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## **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 AND CONNECTED TRANSACTION DEEMED DISPOSAL OF INTEREST IN A SUBSIDIARY**

#### **THE COOPERATIVE DEVELOPMENT AGREEMENT**

On 28 October 2020 (after trading hours), Guangzhou Yinong (an indirect wholly-owned Subsidiary) entered into the Cooperative Development Agreement with Shaanxi Trust, Guangzhou Jinke, the SPV, the Project Company and Chongqing Jinke pursuant to which amongst others Shaanxi Trust conditionally agreed to invest in the maximum amount of RMB910 million in the SPV, pursuant to the terms and conditions of the Cooperative Development Agreement. Subject to the Adjustments, approximately RMB116.67 million out of RMB910 million shall be injected as the registered capital of the SPV for subscription for 70% of the equity interest in the SPV, and the remaining balance shall be injected as the capital reserve of the SPV.

Upon completion of the Capital Increase, the registered capital of the SPV will be increased from RMB50 million to approximately RMB166.67 million, and subject to the Adjustments, the SPV will be held by Shaanxi Trust, Guangzhou Jinke and Guangzhou Yinong as to 70%, 14.7% and 15.3%, respectively. The SPV and the Project Company will cease to be a Subsidiary.

#### **LISTING RULES IMPLICATIONS**

As the equity interest of Guangzhou Yinong in the SPV will be reduced from 51% to 15.3% (subject to the Adjustments), the transactions contemplated under the Cooperative Development Agreement constitute a deemed disposal of the equity interest in the SPV under Rule 14.29 of the Listing Rules.

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 constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Guangzhou Jinke is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of a Subsidiary (the SPV) and Chongqing Jinke is also a connected person of the Company at the subsidiary level by virtue of being the holding company of Guangzhou Jinke, the Transaction also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Board has approved the Transaction, and the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Cooperative Development Agreement are fair and reasonable, the Transaction is on normal commercial terms, is in the ordinary and usual course of business of the Group and is 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 Transaction is subject to the reporting and announcement requirements applicable to connected transactions, but is exempt from the circular, independent financial advice and the approval requirements of the shareholders of the Company.

## **INTRODUCTION**

On 28 October 2020 (after trading hours), Guangzhou Yinong (an indirect wholly-owned Subsidiary) entered into the Cooperative Development Agreement with Shaanxi Trust, Guangzhou Jinke, the SPV, the Project Company and Chongqing Jinke pursuant to which amongst others Shaanxi Trust conditionally agreed to invest in the maximum amount of RMB910 million in the SPV, pursuant to the terms and conditions of the Cooperative Development Agreement. Subject to the Adjustments, approximately RMB116.67 million of RMB910 million shall be injected as the registered capital of the SPV for subscription for 70% of the equity interest in the SPV, and the remaining of which shall be injected as the capital reserve of the SPV.

## **THE COOPERATIVE DEVELOPMENT AGREEMENT**

The principal terms of the Cooperative Development Agreement are summarised as follows:

### **Date**

28 October 2020

### **Parties**

- (a) Shaanxi Trust;
- (b) Guangzhou Jinke;
- (c) Guangzhou Yinong, an indirect wholly-owned Subsidiary;
- (d) the SPV;
- (e) the Project Company; and
- (f) Chongqing Jinke

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Shaanxi Trust 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. Guangzhou Jinke is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of a Subsidiary (the SPV). Chongqing Jinke is also a connected person of the Company at the subsidiary level by virtue of being the holding company of Guangzhou Jinke. For further details, please refer to paragraph headed “Information of the Parties – Guangzhou Jinke and Chongqing Jinke” in this announcement.

## Investment

Pursuant to the Cooperative Development Agreement, Shaanxi Trust conditionally agreed to invest in the maximum amount of RMB910 million in the SPV to subscribe for 70% of the equity interest in the SPV, pursuant to the terms and conditions of the Cooperative Development Agreement. Subject to the Adjustments set out below, approximately RMB116.67 million out of RMB910 million shall be injected as the registered capital of the SPV for the subscription for 70% of the equity interest in the SPV, and the remaining balance shall be injected as the capital reserve of the SPV.

Shaanxi Trust intends to invest in the SPV in the following two stages:

- (a) Stage 1: Shaanxi Trust shall make first payment in the maximum amount of RMB385 million based on 70% of the maximum cumulative negative cash flows of the Project within three months from the Investment Commencement Date. If the first payment is less than RMB385 million, Shaanxi Trust shall transfer back the equity interest (inclusive of the unpaid capital) in the SPV at nil consideration to Guangzhou Jinke and Guangzhou Yinong based on the following respective formula:
  - (i) Guangzhou Jinke:  $(\text{RMB385 million} - \text{the investment amount on the expiry date of the three months from the Investment Commencement Date}) \div \text{RMB385 million} \times 49\%$ ; and
  - (ii) Guangzhou Yinong:  $(\text{RMB385 million} - \text{the investment amount on the expiry date of the three months from the Investment Commencement Date}) \div \text{RMB385 million} \times 51\%$ .
- (b) Stage 2: Shaanxi Trust has the right, but not the obligation, to add further investment based on the actual expenditure of the Project within four months after the Investment Commencement Date or six months after the execution of the Cooperative Development Agreement, whichever is earlier, subject to the limit of RMB910 million (inclusive of the investment in stage 1).

The Company shall publish further announcement(s) should Shaanxi Trust transfer back the equity interest in the SPV to Guangzhou Jinke and Guangzhou Yinong.

The percentage of the SPV's equity interest acquired by Shaanxi Trust through the Capital Increase was arrived at after arm's length negotiation amongst the parties having taken into consideration of, among others, the unaudited net assets value of the Project Company as at 30 September 2020 and the capital contribution by the existing shareholders to the SPV.

The total amount of the Cooperation pursuant to the Cooperative Development Agreement has been arrived at after arm's length negotiations amongst the parties and was determined with reference to (a) the land premium and associated cost of the Land, (b) the proportion of ultimate beneficial interest in the Project Company to be held by each party after completion of the Capital Increase, and (c) the business prospects and development direction of the Project Company.

## **Investment period**

The Investment Period commences from the Investment Commencement Date (inclusive of the date) until Shaanxi Trust completes the transfer of its equity interest in the SPV or the Investment Expiry Date (exclusive of the date), whichever is earlier.

## **Conditions precedent**

The stage 1 of the investment by Shaanxi Trust in the SPV is subject to the fulfilment of the following conditions precedent which Shaanxi Trust has the right to waive in writing:

- (a) the parties to the Cooperative Development Agreement have completed the approval procedures relating to the transactions under the Cooperative Development Agreement and obtained all necessary authorisations and consents;
- (b) upon execution of the Cooperative Development Agreement, Guangzhou Jinke has invested RMB24.5 million in the registered capital of the SPV and RMB56.35 million in the capital reserve of the SPV, Guangzhou Yinong has invested RMB25.5 million in the registered capital of the SPV and RMB58.65 million in the capital reserve of the SPV. For the capital contribution of the SPV to the Project Company, the registered capital is RMB50 million, and the remainder is the capital reserve;
- (c) the SPV has been established, and the equity change of the SPV / the Project Company has been completed. The SPV has held 100% of the equity interest of the Project Company, and the registration of industrial and commercial changes has been completed. The SPV / the Project Company has obtained the updated business licence;
- (d) after Shaanxi Trust has already held 70% of the equity interest in the SPV, the SPV has pledged its 100% of the equity interest in the Project Company to Shaanxi Trust for all the obligations of Guangzhou Jinke, Guangzhou Yinong and Chongqing Jinke under the Cooperative Development Agreement, and has completed the pledge registration procedures;
- (e) the land payment for the Project has been paid by Guangzhou Jinke (and its related parties) and Guangzhou Yinong (and its related parties) in accordance with 51%:49% of not less than RMB550 million, and has provided proof of fund availability;
- (f) the shareholders of the Project Company have completed the payment of the registered capital punctually, completely and legally in accordance with the provisions of the articles of association of the Project Company, and the registered capital of the Project Company has been fully paid;
- (g) the total amount of investment by Guangzhou Jinke and Guangzhou Yinong (paid capital and capital reserve) in the SPV shall not be less than 3/7 of Shaanxi Trust's investment (including the investment that Shaanxi Trust intends to pay in the period);

- (h) the personnel designated by Shaanxi Trust has been appointed as the director of the Project Company and the SPV, and the Project Company and the SPV have formed a new board of directors in accordance with the Cooperative Development Agreement, and completed the registration for industrial and commercial changes;
- (i) the Project Company has confirmed the personnel appointed by Shaanxi Trust in accordance with the requirements of the Cooperative Development Agreement, and all the seals, certificates and all payment tools of the Project Company have been jointly managed by the personnel appointed by Shaanxi Trust and the personnel designated by Guangzhou Jinke and Guangzhou Yinong;
- (j) all agreements and documents relating to the cooperation pursuant to the Cooperative Development Agreement have been signed in accordance with the agreed version;
- (k) there is no non-compliance with laws, regulations, policies and other relevant provisions in respect of the Project. The Project Company has not received or may not be subject to any administrative penalties due to the Project. There has been no material adverse change in respect of the Project;
- (l) the Project Company, the SPV, Guangzhou Jinke, Guangzhou Yinong and their de facto controllers have not violated the Cooperative Development Agreement or any representations, warranties, or undertakings under the Cooperative Development Agreement or any Project-associated agreements, and there has been no material adverse change; and
- (m) other conditions that Shaanxi Trust considers affecting the investment pursuant to the Cooperative Development Agreement.

### **Corporate governance**

The board of directors of the SPV shall comprise three directors. Each of Shaanxi Trust, Guangzhou Jinke and Guangzhou Yinong shall appoint one director. The chairman shall be nominated by Guangzhou Yinong and elected by the board of directors of the SPV, and resolutions of the board of directors shall be approved by all directors. The general manager shall be nominated by Guangzhou Jinke, subject to employment by the board of directors of the Project Company. Shaanxi Trust shall appoint a joint financial controller to the SPV.

The board of directors of the Project Company shall comprise three directors. Each of Shaanxi Trust, Guangzhou Jinke and Guangzhou Yinong shall through the SPV appoint one director. The chairman shall be nominated by Guangzhou Yinong through the SPV and elected by the board of directors of the Project Company, and resolutions of the board of directors shall be approved by all directors. The general manager shall be nominated by Guangzhou Jinke through the SPV, subject to employment by the board of directors of the Project Company. Shaanxi Trust shall appoint a joint financial controller to the Project Company.

## Surplus funds

During the Investment Period, if the Project Company still has distributable profits or surplus funds (i.e. the financing cash amount and sales receivables deducted by the Project Company's subsequent (not less than three months) operating costs, the payable financing payments, and the project funds, taxes and fees and other reasonable expenses (not more than RMB80 million in total) required for development and construction) after paying taxes in accordance with the law (if any), withdrawing the statutory provident funds in full (if any), making up for the company's losses (if any), and withdrawing other provident fund (if any), then the surplus funds can be pre-allocated to the SPV, after deducting the management fee, operating fee (if any) and other related expenses that the SPV needs to bear, and can be used in the following order:

- (a) the SPV shall first distribute the surplus funds to Shaanxi Trust on the basis of repaying the investment principal before the investment return until Shaanxi Trust recovers all the investment principal and the investment return reaches the annualised ROI of 9.5%;
- (b) the SPV shall then distribute the remaining surplus funds to Guangzhou Jinke and Guangzhou Yinong in proportion to their respective equity interest in the SPV, until all the investment principal (paid capital and capital reserve) of Guangzhou Jinke and Guangzhou Yinong is recovered and the investment return reaches the annualised ROI of 9.5%;
- (c) the SPV shall then distribute the remaining surplus funds to Shaanxi Trust, Guangzhou Jinke and Guangzhou Yinong according to the ratio of 30%: 34.3%: 35.7%, until the total return of Shaanxi Trust reaches the annualised ROI of 10.5%;
- (d) the SPV shall then distribute the remaining surplus funds to Shaanxi Trust, Guangzhou Jinke and Guangzhou Yinong according to the ratio of 1%: 48.51%: 50.49%.

## Exit mechanism

### *Simulated liquidation exit*

During the Investment Period, when the Target Project Sales Rate reaches 85% (inclusive) or the expiry date of the 15 months (inclusive) from the Investment Commencement Date, whichever is earlier, Shaanxi Trust, Guangzhou Jinke and Guangzhou Yinong will carry out a simulated liquidation of the Project. The SPV shall provide Shaanxi Trust with an independent third-party valuation agency to issue a valuation report on the value of the Shaanxi Trust's Final Equity Interest in accordance with the terms of the Cooperative Development Agreement.

Shaanxi Trust shall initiate market-based disposal of the Shaanxi Trust's Final Equity Interest after the completion of the simulated liquidation. Guangzhou Jinke and Guangzhou Yinong have the right to inform Shaanxi Trust in writing whether to exercise the priority transfer right within five business days after the completion of the simulated liquidation. Failure to confirm within the aforementioned period shall be deemed as a waiver of such priority transfer right. If both Guangzhou Jinke and Guangzhou Yinong exercise the priority transfer right, Guangzhou Jinke shall acquire the 49% of the Shaanxi Trust's Final Equity Interest, and Guangzhou Yinong shall acquire the 51% of the Shaanxi Trust's Final Equity Interest. The purchase price of the equity interest of the SPV pursuant to the exercise of the priority transfer right is payable on or before the expiration of 18 months from the Investment Commencement Date, and is determined in accordance with the mechanism of payment of surplus funds.

If both Guangzhou Jinke and Guangzhou Yinong waive the priority transfer right, Shaanxi Trust has the right to market-based disposal of the Shaanxi Trust's Final Equity Interest at any price to any third party.

*Protective exit*

If the director(s) appointed by Shaanxi Trust object(s) to changes in the project plan, sales plan, sales area, sales amount and sales return of the Project, or the following major changes occur and result in loss of the SPV's revenue, Shaanxi Trust shall notify Guangzhou Jinke and Guangzhou Yinong in writing after the occurrence of these changes, then Guangzhou Jinke and Guangzhou Yinong shall be obliged to acquire the Shaanxi Trust's Final Equity Interest at the purchase price (being the principal amount of the investment funds by Shaanxi Trust plus the investment income calculated at an annualised ROI 10.5% deducted by the investment amount recovered by Shaanxi Trust during the Investment Period):

- (a) the Project engineering plan and/or sales plan lags behind the original approved business plan and the cumulative lag time reaches more than three months;
- (b) the Project's average sales price, sales amount, and sales return change more than 3% (excluding the number) from the business plan initially approved by the board of directors of the Project Company, or the target project sales area deviate more than 1% (excluding the number) from the business plan initially approved by the board of directors of the Project Company. Within 30 business days from the occurrence of the aforementioned circumstances, the Project Company has not held a meeting of the board of directors or the Project Company's board of directors fails to reach an agreement within 30 business days after that.

If there are major changes in the product positioning or planning indicators of the Project listed in the decisions of the board of directors of the Project Company that cause loss in the SPV's revenue, Shaanxi Trust shall notify Guangzhou Jinke and Guangzhou Yinong in writing after the occurrence of these changes, then Guangzhou Jinke and Guangzhou Yinong shall be obliged to acquire the Shaanxi Trust's Final Equity Interest at the purchase price (being the principal amount of the investment funds by Shaanxi Trust plus the investment income calculated at an annualised ROI 10.5% deducted by the investment amount recovered by Shaanxi Trust during the Investment Period).

If and only after Guangzhou Jinke, Guangzhou Yinong, and Chongqing Jinkie have paid the purchase price in full to Shaanxi Trust, Shaanxi Trust shall transfer the Shaanxi Trust's Final Equity Interest to Guangzhou Jinke and Guangzhou Yinong respectively in proportion to the respective purchase prices paid by Guangzhou Jinke (including Chongqing Jinke) and Guangzhou Yinong.

If Guangzhou Jinke, Guangzhou Yinong or Chongqing Jinke fails to pay the purchase price in full within the agreed period and fulfills all the purchase obligations as a result of the protective exit clause of the Cooperative Development Agreement, Shaanxi Trust has the right to claim against the party in breach, and also has the right to market-based disposal of the Shaanxi Trust's Final Equity Interest at any price to any third party.

### *Early exit*

If all construction certificates of the Project are completed after six months from the last payment of the investment funds by Shaanxi Trust, Guangzhou Jinke and Guangzhou Yinong can apply for simulated liquidation of the Project subject to approval by Shaanxi Trust, and Guangzhou Jinke and Guangzhou Yinong have the priority transfer right. The purchase price of the equity interest of the SPV under the priority transfer right is determined in accordance with the mechanism of payment of surplus funds.

If Guangzhou Jinke or Guangzhou Yinong chooses to purchase in advance, but fails to pay the purchase price in full within the agreed period and fulfills all the purchase obligations, Shaanxi Trust has the right to claim against the party in breach, and also has the right to market-based disposal of the Shaanxi Trust's Final Equity Interest at any price to any third party.

The Company shall publish further announcement(s) as appropriate in accordance with the Listing Rules should the acquisition under any of the exit mechanisms materialised.

### **Transfers**

Before the Investment Expiry Date, Guangzhou Jinke and Guangzhou Yinong shall not withdraw from the cooperation of the Project through equity transfer or other means without prior written consent of Shaanxi Trust.

Unless otherwise agreed by the parties, during the development and construction of the Project, the shareholders of the SPV shall not withdraw from the cooperation of the Project through equity transfer or other means without the written consent of the parties.

### **Share pledge**

The SPV shall pledge its 100% of the equity interest in the Project Company to Shaanxi Trust for all the obligations of Guangzhou Jinke, Guangzhou Yinong and Chongqing Jinke under the Cooperative Development Agreement. When Shaanxi Trust does not hold any equity interest in the SPV, the share pledge shall be released.

## **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.

### **The SPV and the Project Company**

As at the date of this announcement, the SPV is owned by Guangzhou Yinong and Guangzhou Jinke as to 51% and 49%, respectively. It was established in the PRC on 12 October 2020 for holding the entire equity interest in the Project Company. Based on the unaudited financial statements of the SPV for the period from its establishment to the date of this announcement, the total asset value and net asset value of the SPV as at the date of this announcement were RMB50 million and RMB50 million, respectively. The SPV has gained a net profit (before tax) of RMB0 and a net profit (after tax) of RMB0 for the period from its establishment to the date of this announcement.

The Project Company 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 the Project Company for the period from its establishment to 30 September 2020, the total asset value and net asset value of the Project Company as at 30 September 2020 were approximately RMB550.5 million and RMB49.7 million, respectively. The Project Company 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.

### **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 and Chongqing Jinke**

Each of Guangzhou Jinke and Chongqing 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. They are 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.

## **FINANCIAL IMPACT OF THE INVESTMENT TO THE GROUP**

As at the date of this announcement, the SPV is owned by Guangzhou Yinong and Guangzhou Jinke as to 51% and 49%, respectively. The SPV holds the entire equity interest in the Project Company.

Upon completion of the Capital Increase, the registered capital of the SPV will be increased from RMB50 million to approximately RMB166.67 million, and subject to the Adjustments, the SPV will be held by Shaanxi Trust, Guangzhou Jinke and Guangzhou Yinong as to 70%, 14.7% and 15.3%, respectively. Both the SPV and the Project Company will cease to be Subsidiaries upon completion of the Capital Increase. As a result, the financial results of the SPV (and hence the Project Company) will no longer be consolidated into the financial statements of the Group.

It is expected that no gain or loss will be recorded by the Group from the Transaction would not have significant impact on the Group's consolidated financial statements.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS CONTEMPLATED UNDER THE COOPERATIVE DEVELOPMENT 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 decrease in the amount of capital contribution in the SPV and the Project Company as a result of the Transaction is expected to increase the financial flexibility of the Group, which should enhance the Group's capability to engage in more real estate projects to expand the property development and investment portfolio of the Group. The Company introduced Shaanxi Trust, a qualified investor, to bring more equity capital to the SPV and the Project Company for the repayment of the financial liabilities, and implemented deleveraging and debt reduction so as to further enhance the Group's capacity in sustainable and sound development. Therefore, the Company considers that the Transaction is in the interest of the Company and its shareholders as a whole.

The terms of the Cooperative Development 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 Cooperative Development 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 Transaction.

## LISTING RULES IMPLICATIONS

As the equity interest of Guangzhou Yinong in the SPV will be reduced from 51% to 15.3% (subject to the Adjustments), the transactions contemplated under the Cooperative Development Agreement constitute a deemed disposal of the equity interest in the SPV under Rule 14.29 of the Listing Rules.

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 constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Guangzhou Jinke is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of a Subsidiary (the SPV) and Chongqing Jinke is also a connected person of the Company at the subsidiary level by virtue of being the holding company of Guangzhou Jinke, the Transaction also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Board has approved the Transaction, and the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Cooperative Development Agreement are fair and reasonable, the Transaction is on normal commercial terms, is in the ordinary and usual course of business of the Group and is 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 Transaction is subject to the reporting and announcement requirements applicable to connected transactions, but is 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:

“Adjustments”	adjustments to the equity interests of Shaanxi Trust, Guangzhou Jinke and Guangzhou Yinong in the SPV pursuant to the terms and conditions of the Cooperative Development Agreement, as further described in the paragraph headed “The Cooperative Development Agreement – Investment” in this announcement
“Board”	the board of Directors
“Capital Increase”	the proposed capital increase in the SPV by Shaanxi Trust via subscription for 70% interest in the SPV, subject to and in accordance with the terms and conditions of the Cooperative Development Agreement
“Chongqing Jinke”	Chongqing Jinke Real Estate Development Co., Ltd.* (重慶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

“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
“Cooperation”	the investment by Shaanxi Trust contemplated under the Cooperative Development Agreement
“Cooperative Development Agreement”	the cooperative development agreement dated 28 October 2020 entered into amongst Shaanxi Trust, Guangzhou Jinke, Guangzhou Yinong, the SPV, the Project Company and Chongqing Jinke in relation to the joint investment in the SPV
“Deemed Disposal”	the reduction of the Group’s equity interest in the SPV from 51% to 15.3% upon completion of the Capital Increase subject to the Adjustments
“Director(s)”	the director(s) of the Company, including independent non-executive directors
“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
“Investment Commencement Date”	the date when Shaanxi Trust injects the investment funds in accordance with the Cooperative Development Agreement and the Project-associated agreements. If the investment funds are injected in multiple payments, the Investment Commencement Date shall refer to the date of the first payment
“Investment Expiry Date”	the earlier of (a) the 18 months from the Investment Commencement Date, (b) three months from the date of reaching 85% (inclusive) of the Target Project Sales Rate, or (c) Shaanxi Trust makes early exit in accordance with the Cooperative Development Agreement and the Project-associated agreements

“Investment Period”	the period of investment by Shaanxi Trust pursuant to the Cooperative Development Agreement, as further described in the paragraph headed “The Cooperative Development Agreement – Investment period” in this announcement
“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 – The SPV 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 property development 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
“ROI”	the rate of return on investment which is calculated based on the return on investment divided by the weighted average investment principal
“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)
“Shaanxi Trust’s Final Equity Interest”	the equity interest in the SPV held by Shaanxi Trust after the Adjustments
“SPV”	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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subsidiary”	the subsidiary of the Company
“Target Project Sales Rate”	equals the sold area of the saleable residential properties divided by the total saleable area of saleable residential properties times 100%
“Transaction”	the Cooperation pursuant to the terms and conditions of the Collective Development Agreement, and hence the Deemed Disposal as a result of the Cooperation
“%”	per cent.

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

Hong Kong, 28 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 Miao Chang 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*