

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



JY GRANDMARK HOLDINGS LIMITED

景業名邦集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2231)

CONNECTED TRANSACTION ACQUISITION OF 49% EQUITY INTEREST IN GUANGZHOU JINGYU REAL ESTATE DEVELOPMENT CO., LTD.

THE EQUITY TRANSFER AGREEMENT

On 27 October 2020, Guangzhou Xinze (an indirect non-wholly owned Subsidiary) entered into the Equity Transfer Agreement with Guangzhou Jinke, pursuant to which Guangzhou Xinze as purchaser agreed to acquire and Guangzhou Jinke as vendor agreed to dispose of the Transferred Interest, being 49% of the equity interest in Guangzhou Jingyu held by Guangzhou Jinke, at the consideration of RMB24.5 million in cash and will be funded by the internal resources of Guangzhou Xinze.

LISTING RULES IMPLICATIONS

As Guangzhou Jinke is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of two Subsidiaries (Guangzhou Jingyu and Guangzhou Xinze), the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, as the Acquisition and the Previous Transaction are entered into by a Subsidiary (Guangzhou Yinong / Guangzhou Xinze) with Guangzhou Jinke for the purpose of group restructuring and within a 12-month period, the Acquisition and the Previous Transaction are treated as a connected transaction. Since all the percentage ratios (other than the profits ratio) are less than 5%, the Acquisition and the Previous Transaction in aggregation constitute a connected transaction subject to reporting and announcement requirement as set out in the Listing Rules.

The Board has approved the Acquisition and the Previous Transaction, and the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Equity Transfer Agreement and the Articles are fair and reasonable, the Acquisition and Previous Transaction are on normal commercial terms, are in the ordinary and usual course of business of the Group and are in the interests of the Company and the shareholders of the Company as a whole. Therefore, by virtue of Rule 14A.101 of the Listing Rules, the Acquisition and Previous Transaction (in aggregation) are subject to the reporting and announcement requirements applicable to connected transactions, but are exempt from the circular, independent financial advice and the approval requirements of the shareholders of the Company.

INTRODUCTION

On 27 October 2020, Guangzhou Xinze (an indirect non-wholly owned Subsidiary) entered into the Equity Transfer Agreement with Guangzhou Jinke, pursuant to which Guangzhou Xinze as purchaser agreed to acquire and Guangzhou Jinke as vendor agreed to dispose of the Transferred Interest, being 49% of the equity interest in Guangzhou Jingyu held by Guangzhou Jinke, at the consideration of RMB24.5 million in cash and will be funded by the internal resources of Guangzhou Xinze.

THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are summarised as follows:

- Date : 27 October 2020
- Parties : (a) Guangzhou Jinke, as the vendor;
- (b) Guangzhou Xinze, an indirect non-wholly owned Subsidiary, as the purchaser

As at the date of this announcement, Guangzhou Jinke is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of two Subsidiaries (Guangzhou Jingyu and Guangzhou Xinze). For further details, please refer to paragraph headed “Information of the Parties — Guangzhou Jinke” in this announcement.

- Interests to be acquired : The Transferred Interest

Consideration : The Consideration is RMB24.5 million, which was determined based on arm's length negotiations among Guangzhou Jinke and Guangzhou Xinze with reference to the actual capital contribution of Guangzhou Jinke, taking into account the unaudited net assets value of Guangzhou Jingyu as at 30 September 2020. The original cost of forming Guangzhou Jingyu on the part of Guangzhou Jinke was RMB24.5 million which was also the actual capital contribution made by Guangzhou Jinke in Guangzhou Jingyu.

Guangzhou Xinze shall pay the Consideration to Guangzhou Jinke before 31 December 2020.

INFORMATION ON THE PARTIES

Guangzhou Xinze

Guangzhou Xinze is a company established under the laws of the PRC with limited liability and an indirect non-wholly owned Subsidiary as of the date of this announcement. It is principally engaged in investment holding. As of the date of this announcement, it is owned by Guangzhou Yinong and Guangzhou Jinke as to 51% and 49%, respectively. Guangzhou Yinong is a company established under the laws of the PRC with limited liability and an indirect wholly-owned Subsidiary. It is principally engaged in property development in the PRC.

Guangzhou Jinke

Guangzhou Jinke is a company established under the laws of the PRC which is principally engaged in property development, sales and property management in the PRC. It is wholly owned by Jinke Group which is a joint stock company listed on the Shenzhen Stock Exchange (stock code: 000656.SZ). Jinke Group is a sizeable enterprise group of over 20 years of operation focusing on real estate development and sales while engaging in other businesses including living services.

Guangzhou Jingyu

Guangzhou Jingyu was established in the PRC on 22 July 2020 for the purpose of conducting the development of the Land. Based on the unaudited financial statements of Guangzhou Jingyu for the period from its establishment to 30 September 2020, the total asset value and net asset value of Guangzhou Jingyu as at 30 September 2020 were approximately RMB550.5 million and RMB49.7 million, respectively. Guangzhou Jingyu incurred a net loss (before tax) of RMB286,339.42 and a net loss (after tax) of RMB286,339.42 for the period from its establishment to 30 September 2020. The Land was successfully bid on 14 July 2020, and it is located at the south side of Kengbei Metro Station, Zhongxin Town, Zengcheng District, Guangzhou, the PRC (中國廣州市增城區中新鎮坑貝地鐵站南側) with a total land area of approximately 32,110 square meters. The Land is designed to be used for R2 Class II residential land (二類居住用地 (R2)). R2 Class II residential land (二類居住用地(R2)) means the state-owned land used for constructing multi-storey buildings mainly for residential purpose with all-round supporting facilities, which accounts for the major part among the residential lands in the PRC.

Pursuant to Rule 14.04(1)(f) of the Listing Rules, the formation of Guangzhou Jingyu did not constitute a notifiable transaction of the Company and was not subject to the reporting and announcement requirements under the Listing Rules.

EFFECTS OF THE ACQUISITION

Immediately prior to the Acquisition, each of Guangzhou Xinze and Guangzhou Jingyu is owned by Guangzhou Yinong and Guangzhou Jinke as to 51% and 49%, respectively.

On 27 October 2020, Guangzhou Xinze (an indirect non-wholly owned Subsidiary) entered into an equity transfer agreement with Guangzhou Yinong, pursuant to which Guangzhou Xinze as purchaser agreed to acquire and Guangzhou Yinong as vendor agreed to dispose of 51% of the equity interest in Guangzhou Jingyu held by Guangzhou Yinong at the consideration of RMB25.5 million in cash and will be funded by the internal resources of Guangzhou Xinze.

Upon completion of (a) the Acquisition and (b) the transfer of 51% of the equity interest in Guangzhou Jingyu held by Guangzhou Yinong to Guangzhou Xinze, Guangzhou Jingyu will be wholly owned by Guangzhou Xinze which will be in turn owned by Guangzhou Yinong and Guangzhou Jinke as to 51% and 49%, respectively.

Accordingly, both of Guangzhou Xinze and Guangzhou Jingyu will remain as the Subsidiaries and financials of which will still be consolidated into those of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The principal business activity of the Company is investment holding. The Group is primarily engaged in the property development and sales, hotel operations, property management and commercial properties investment in the PRC.

The purpose of the Acquisition is for group restructuring by adding another holding company, Guangzhou Xinze, in the direct ownership of Guangzhou Jingyu by Guangzhou Yinong and Guangzhou Jinke.

The terms of the Equity Transfer Agreement have been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) have confirmed that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole. As at the date of this announcement, none of the Directors has any material interest in the Equity Transfer Agreement and the transactions contemplated thereunder.

THE PREVIOUS TRANSACTION

On 11 October 2020, Guangzhou Yinong and Guangzhou Jinke entered into the Articles, pursuant to which the parties thereto agreed to establish Guangzhou Xinze for the purpose of acquiring and holding the entire equity interest in Guangzhou Jingyu. The principal terms of the Articles are summarised as follows:

- | | | |
|--------------------------------------|---|--|
| Date | : | 11 October 2020 |
| Parties | : | (a) Guangzhou Yinong
(b) Guangzhou Jinke |
| Scope of business of Guangzhou Xinze | : | Real estate consultation and real estate development operation |
| Capital contribution | : | The registered capital of Guangzhou Xinze shall be RMB50 million which shall be contributed by the parties in the following proportion:

(a) RMB24.5 million of the registered capital of Guangzhou Xinze, to be contributed by Guangzhou Jinke by 31 December 2050; and

(b) RMB25.5 million of the registered capital of Guangzhou Xinze, to be contributed by Guangzhou Yinong by 31 December 2050. |

- Restriction on transfers : Any transfer of all or part of a shareholder's equity interest in Guangzhou Xinze shall be subject to the consent of more than half of the other shareholder(s). The non-selling shareholders of Guangzhou Xinze shall have a pre-emptive right to acquire the equity interest proposed to be transferred.
- Board composition and management : The board of directors of Guangzhou Xinze shall comprise of three directors elected by shareholders meetings. The chairman of the board, who shall also be the legal representative of Guangzhou Xinze, shall be elected by the board of directors of Guangzhou Xinze.
- The term of office for each director and the chairman of the board shall be three years, which is renewable upon re-appointment by the relevant appointing party.
- Guangzhou Xinze shall have two supervisors. The term of office for each supervisor shall be three years, which is renewable upon re-appointment by the relevant appointing party.
- Distribution of dividends : Guangzhou Xinze shall distribute dividends to its shareholders in proportion to their respective percentage of registered capital in Guangzhou Xinze.

On 12 October 2020, Guangzhou Xinze was established pursuant to the Articles.

LISTING RULES IMPLICATIONS

As Guangzhou Jinke is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of two Subsidiaries (Guangzhou Jingyu and Guangzhou Xinze), the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Previous Transaction did not constitute a notifiable transaction on stand-alone basis since all the percentage ratios (other than the profits ratio) were less than 1% and the transaction was a connected transaction only because it involved connected person at the subsidiary level, and therefore was exempt from the reporting, announcement, circular and independent shareholders' approval requirements pursuant to Rule 14A.76 under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, as the Acquisition and the Previous Transaction are entered into by a Subsidiary (Guangzhou Yinong / Guangzhou Xinze) with Guangzhou Jinke for the purpose of group restructuring and within a 12-month period, the Acquisition and the Previous Transaction are treated as a connected transaction. Since all the percentage ratios (other than the profits ratio) are less than 5%, the Acquisition and the Previous Transaction in aggregation constitute a connected transaction subject to reporting and announcement requirement as set out in the Listing Rules.

The Board has approved the Acquisition and the Previous Transaction, and the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Equity Transfer Agreement and the Articles are fair and reasonable, the Acquisition and Previous Transaction are on normal commercial terms, are in the ordinary and usual course of business of the Group and are in the interests of the Company and the shareholders of the Company as a whole. Therefore, by virtue of Rule 14A.101 of the Listing Rules, the Acquisition and Previous Transaction (in aggregation) are subject to the reporting and announcement requirements applicable to connected transactions, but are exempt from the circular, independent financial advice and the approval requirements of the shareholders of the Company.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below, and words in plural shall include the singular and vice versa, as applicable:

“Acquisition”	the acquisition of the Transferred Interest by Guangzhou Xinze pursuant to the Equity Transfer Agreement
“Articles”	the articles of association of Guangzhou Xinze
“Board”	the board of Directors
“Company”	JY Grandmark Holdings Limited (景業名邦集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2231)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of the Acquisition, being RMB24.5 million
“Director(s)”	the director(s) of the Company, including independent non-executive directors
“Equity Transfer Agreement”	the equity transfer agreement dated 27 October 2020 entered into between Guangzhou Jinke as vendor and Guangzhou Xinze as purchaser in respect of the Acquisition
“Group”	the Company and its subsidiaries
“Guangzhou Jingyu”	Guangzhou Jingyu Real Estate Development Co., Ltd.* (廣州景譽房地產開發有限公司), a limited liability company established in the PRC, and a Subsidiary

“Guangzhou Jinke”	Guangzhou Jinke Real Estate Development Co., Ltd.* (廣州金科房地產開發有限公司), a limited liability company established in the PRC, and a subsidiary of the Jinke Group
“Guangzhou Xinze”	Guangzhou Xinze Jiyong Real Estate Development Co., Ltd.* (廣州鑫澤集永房地產開發有限公司), a limited liability company established in the PRC, and a Subsidiary
“Guangzhou Yinong”	Guangzhou Yinong Enterprise Co., Ltd.* (廣州意濃實業有限公司), a limited liability company established in the PRC, and a Subsidiary
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jinke Group”	Jinke Property Group Co., Ltd.* (金科地產集團股份有限公司), a joint stock company with limited liability established in the PRC, listed on the Shenzhen Stock Exchange (stock code: 000656.SZ)
“Land”	a piece of land located at Zengcheng District, Guangzhou, the PRC, as further described in the paragraph headed “Information of the Parties – Guangzhou Jingyu” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Previous Transaction”	formation of Guangzhou Xinze by Guangzhou Yinong and Guangzhou Jinke, as further described in the paragraph headed “The Previous Transaction” in this announcement
“Project”	the property development project to be developed on the Land by Guangzhou Jingyu
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	the subsidiary of the Company

“Transferred Interest” 49% of the equity interest in Guangzhou Jingyu held by Guangzhou Jinke to be transferred to Guangzhou Xinze pursuant to the terms and conditions of the Equity Transfer Agreement

“%” per cent.

By Order of the Board
JY Grandmark Holdings Limited
Chan Sze Ming Michael
Chairman

Hong Kong, 27 October 2020

As at the date of this announcement, the Board comprises Mr. Chan Sze Ming Michael, Mr. Liu Huaxi, Ms. Zheng Catherine Wei Hong, Mr. Wu Xinping, Mr. Xue Shuangyou and Ms. Wei Miaochang as executive Directors, Mr. Ma Ching Nam, CStJ, J.P., Mr. Leong Chong and Mr. Wu William Wai Leung as independent non-executive Directors.

* *for identification purposes only*