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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 FORMATION OF JOINT VENTURE IN GUANGZHOU, GUANGDONG, THE PRC

THE INVESTMENT COOPERATION AGREEMENT

On 4 June 2021 (after trading hours), Guangzhou Yinong (an indirect wholly-owned Subsidiary) entered into the Investment Cooperation Agreement with Guangzhou Jincan, the Target Company and the Project Company pursuant to which amongst others Guangzhou Yinong shall cooperate with Guangzhou Jincan in the joint investment and development of the Land through the Target Company and the Project Company.

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 4 June 2021 (after trading hours), Guangzhou Yinong (an indirect wholly-owned Subsidiary) entered into the Investment Cooperation Agreement with Guangzhou Jincan, the Target Company and the Project Company pursuant to which amongst others Guangzhou Yinong shall cooperate with Guangzhou Jincan in the joint investment and development of the Land through the Target Company and the Project Company.

THE INVESTMENT COOPERATION AGREEMENT

The principal terms of the Investment Cooperation Agreement are summarised as follows:

Date

4 June 2021

Parties

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

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Guangzhou Jincan is ultimately wholly-owned by Gemdale Group as at the date of this announcement. Gemdale Group is listed on the Shanghai Stock Exchange (stock code: 600383.SH). The Target Company is directly wholly-owned by Guangzhou Jincan as at the date of this announcement. The Project Company is directly wholly-owned by the Target Company as at the date of this announcement. Each of Guangzhou Jincan, the Target Company and the Project Company, and its ultimate beneficial owners are independent of the Company and not a connected person of the Company as at the date of this announcement. Please refer to the paragraph headed “Information on the Parties” in this announcement for further details.

Purpose of the cooperation

The parties agree that by Guangzhou Yinong paying the investment funds and contributing to the Target Company’s capital, the Target Company will be owned by Guangzhou Jincan and Guangzhou Yinong as to 50% and 50%, respectively. Guangzhou Jincan and Guangzhou Yinong shall enjoy the land use right of the Land owned by the Project Company, the development, construction, and operation rights of the Land and all the associated and related rights and benefits based on their shareholdings in the Target Company.

Shareholding structure and capital requirements

Initial investment funds

As at the date of this announcement, the related party of Guangzhou Jincan has provided the Target Company a loan of RMB139.6 million to pay the bidding deposit of the Land. Such amount shall be deemed as Guangzhou Jincan’s initial investment funds of which the amount invested by Guangzhou Jincan in excess of its expected shareholding ratio pursuant to the Investment Cooperation Agreement is RMB69.8 million. On the day when the joint bank account of the Target Company is opened, Guangzhou Yinong shall pay into such account RMB69.8 million (the “**JY’s Investment Funds**”). The Target Company will repay Guangzhou Jincan of RMB69.8 million before capital increase mentioned below.

Capital increase

As at the date of this announcement, the Target Company is wholly owned by Guangzhou Jincan with an unpaid registered capital of RMB10 million. The Project Company is wholly owned by the Target Company with an unpaid registered capital of RMB10 million.

Within three working days after Guangzhou Yinong has paid the JY's Investment Funds, the Target Company will increase the registered capital by RMB265.4 million (the "**Target Company's Capital Increase**") which shall be subscribed for by Guangzhou Jincan and Guangzhou Yinong for the amount of RMB127.7 million and RMB137.7 million, respectively. After the Target Company's Capital Increase, the registered capital of the Target Company will be changed from RMB10 million to RMB275.4 million, which will be contributed by Guangzhou Jincan and Guangzhou Yinong based on the shareholding ratio of 50% and 50%, respectively.

Within three working days after Guangzhou Yinong pays the JY's Investment Funds, the Project Company will increase the registered capital by RMB265.4 million (the "**Project Company's Capital Increase**") which shall be wholly subscribed for by the Target Company. After the Project Company's Capital Increase, the registered capital of the Project Company will be changed from RMB10 million to RMB275.4 million, which will be wholly contributed by the Target Company.

After the registration of changes in shareholding of the Target Company by the relevant governmental authorities, taking into account of (a) the voting rights of Guangzhou Jincan and Guangzhou Yinong in the shareholders meetings of the Target Company, and (b) the composition of the board of directors and the voting rules and procedures of board meetings of the Target Company and the Project Company, each of the Target Company and the Project Company will be accounted for as a Subsidiary.

Land loans

Within two working days before the expiration of the payment date of the first instalment of the land price for the Land, each of Guangzhou Jincan and Guangzhou Yinong shall provide the Project Company with a loan of RMB22 million.

Subsequent funding arrangements

After the payment of the first instalment of the land price of the Land, the subsequent funds of the Project Company and the Project shall in principle be provided for by development loans from commercial banks.

If no development loan is granted by commercial banks or the amount of the development loan is insufficient, Guangzhou Jincan and Guangzhou Yinong shall directly provide loans to the Project Company according to their shareholding ratio.

The total land price of the Land bid by the Target Company on 27 April 2021 was RMB918 million, which shall be contributed by Guangzhou Jincan and Guangzhou Yinong based on the shareholding ratio of 50% and 50%, respectively.

Assuming no development loan is granted, the total capital commitment of Guangzhou Yinong in the Target Company (the “**JY’s Total Capital Commitment**”), being RMB459 million in aggregate taking into account the aforesaid investment funds, equity contribution and loans to be provided by Guangzhou Yinong, is expected to be funded by the internal resources of the Group. The amount of the JY’s Total Capital Commitment was determined after arm’s length negotiations between the parties, taking into account, among other factors, the funding need for the Project in respect of the land price of the Land and the shareholding structure of the Target Company.

Corporate governance of the Target Company

Guangzhou Jincan and Guangzhou Yinong shall exercise voting rights in the shareholders meetings at the ratio of 49% and 51%, respectively. Save for the following resolutions that require unanimous consent of all the shareholders, the other matters can be resolved by shareholders representing more than half of the voting rights (inclusive):

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

The board of directors of the Target Company shall comprise five directors. Guangzhou Jincan and Guangzhou Yinong shall nominate two directors and three directors, respectively. Guangzhou Yinong shall have the right to appoint the chairman of the board of directors of Target Company. Save for the following resolutions that require unanimous consent of all the directors, the other matters can be resolved by more than half of all the directors:

- (a) to formulate plans for the Target Company to increase or decrease its registered capital; and
- (b) to formulate plans for mergers, divisions, changes of the organisational form, dissolution and liquidation of the Target Company.

Each of Guangzhou Jincan and Guangzhou Yinong shall nominate one supervisor.

Corporate governance of the Project Company

As the Target Company is the sole shareholder of the Project Company, the powers of the Project Company’s shareholders are consistent with those of the Target Company’s shareholders. Before the Project Company’s shareholder makes a decision, it must be approved and resolved by the Target Company’s shareholders.

The structure of the board of directors and supervisors of the Project Company shall be consistent with that of the Target Company.

Restriction on transfer of equity interests and creditor's rights

Before the whole Land obtains the completion inspection and acceptance filing documents, without the unanimous consent of both Guangzhou Jincan and Guangzhou Yinong, each of them shall not directly or indirectly transfer all or part of the equity interests and creditor's rights of the Target Company or the Project Company it holds to a third party.

Profit sharing

If the Project Company has profit available for distribution, the profit shall be distributed to the Target Company after making up for losses in accordance with the law and withdrawing the statutory common reserve fund. The profit of the Target Company shall be distributed to Guangzhou Jincan and Guangzhou Yinong in accordance with their respective shareholdings in the Target Company. The loss recovery and profit distribution plan shall be implemented after being approved in the Target Company's shareholders meeting.

After all the saleable properties of the Project are sold, the final accounts for completion and delivery are completed, and the profit distribution is completed, the Target Company and the Project Company shall initiate procedures for liquidation and cancellation.

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

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. Guangzhou Jincan 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.

The Target Company and the Project Company

The Target Company is a company established on 19 March 2021 under the laws of the PRC which is principally engaged in investment holding of the Project Company. Based on the unaudited financial statements of the Target Company for the period from its establishment to 31 May 2021, the total asset value and net deficit value of the Target Company as at 31 May 2021 were approximately RMB139.5 million and RMB0.1 million, respectively. The Target

Company has earned no revenue, and has incurred a net loss (before tax) of RMB0.1 million and a net loss (after tax) of RMB0.1 million for the period from its establishment to 31 May 2021.

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 has not commenced any business since its establishment. As at the date of this announcement, there is no turnover and profit recorded in the books of the Project Company and the total asset and net asset values of the Project Company are nil.

The Target Company has not commenced any substantive business operation apart from having won a bid at auction for the acquisition of the Land on 27 April 2021. The Land 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 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.

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 Land is located at Zengcheng District of Guangzhou, which is a national economic and technological development zone, as well as an emerging automobile industry base and an eco-tourism demonstration zone. Zengcheng District is located in the core area of the Guangdong-Hong Kong-Macao Greater Bay Area, with convenient location and transportation. In view of the location and the designated use of the Land, the Directors consider that entering into the Transaction for the purpose of joint development of the Land should provide a valuable investment opportunity and is in line with the business development strategy and planning of the Group. Gemdale Group has extensive experience in property development. The Directors believe that the joint venture arrangement pursuant to the Investment Cooperation Agreement can share the costs and risks in development of the Land.

The terms of the Investment Cooperation 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 Investment Cooperation 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 Investment Cooperation Agreement and the transactions contemplated thereunder.

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.

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
“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 of the Parties – Guangzhou Jincan” 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
“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 of 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 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
“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
“Transaction”	the entering into of the Investment Cooperation Agreement and the transactions contemplated thereunder
“%”	per cent.

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

Zhuhai, the PRC, 4 June 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, Mr. Xue Shuangyou 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*