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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
DISPOSAL OF THE ENTIRE INTEREST IN A PROPERTY

THE AGREEMENT

The Board is pleased to announce that on 5 August 2021, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement pursuant to which the Vendor agreed to (i) sell, and the Purchaser agreed to purchase, the Sale Shares and (ii) assign, and the Purchaser agreed to take the assignment of, the benefits and advantages of the Shareholder Loan for a total consideration of HK\$235 million payable in cash in accordance with the Agreement. The Sale Shares represent the entire issued share capital of the Target Company, which holds indirectly the entire interest in the Property.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Transaction exceed(s) 5% but all are less than 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under the Listing Rules.

INTRODUCTION

On 5 August 2021, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement in respect of the Transaction.

Principal terms of the Agreement are summarised below:

THE AGREEMENT

Date

5 August 2021

Parties

- (i) The Vendor (an indirect wholly-owned subsidiary of the Company); and
- (ii) the Purchaser.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of and not connected with the Group and its connected persons.

Subject matter

Under the Agreement, the Vendor agreed to (i) sell to the Purchaser (or its nominee(s) as it may direct), and the Purchaser agreed to purchase (or procure its nominee(s) to purchase) from the Vendor, the Sale Shares and (ii) assign to the Purchaser (or its nominee(s) as it may direct), and the Purchaser agreed to take (or procure its nominee(s) to take) from the Vendor the assignment of, the benefits and advantages of the Shareholder Loan for a total consideration of HK\$235 million payable in cash in accordance with the Agreement. The Sale Shares represent the entire issued share capital of the Target Company, which directly holds the entire interest in Cypress Dynasty, which in turn directly wholly owns the Property.

Consideration and payment terms

The Consideration, being HK\$235 million, will be paid in full by the Purchaser to the Vendor (or as it may direct) in cash upon Completion. For apportionment purposes, the consideration for the Shareholder Loan shall be equal to the amount of the Shareholder Loan and the remaining amount of the Consideration shall be the consideration for the Sale Shares.

Basis of determining the Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to (i) the market value of the Property of GBP63.70 million (equivalent to approximately HK\$688.60 million) as at 30 June 2021, (ii) the unaudited consolidated net asset value of the Target Group (inclusive of the Shareholder Loan) as at 31 July 2021 of approximately HK\$97.97 million; and (iii) the face value of the Shareholder Loan as at the date of the Agreement of approximately HK\$136.76 million.

Completion

Completion of the Agreement will take place on a Business Day falling no later than seven (7) days from the date of the Agreement (or such other date mutually agreed between the Vendor and the Purchaser in writing).

INFORMATION ON THE GROUP AND THE VENDOR

The Group is principally engaged in property businesses, including property investment and property development.

The Vendor is a company incorporated in the BVI with limited liability, an indirect wholly-owned subsidiary of the Company, and is principally engaged in investment holding.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the BVI with limited liability, and is principally engaged in investment holding. Its principal asset is currently the entire equity interest in Cypress Dynasty. Cypress Dynasty is a company incorporated in the BVI with limited liability, and its principal asset is currently the Property held for leasing. The Property is a 4-storey building offering approximately 34,000 square feet of office and retail space at 5, 6 and 7 Vere Street and 10 Chapel Place (also known as 1 Chapel Place), London, the United Kingdom.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the BVI with limited liability, and is principally engaged in investment holding. The ultimate beneficial owner of the Purchaser is Suen Cho Hung, Paul.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors consider that the Transaction offers the Group with an opportunity to realise its investment in the Target Group and to enhance its liquidity position. The Directors are of the view that the terms of the Transaction including the Consideration are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL INFORMATION ON THE TARGET GROUP

For the financial years ended 31 December 2019 and 2020, the unaudited consolidated net profit or loss before taxation and after taxation of the Target Group were approximately:

	2020	2019
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net profit / (loss) before taxation	(13.80)	35.86
Net profit / (loss) after taxation	(14.24)	32.74

The unaudited consolidated net asset value of the Target Group (inclusive of the Shareholder Loan) as at 31 July 2021 amounted to approximately HK\$97.97 million.

FINANCIAL EFFECTS OF THE TRANSACTION AND THE INTENDED USE OF PROCEEDS

Upon Completion, the Company will cease to have any interest in the Target Group, which will cease to be subsidiaries of the Company. Their assets, liabilities, profits and losses will no longer be accounted for in the consolidated financial statements of the Company.

The Company expects to record a gain of approximately HK\$4 million upon Completion, being the excess of the Consideration over the unaudited consolidated net asset value of the Target Group and the amount of the Shareholder Loan as at 31 July 2021, and the amount of exchange fluctuation reserve released due to the disposal of the Target Group under the Transaction.. The actual gain or loss (if any) as a result of the Transaction to be recorded by the Group will depend on the actual amounts of the above on Completion.

Upon Completion, the net proceeds expected to be received by the Group after deducting all associated costs and expenses are approximately HK\$235 million. The Group intends to use the net proceeds for other investment opportunities that may be presented to the Group and/or for replenishing the general working capital of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) exceed(s) 5% but all are less than 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under the Listing Rules.

DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 5 August 2021 entered into between the Vendor and the Purchaser in respect of the Transaction
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Business Day”	a day (other than a Saturday, a Sunday or public holiday) on which commercial banks are generally open in Hong Kong for normal business
“Company”	Y. T. Realty Group Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 0075)
“Completion”	completion of the Transaction in accordance with the Agreement
“Consideration”	the consideration payable by the Purchaser to the Vendor for the Transaction
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Cypress Dynasty”	Cypress Dynasty Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Target Company
“Director(s)”	director(s) of the Company
“GBP”	British Pound Sterling, the lawful currency of the United Kingdom of Great Britain and Northern Ireland
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	a commercial building located at 5, 6 and 7 Vere Street and 10 Chapel Place (also known as 1 Chapel Place), London, W1G 0BG, the United Kingdom
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“Purchaser”	Prospect Capital International Limited, a company incorporated in the BVI with limited liability
“Sale Shares”	two (2) shares of US\$1.00 each of the Target Company, representing the entire issued share capital of the Target Company, legally and beneficially held by the Vendor
“Share(s)”	ordinary share(s) of the Company of HK\$0.1 each
“Shareholder(s)”	the holder(s) of the Shares
“Shareholder Loan”	the entire amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to the Vendor by the Target Company as at Completion (representing all amounts owing by the Target Company to the Vendor as at such Completion)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Solent Ventures Limited, a company incorporated in the BVI with limited liability, which is directly and wholly-owned by the Vendor

“Target Group”	the Target Company and Cypress Dynasty
“Transaction”	the sale of the Sale Shares and the assignment of the benefits and advantages of the Shareholder Loan by the Vendor to the Purchaser in accordance with the Agreement
“Vendor”	Sunrise Metro Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

For the purpose of this announcement, the exchange rate of GBP 1 = HK\$10.81 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, 5 August 2021

As at the date hereof, the Board comprises Cheung Chung Kiu, Yuen Wing Shing, Tung Wai Lan, Iris and Wong Hy Sky 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