sales Shares and the Sale Units pursuant to the Agreement
“Agreement”	means the sale and purchase agreement dated 18 July 2016 entered into amongst Seller 1 and Seller 2 as sellers and Buyer 1 and Buyer 2 as buyers in relation to the acquisition of the Sale Shares and the Sale Units
“Bank Debt”	means any and all amounts owed by the Target Group to the banks immediately prior to Completion pursuant to the terms of the relevant facility agreements, which were repaid and discharged in full by the Target Group at Completion
“Board”	means the board of Directors
“Buyers”	means Buyer 1 and Buyer 2
“Buyer 1”	means Super Gain Ventures Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Buyer 2”	means Unique Time Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Company”	means Y. T. Realty Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 0075)
“Completion”	has the meaning ascribed to it in the section headed “ <i>The Agreement – Subject matter being acquired</i> ” above
“Completion Balance Sheet”	means the unaudited consolidated balance sheet of the Target Group immediately prior to Completion to be prepared in accordance with the terms of the Agreement
“Director(s)”	means the director(s) of the Company
“Estimated Completion Balance Sheet”	means the estimated completion balance sheet of the Target Group as agreed between the parties to the Agreement and as prepared in accordance with the terms of the Agreement

“Estimated NAV”	means the Net Asset Value of the Target Group immediately prior to Completion in the amount of approximately GBP1,284,967 (equivalent to approximately HK\$13,185,046) as shown in the Estimated Completion Balance Sheet
“GBP”	means British Pound Sterling, the lawful currency of the United Kingdom of Great Britain and Northern Ireland
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“Intra Group Debt”	means those sums owing by any member of the Target Group to the Sellers and/or their affiliates immediately prior to Completion
“Investment Lease”	means the occupational lease of the London Property dated 26 April 2007 between TLLC BridgeCo4 Limited, the predecessor in title of the Original Trustees of the leasehold interest in the London Property, as landlord, and Travelodge Hotels as tenant
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“London Property”	means the property located at 1 Harrow Place and 11 White Kennett Street, London
“Net Asset Value”	means the aggregate value of the assets of the Target Group less the sum of (i) the aggregate amount of the liabilities of the Target Group; and (ii) the aggregate amount of the provisions for liabilities and charges of the Target Group, in each case calculated as at the time immediately prior to Completion
“Original Trustees”	means Grove Property Trustee 1 Limited and Grove Property Trustee 2 Limited, each incorporated under the laws of Jersey, acting in their capacity as joint trustees of the Unit Trust prior to Completion
“Sale Shares”	means 1,200,000 of the issued shares of the Target Company, representing the entire issued share capital of the Target

Company

“Sale Units”	means 74,020 of the issued units in the Unit Trust held by Seller 2 prior to Completion, representing approximately 1% of the issued units in the Unit Trust
“Sellers”	means Seller 1 and Seller 2
“Sellers’ Group”	means each of the Sellers and its affiliates from time to time other than the Target Group
“Seller 1”	means Grove Finco S.À R.L., a private limited liability company existing and organised under the laws of the Grand Duchy of Luxembourg
“Seller 2”	means Grove Second Unitholder S.À R.L., a private limited liability company existing and organised under the laws of the Grand Duchy of Luxembourg
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Target Company”	means Grove Asset 4 S.À R.L., a private limited liability company existing and organised under the laws of the Grand Duchy of Luxembourg
“Target Group”	means the Target Company and the Unit Trust
“TC Units”	means 7,319,022 of the issued units in the Unit Trust held by the Target Company prior to Completion, representing approximately 99% of the issued units in the Unit Trust
“Total Purchase Price”	has the meaning ascribed to it in the section headed “ <i>The Agreement – Total Purchase Price and payment terms</i> ” above
“Travelodge Hotels”	means Travelodge Hotels Limited, a company incorporated in England and Wales with limited liability
“Unit Trust”	means Grove Property Unit Trust 4, a unit trust established under the laws of Jersey and administered by the Original Trustees prior to Completion, and where the context permits, references to the Unit Trust in this announcement shall mean or include the Original Trustees acting in their capacity as joint trustees of the Unit Trust prior to Completion
“%”	means per cent.

For the purpose of this announcement, the exchange rate of GBP 1 = HK\$10.261 has been used which is an approximate and for illustration only. It does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

By Order of the Board
Y. T. REALTY GROUP LIMITED
Cheung Chung Kiu
Chairman and Managing Director

Hong Kong, 19 July 2016

As at the date hereof, the board of directors of the Company comprises Cheung Chung Kiu, Yuen Wing Shing and Tung Wai Lan, Iris who are executive directors; and Ng Kwok Fu, Luk Yu King, James and Leung Yu Ming, Steven who are independent non-executive directors.

** For identification purposes only*