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景業名邦
JY GRANDMARK

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)

DISCLOSEABLE TRANSACTION EQUITY TRANSFER AGREEMENT

THE EQUITY TRANSFER AGREEMENT

On 9 December 2021, Guangzhou Yinong (an indirect wholly-owned Subsidiary) entered into the Equity Transfer Agreement with Shaanxi Trust, Guangzhou Jinke, the Target Company and the Project Company pursuant to which amongst others Shaanxi Trust agreed to transfer 35.7% and 34.3% of the equity interest of the Target Company to Guangzhou Yinong and Guangzhou Jinke, respectively.

LISTING RULES IMPLICATIONS

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

INTRODUCTION

On 9 December 2021, Guangzhou Yinong (an indirect wholly-owned Subsidiary) entered into the Equity Transfer Agreement with Shaanxi Trust, Guangzhou Jinke, the Target Company and the Project Company pursuant to which amongst others Shaanxi Trust agreed to transfer 35.7% and 34.3% of the equity interest of the Target Company to Guangzhou Yinong and Guangzhou Jinke, respectively.

THE EQUITY TRANSFER AGREEMENT

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

Date

9 December 2021

Parties

- (a) Shaanxi Trust;
- (b) Guangzhou Yinong, an indirect wholly-owned subsidiary of the Company;
- (c) Guangzhou Jinke;
- (d) the Target Company; and
- (e) the Project Company

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Shaanxi Trust and Guangzhou Jinke, and its respective ultimate beneficial owners are third parties independent of the Company and not a connected person of the Company as at the date of this announcement. As at the date of this announcement immediately before the Transaction, the Target Company is held by Shaanxi Trust, Guangzhou Yinong and Guangzhou Jinke as to 70%, 15.3% and 14.7%, respectively. The Project Company is wholly owned by the Target Company as at the date of this announcement. Please refer to the paragraphs headed “Information on the Parties” and “Financial effects of the Transaction” of this announcement for further details.

Consideration

The total consideration of transfer of 70% equity interest of the Target Company from Shaanxi Trust to Guangzhou Yinong and Guangzhou Jinke shall be approximately RMB422.7 million, which was determined based on arm’s length negotiations among Guangzhou Yinong, Guangzhou Jinke and Shaanxi Trust with reference to the valuation of the Target Company. The Company has considered the valuation of the Target Company stated in the Valuation Report prepared by an independent valuer. According to the Valuation Report, the fair value of the net assets of the Target Company as at 31 October 2021 was approximately RMB608.5 million.

The consideration of transfer of 35.7% equity interest of the Target Company from Shaanxi Trust to Guangzhou Yinong shall be approximately RMB215.6 million.

The consideration of transfer of 34.3% equity interest of the Target Company from Shaanxi Trust to Guangzhou Jinke shall be approximately RMB207.1 million.

The total consideration will be satisfied by Guangzhou Yinong and Guangzhou Jinke assuming the payable owed by Shaanxi Trust to the Target Company in the corresponding amounts of approximately RMB215.6 million and approximately RMB207.1 million, respectively. There will be no cash flow from each of Guangzhou Yinong and Guangzhou Jinke to Shaanxi Trust in respect of the Transaction.

Registration

Within 10 working days from the date of signing of the Equity Transfer Agreement, Shaanxi Trust shall cooperate with Guangzhou Yinong and Guangzhou Jinke to complete the registration procedures for the transfer of the 70% equity interest of the Target Company. Shaanxi Trust shall release the pledge of the entire equity interest of the Project Company and shall complete the corresponding registration procedures.

Corporate governance of the Target Company and the Project Company

Save for the following resolutions that require unanimous consent of all shareholders of the Target Company, the other matters can be resolved by a shareholder resolution of 1/2 (including the number) of voting rights:

- (a) to resolve on the increase or decrease of the Target Company's registered capital;
- (b) to resolve on mergers, divisions, equity structure adjustments, changes to the organisational form, termination, dissolution and liquidation of the Target Company; and
- (c) to formulate and revise the articles of association of the Target Company.

The board of directors of each of the Target Company and the Project Company shall comprise three directors. Guangzhou Yinong and Guangzhou Jinke shall nominate two directors and one director, respectively. Guangzhou Yinong shall have the right to appoint the chairman of the board of directors of each of the Target Company and the Project Company.

The board of directors of each of the Target Company and the Project Company can exercise the powers to resolve the following matters by approval by more than 2/3 (including the number) of all directors:

- (a) to convene the shareholders' meeting and report to the shareholders' meeting;
- (b) to execute the resolutions of the shareholders' meeting;
- (c) to draft annual financial budget plan and final account plan;
- (d) to formulate profit distribution plan and loss-recovery plan;

- (e) to draft plans for increasing or reducing registered capital, and plans for issuance of corporate bonds;
- (f) to draft plans for company merger and division, equity structure adjustment, change of company organisational form, termination, dissolution, and liquidation;
- (g) to decide on the establishment of the company's internal management organization;
- (h) to decide to appoint or dismiss the company's general manager, financial officer and other department heads, and decide on their remuneration, except for the personnel appointed by Guangzhou Yinong;
- (i) to review and approve the company's basic management system and specific rules and regulations, including but not limited to the company's daily operation of the fund management system, bidding management system, employee welfare system and other management systems;
- (j) to review and approve the company's engagement and dismissal of accounting firms and other intermediary agencies;
- (k) to review and approve the company's mortgage of land use rights and construction in progress in order to raise the development funds required for the project (the company's joint and several liability guarantee for the mortgage purchase loan provided to the property buyers of this project can be determined by the general manager);
- (l) to review and approve the target cost of the project; and
- (m) other powers granted by legal regulations, the company's articles of association and shareholders' meeting.

INFORMATION ON THE PARTIES

Guangzhou Yinong

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.

Shaanxi Trust

Shaanxi Trust is a company established under the laws of the PRC which is principally engaged in financial intermediary business such as trust business and investment advisory. It is a trust company approved by the China Banking and Insurance Regulatory Commission* (中國銀行保險監督管理委員會).

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 Property Group Co., Ltd.* (金科地產集團股份有限公司), which is a joint stock company listed on the Shenzhen Stock Exchange (stock code: 000656.SZ). Jinke Property Group Co., Ltd.* (金科地產集團股份有限公司) 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.

The Target Company and the Project Company

The Target Company was established in the PRC on 12 October 2020 for holding the entire equity interest in the Project Company.

The Project Company was established in the PRC on 22 July 2020 for the purpose of conducting the development of the Land. The Land 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.

The financial information of the Target Group as extracted from its unaudited consolidated management accounts compiled in accordance with the generally accepted accounting principles of the PRC, is as follows:

	For the period from 12 October 2020 (date of establishment) to 31 December 2020	For the period from 1 January 2021 to 31 October 2021
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Revenue	–	–
Net loss before taxation and extraordinary items	1,877	9,393
Net loss after taxation and extraordinary items	1,449	6,978

The unaudited total asset value and the unaudited net asset value of the Target Group as at 31 December 2020 amounted to approximately RMB632.4 million and RMB548.6 million, respectively. The unaudited total asset value and the unaudited net asset value of the Target Group as at 31 October 2021 amounted to approximately RMB1,894.4 million and RMB541.6 million, respectively.

According to the Valuation Report, the fair value of the net assets of the Target Company as at 31 October 2021 was approximately RMB608.5 million.

FINANCIAL EFFECTS OF THE TRANSACTION

Immediately prior to the Transaction, the Target Company is owned by Shaanxi Trust, Guangzhou Yinong and Guangzhou Jinke as to 70%, 15.3% and 14.7%, respectively. The Project Company is wholly owned by the Target Company.

Upon completion of the Transaction, the Target Company will be owned by Guangzhou Yinong and Guangzhou Jinke as to 51% and 49%, respectively. The Project Company will remain wholly owned by the Target Company after the Transaction. Accordingly, both of the Target Company and the Project Company will become the Subsidiaries and the financials of which will be consolidated into those of the Company.

REASONS FOR AND BENEFITS OF THE TRANSACTION

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 Equity Transfer Agreement was entered into at the request by Shaanxi Trust in light of the prevailing market conditions. Taking into account (i) the Valuation Report, (ii) the financial effects of consolidating the financials of the Target Group, and (iii) the development progress of the Project, the Directors consider that entering into the Transaction is in line with the business development strategy and planning of the Group and is beneficial to the Group as a whole.

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.

LISTING RULES IMPLICATIONS

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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:

“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
“Director(s)”	the director(s) of the Company, including independent non-executive directors
“Equity Transfer Agreement”	the equity transfer agreement dated 9 December 2021 entered into among Shaanxi Trust, Guangzhou Yinong, Guangzhou Jinke, the Target Company and the Project Company in relation to the transfer of equity interest of the Target Company from Shaanxi Trust to Guangzhou Yinong and Guangzhou Jinke
“Group”	the Company and its subsidiaries
“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 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
“Land”	a piece of land located at Zengcheng District, Guangzhou, the PRC, as further described in the paragraph headed “Information on the Parties – The Target Company and the Project Company” 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, exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“Project”	the project to be developed on the Land by the Project Company
“Project Company”	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
“RMB”	Renminbi, the lawful currency of the PRC
“Shaanxi Trust”	Shaanxi International Trust Co., Ltd. (陝西省國際信託股份有限公司), a company with limited liability established in the PRC, listed on the Shenzhen Stock Exchange (stock code: 000563.SZ)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	the subsidiary of the Company
“Target Company”	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
“Target Group”	the Target Company and the Project Company
“Transaction”	the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder
“Valuation Report”	the valuation report on the fair value of the net assets of the Target Company prepared by an independent valuer dated 3 December 2021
“%”	per cent.

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

Guangzhou, the PRC, 9 December 2021

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 and Ms. Wei Miaochang as executive Directors, Mr. Ma Ching Nam, BBS, CStJ, J.P., Mr. Leong Chong and Mr. Wu William Wai Leung as independent non-executive Directors.

* *for identification purposes only*