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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 ACQUISITION AGREEMENT

THE ACQUISITION AGREEMENT

On 1 September 2022 (after trading hours), Guangzhou Yinong (an indirect wholly-owned Subsidiary) entered into the Acquisition Agreement with Guangzhou Jincan, the Target Company, the Project Company and the Purchaser pursuant to which amongst others the Purchaser has conditionally agreed to acquire from Guangzhou Yinong (a) the Target Equity Interest, being 50% of the equity interest of the Target Company, at a maximum consideration of approximately RMB38.43 million, and (b) the Target Loan at a consideration of approximately RMB252.84 million.

LISTING RULES IMPLICATIONS

Immediately before entering into the Acquisition Agreement, the Target Company is a Subsidiary but the Target Company is an insignificant Subsidiary pursuant to Rule 14A.09 of the Listing Rules. As such, notwithstanding that Guangzhou Jincan is a substantial shareholder of the Target Company, it is not regarded as a connected person of the Company. The Purchaser being an associate of Guangzhou Jincan is also not regarded as a connected person of the Company. The entering into of the Acquisition Agreement and the Transaction therefore do not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company, which is subject to the announcement requirement but exempt from the shareholders' approval requirement under the Listing Rules.

INTRODUCTION

On 1 September 2022 (after trading hours), Guangzhou Yinong (an indirect wholly-owned Subsidiary) entered into the Acquisition Agreement with Guangzhou Jincan, the Target Company, the Project Company and the Purchaser pursuant to which amongst others the Purchaser has conditionally agreed to acquire from Guangzhou Yinong (a) the Target Equity Interest, being 50% of the equity interest of the Target Company, at a maximum consideration of approximately RMB38.43 million, and (b) the Target Loan at a consideration of approximately RMB252.84 million.

THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are summarised as follows:

Date

1 September 2022

The Parties

- (a) Guangzhou Jincan;
- (b) Guangzhou Yinong, an indirect wholly-owned Subsidiary;
- (c) the Target Company;
- (d) the Project Company; and
- (e) the Purchaser

The Transaction

The Purchaser has conditionally agreed to acquire from Guangzhou Yinong:

- (a) the Target Equity Interest, being 50% of the equity interest of the Target Company held by Guangzhou Yinong, at a maximum consideration of approximately RMB38.43 million (the “**Equity Interest Consideration**”); and
- (b) the Target Loan, being the loan of the amount of approximately RMB252.84 million owed by the Project Company to Guangzhou Yinong, at a consideration of approximately RMB252.84 million (the “**Loan Consideration**”, together with the Equity Interest Consideration, the “**Total Consideration**”).

Therefore, the maximum amount of the Total Consideration shall be approximately RMB291.27 million.

The Total Consideration was determined based on arm's length negotiations between Guangzhou Yinong and the Purchaser. The maximum Equity Interest Consideration of the amount of approximately RMB38.43 million shall be calculated by RMB66.83 million (representing the amount of the registered capital of the Target Company contributed by Guangzhou Yinong deducted by the expected loss of the Project with reference to the prevailing market conditions and prices of the similar properties within the vicinity of the Project) deducted by the additional loss suffered by the Project Company (the "**Additional Loss of the Project Company**") as a result of the failure of payment of the land price of the Land by Guangzhou Yinong pursuant to the Investment Cooperation Agreement including the damages, additional interests and deed tax payable to the government authorities. The amount of the Equity Interest Consideration shall only be confirmed on the date of payment of the Additional Loss of the Project Company as detailed below in this announcement pursuant to the terms of the Acquisition Agreement. The Loan Consideration was determined based on the face value of the loan owed by the Project Company to Guangzhou Yinong.

The Equity Interest Consideration shall be settled by the Purchaser to Guangzhou Yinong in cash. The Loan Consideration payable by the Purchaser to Guangzhou Yinong shall be set off against the existing loan of the amount of approximately RMB252.84 million owed by Guangzhou Yinong to the Purchaser.

Completion of the Transaction

The acquisition of the Target Equity Interest and the Target Loan by the Purchaser shall be completed in the following steps:

- (a) within one working day from the date of signing the Acquisition Agreement, the Purchaser shall pay RMB30 million to the joint bank account (the "**Bank Account**") of Guangzhou Yinong and the Purchaser as the jointly managed funds (the "**Joint Managed Funds**");
- (b) within one working day from the date of signing the Acquisition Agreement, Guangzhou Yinong shall (i) hand over all documents, licences, company chops and other properties of the Target Company and the Project Company to Guangzhou Jincan and the Purchaser, and (ii) arrange the personnel nominated by Guangzhou Yinong to withdraw from the Target Company and the Project Company (collectively, the "**Handover Arrangements**"). Guangzhou Yinong shall deposit its company seal and business licence into the safe designated by the Purchaser and shall only use them under the witness of the Purchaser;
- (c) within two working days from the date of signing the Acquisition Agreement, the parties to the Acquisition Agreement shall sign the relevant equity transfer contract in relation to the transfer of the Target Equity Interest from Guangzhou Yinong to the Purchaser and other documents in relation to changes of the directors and supervisors of the Target Company, and handle the related registration procedures with relevant local Administration of Industry and Commerce in the PRC;

- (d) within one working day after the satisfaction of the conditions that (i) the arrangements in paragraph (b) above have been completed, (ii) the receipt of the transfer of the Target Equity Interest has been received by the Target Company from the relevant local Administration of Industry and Commerce in the PRC, and (iii) the Project Company has obtained the non-tax income payment notice issued by the government authority in relation to the payment of the unpaid land price, damages and additional interests of unpaid land price, the Project Company shall pay the land price of approximately RMB238.79 million. On the same day, the Purchaser shall provide the Project Company a loan of the amount of the Additional Loss of the Project Company. Upon receipt, the Project Company shall pay such amount to the government authority;
- (e) on the date of receipt of approval notice for the transfer of the Target Equity Interest from the relevant local Administration of Industry and Commerce in the PRC (the “**Approval Receipt Date**”), the Purchaser shall cooperate with Guangzhou Yinong to release Guangzhou Yinong’s company seal and business licence;
- (f) on the Approval Receipt Date, Guangzhou Yinong, the Purchaser and the Project Company shall execute the loan assignment contract pursuant to which Guangzhou Yinong shall transfer the Target Loan to the Purchaser at the Loan Consideration payable by the Purchaser to Guangzhou Yinong; and
- (g) within one working day after the satisfaction of (i) the opening of the Bank Account, (ii) the completion of the Handover Arrangements, and (iii) the receipt of approval notice for the transfer of the Target Equity Interest from the relevant local Administration of Industry and Commerce in the PRC, Guangzhou Yinong and the Purchaser shall cooperate to release the Joint Managed Funds from the Bank Account to the bank account designated by Guangzhou Yinong. The Purchaser shall also pay the remaining balance of the Equity Interest Consideration to the bank account designated by Guangzhou Yinong.

After the completion of the Transaction, the Investment Cooperation Agreement and its supplemental agreement (if any) shall be terminated automatically.

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.

Guangzhou Jincan and the Purchaser

Guangzhou Jincan is a company established under the laws of the PRC which is principally engaged in property development, sales and property management in the PRC.

The Purchaser is a company established under the laws of the PRC which is principally engaged in property development, sales and property management in the PRC.

Each of Guangzhou Jincan and the Purchaser is indirectly wholly owned by Gemdale Group as at the date of this announcement. Gemdale Group, which is listed on the Shanghai Stock Exchange (stock code: 600383.SH), is primarily engaged in the real estate development, development and operation of commercial real estate and industrial park, real estate financing, property service, sports industry operation, home improvement industry, agent construction industry, education industry, etc..

Immediately before entering into the Acquisition Agreement, the Target Company was a Subsidiary but the Target Company is an insignificant Subsidiary pursuant to Rule 14A.09 of the Listing Rules. As such, notwithstanding that Guangzhou Jincan is a substantial shareholder of the Target Company, it is not regarded as a connected person of the Company. The Purchaser being an associate of Guangzhou Jincan (the fellow subsidiary of the Gemdale Group) is also not regarded as a connected person of the Company. On such basis, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Guangzhou Jincan and the Purchaser and their ultimate beneficial owner are independent of the Company and not a connected person of the Company as at the date of this announcement.

The Target Company and the Project Company

Immediately before the completion of the Transaction, the Target Company is owned by Guangzhou Jincan and Guangzhou Yinong as to 50% and 50%, respectively. Each of the Target Company and the Project Company was a non-wholly owned Subsidiary.

Upon completion of the Transaction, the Target Company will be owned by Guangzhou Jincan and the Purchaser as to 50% and 50%, respectively.

The Target Company is a company established on 19 March 2021 under the laws of the PRC which is principally engaged in the investment holding of the Project Company. The Project Company is a company established on 7 May 2021 under the laws of the PRC which is principally engaged in property development, sales and property management in the PRC. It holds the Project which is under construction.

The consolidated financial information of the Target Group, as extracted from its unaudited management accounts for the period from 19 March 2021 (date of establishment of the Target Company) until 31 December 2021 compiled in accordance with the generally accepted accounting principles of the PRC, is as follows:

	For the period from 19 March 2021 (date of establishment of the Target Company) until 31 December 2021 <i>RMB'000</i> (unaudited)
Revenue	–
Net loss before taxation and extraordinary items	1,364
Net loss after taxation and extraordinary items	1,019

The unaudited total asset value and net asset value of the Target Group as at 31 August 2022 were approximately RMB621.19 million and RMB316.70 million, respectively.

The Project Company owns the Land which is located at the east side of Xinxin Road, Zhongxin Town, Zengcheng District, Guangzhou, the PRC (中國廣州市增城區中新鎮新新公路東側) with a total land area of approximately 25,989.93 square metres. 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 multistorey buildings mainly for residential purpose with all-round supporting facilities, which accounts for the major part among the residential lands in the PRC.

USE OF PROCEEDS AND FINANCIAL EFFECT OF THE TRANSACTION

It is the current intention of the Company that the proceeds arising from the Transaction shall be used by the Company as general working capital.

It is expected that the Company will record a minimum unaudited loss of approximately RMB119.92 million from the disposal of the Target Equity Interest, which is by reference to (a) the maximum consideration for the disposal of the Target Equity Interest; and (b) 50% of the unaudited net asset value of the Target Group as at 31 August 2022 as extracted from its management accounts.

It is also expected that the Company will not record any gain or loss from the transfer of the Target Loan.

The actual loss as a result of the Transaction to be recorded by the Group is subject to final audit to be performed by the Company's auditors.

Upon completion of the Transaction, the Company will no longer hold any interest in the Target Company and hence the Project Company, both of which will cease to be Subsidiaries and their financial results will no longer be consolidated into the financial statements of the Group.

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 property investment in the PRC.

Under the prevailing unfavourable market conditions, the Project Company is unlikely to sell the properties of the Project to be completed without significant loss. Therefore, the Transaction provides an opportunity of realising the Project for immediate cash flows to the Group, and thereby improving the liquidity of the Group and providing additional cash to meet its working capital requirements and for future business development of the Group, while reducing the risk of further loss of the Project in the long run.

The terms of the Acquisition 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 Acquisition Agreement and the Transaction are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Immediately before entering into the Acquisition Agreement, the Target Company is a Subsidiary but the Target Company is an insignificant Subsidiary pursuant to Rule 14A.09 of the Listing Rules. As such, notwithstanding that Guangzhou Jincan is a substantial shareholder of the Target Company, it is not regarded as a connected person of the Company. The Purchaser being an associate of Guangzhou Jincan is also not regarded as a connected person of the Company. The entering into of the Acquisition Agreement and the Transaction therefore do not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company, which is subject to the announcement requirement but exempt from the shareholders' approval requirement under the Listing Rules.

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 Agreement”	the acquisition agreement entered into among Guangzhou Yinong, Guangzhou Jincan, the Target Company, the Project Company and the Purchaser dated 1 September 2022
“associate”	has the meaning ascribed to it under the Listing Rules
“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
“Gemdale Group”	Gemdale (Group) Holdings Co., Ltd* (金地(集團)股份有限公司), a company with limited liability established in the PRC, listed on the Shanghai Stock Exchange (stock code: 600383.SH), as further described in the paragraph headed “Information on the Parties – Guangzhou Jincan and the Purchaser” in this announcement
“Group”	the Company and its subsidiaries
“Guangzhou Jincan”	Guangzhou Jincan Real Estate Development Co., Ltd.* (廣州市金瓏房地產開發有限公司), a limited liability company established in the PRC, as further described in the paragraph headed “Information on the Parties – Guangzhou Jincan and the Purchaser” in this announcement
“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

“Investment Cooperation Agreement”	the investment cooperation agreement dated 4 June 2021 entered into among Guangzhou Jincan, Guangzhou Yinong, the Target Company and the Project Company in relation to the joint investment and development of the Land
“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, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Project”	the project which is under development on the Land by the Project Company
“Project Company”	Guangzhou Jinxuan Real Estate Development Co., Ltd.* (廣州市金軒房地產開發有限公司), a limited liability company established in the PRC
“Purchaser”	Gemdale Real Estate Development Construction (Hengqin) Co., Ltd.* (金地房地產開發建設(橫琴)有限公司), a limited liability company established in the PRC, as further described in the paragraph headed “Information on the Parties – Guangzhou Jincan and the Purchaser” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	the subsidiary of the Company
“Target Company”	Guangzhou Jinshuo Real Estate Development Co., Ltd.* (廣州市金碩房地產開發有限公司), a limited liability company established in the PRC
“Target Equity Interest”	50% of the equity interest of the Target Company held by Guangzhou Yinong
“Target Group”	the Target Company and the Project Company

“Target Loan”	the loan of the amount of approximately RMB252.84 million owed by the Project Company to Guangzhou Yinong
“Transaction”	the transactions contemplated under the Acquisition Agreement
“%”	per cent.

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

Guangzhou, the PRC, 1 September 2022

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*