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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)

ISSUANCE OF US\$155,000,000 7.5% SENIOR NOTES DUE 2022 EXEMPTED CONNECTED TRANSACTION: PURCHASES OF NOTES BY CONNECTED PERSONS OF THE COMPANY

Reference is made to the announcements of the Company dated 25 January 2021 and 2 February 2021 (the “**Announcements**”) in relation to the Exchange Offer and the Concurrent New Money Issuance. Unless otherwise defined, capitalised terms in this announcement will have the same meaning as those defined in the Announcements.

THE EXCHANGE OFFER FOR THE EXISTING NOTES

The Exchange Offer expired at 4:00 p.m., London time, on 1 February 2021.

With respect to the Existing Notes submitted for exchange, subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer, Eligible Holders of the Existing Notes validly accepted and exchanged in the Exchange Offer will receive the Exchange Consideration on the Settlement Date. Subject to completion of the Exchange Offer, the Company expects to issue US\$137,500,000 of the New Notes pursuant to the Exchange Offer.

THE CONCURRENT NEW MONEY ISSUANCE

The Board is pleased to announce that on 2 February 2021, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Haitong International, HSBC, The Bank of East Asia, Limited and Jinghui Capital in connection with the issue of the New Notes under the Concurrent New Money Issuance. The Group intends to use the net cash proceeds from the Concurrent New Money Issuance to acquire or develop property projects, refinance existing indebtedness and for general corporate purposes.

Subject to completion of the Exchange Offer and the Concurrent New Money Issuance, the Company will issue US\$17,500,000 of the New Notes in the Concurrent New Money Issuance and US\$137,500,000 of the New Notes pursuant to the Exchange Offer, for an aggregate principal amount of US\$155,000,000 of the New Notes.

The Company will seek a listing of the New Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the New Notes has been received from the Stock Exchange for the listing of the New Notes by way of debt issues to professional investors only as described in the offering memorandum. Admission of the New Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the New Notes.

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THE PURCHASE AGREEMENT IN RELATION TO THE CONCURRENT NEW MONEY ISSUANCE

Date: 2 February 2021

Parties to the Purchase Agreement

- (a) the Company;
- (b) the Subsidiary Guarantors;
- (c) Haitong International;

- (d) HSBC;
- (e) The Bank of East Asia, Limited; and
- (f) Jinghui Capital.

Haitong International is the sole global coordinator, joint bookrunner and joint lead manager, and HSBC, The Bank of East Asia, Limited and Jinghui Capital are the joint bookrunners and joint lead managers in respect of the offer and sale of the New Notes under the Concurrent New Money Issuance. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Jinghui Capital, each of Haitong International, HSBC and The Bank of East Asia, Limited is an independent third party and not a connected person of the Company and its connected persons.

As at the date of this announcement, Jinghui Capital is wholly-owned by a substantial shareholder of a subsidiary of the Company, and is thus an associate of a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, Jinghui Capital is a connected person of the Company under Chapter 14A of the Listing Rules, and the transaction contemplated under the Purchase Agreement with Jinghui Capital constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the subscription amount (including the commission charged) by Jinghui Capital under the Purchase Agreement are less than 1%, the transaction contemplated under the Purchase Agreement is fully-exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A.76(1) of the Listing Rules.

The New Notes have not been, and will not be, registered under the Securities Act. The New Notes will only be offered outside the United States in offshore transactions to non-U.S. persons in compliance with Regulation S under the Securities Act, and may not be offered or sold within the United States or to, or for the account on benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the New Notes will be offered to the public in Hong Kong.

Offering Price

The offering price of the New Notes under the Concurrent New Money Issuance is 100% of the principal amount with respect to the New Notes.

Principal terms of the New Notes

The following is a summary of certain provisions of the New Notes and the Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture, the New Notes, the guarantees provided by the Company, Subsidiary Guarantors, and the JV Subsidiary Guarantors, if any.

Amount and tenor

Subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance, the Company will issue US\$17,500,000 of the New Notes in the Concurrent New Money Issuance and US\$137,500,000 of the New Notes pursuant to the Exchange Offer, for an aggregate principal amount of US\$155,000,000 of the New Notes, which will mature on 7 February 2022, unless earlier redeemed pursuant to the terms thereof.

Interest

The New Notes will bear interest from (and including) 8 February 2021 at a rate of 7.5% per annum, payable in arrears on 8 August 2021 and 7 February 2022.

Ranking of the New Notes

The New Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the New Notes; (3) at least *pari passu* in right of payment with the Existing Notes and all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations; (5) effectively subordinated to the secured obligations, (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not Subsidiary Guarantors or JV Subsidiary Guarantors (if any).

Events of default

The events of default under the New Notes include:

- (a) default in the payment of principal of (or premium, if any, on) the New Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (b) default in the payment of interest on any New Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (c) default in the performance or breach of the provisions of the covenants relating to (i) the failure by the Company to create, or cause the Subsidiary Guarantors to create, a lien on the Collateral (subject to any permitted liens) in accordance with the covenant relating to security in the Indenture, or (ii) the failure by the Company to make or consummate an offer to purchase in the manner prescribed by the terms of the Indenture;
- (d) the Company or any restricted subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the New Notes (other than a default specified in (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by the trustee of the New Notes or the holders of 25% or more in aggregate principal amount of the New Notes;
- (e) there occurs with respect to any indebtedness of the Company or any restricted subsidiary having an outstanding principal amount of US\$15.0 million (or the dollar equivalent thereof) or more in the aggregate for all such indebtedness of all such persons, whether such indebtedness now exists or shall hereafter be created, (i) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its stated maturity and/or (ii) the failure to make a principal payment when due;

- (f) one or more final judgments or orders for the payment of money are rendered against the Company or any restricted subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such persons to exceed US\$15.0 million (or the dollar equivalent thereof) (in excess of amounts which is covered by the Company's insurance carriers under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (g) an involuntary case or other proceeding is commenced against the Company or any significant restricted subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any significant restricted subsidiary or for any substantial part of the property and assets of the Company or any significant restricted subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any significant restricted subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (h) the Company or any significant restricted subsidiary (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any significant restricted subsidiary or for all or substantially all of the property and assets of the Company or any significant restricted subsidiary (other than from any solvent liquidation or restructuring of a significant restricted subsidiary in the ordinary course of business that shall result in the net assets of such significant restricted subsidiary being transferred to or otherwise vested in the Company or any restricted subsidiary on a *pro rata* basis or on a basis more favorable to the Company), or (iii) effects any general assignment for the benefit of creditors; or
- (i) any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) denies or disaffirms its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee (if any) or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an event of default (other than an event of default specified in (g) or (h) above) occurs and is continuing under the Indenture, the Trustee or the holders of at least 25% in aggregate principal amount of the New Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the holders), may, and the Trustee at the written request of such holders shall (subject to receiving indemnity and/or security to its reasonable satisfaction), declare the principal of, premium, if any, and accrued and unpaid interest on the New Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an event of default specified in (g) or (h) above occurs with respect to the Company or any restricted subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the New Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder of the New Notes.

Covenants

The New Notes and the Indenture will limit the Company's ability and the ability of its restricted subsidiaries to, among other things:

- (a) incur additional indebtedness and issue disqualified or preferred stock;
- (b) make investments, dividend payments or other specified restricted payments;
- (c) issue or sell capital stock of restricted subsidiaries;
- (d) guarantee indebtedness of restricted subsidiaries;
- (e) sell assets;
- (f) create liens;
- (g) enter into sale and leaseback transactions;
- (h) engage in any business other than permitted business;
- (i) enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (j) enter into transactions with shareholders or affiliates; and
- (k) effect a consolidation or merger.

Optional Redemption for the New Notes

The New Notes may be redeemed in the following circumstances:

- (1) At any time prior to 7 February 2022, the Company may at its option redeem the New Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the New Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time prior to 7 February 2022, the Company may redeem up to 35% of the aggregate principal amount of the New Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 107.5% of the principal amount of the New Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the New Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

PURCHASES OF NEW NOTES BY OTHER CONNECTED PERSONS

Certain relatives of Mr. Chan, an executive Director and the chairman of the Company, have participated in the Exchange Offer as well as the subscription to the Concurrent New Money Issuance and are expected to be issued approximately 74.19% of the total principal amount of the New Notes to be issued. As they are subject to the same terms as other Eligible Holders who participated in the Exchange Offer and other investors under the Concurrent New Money Issuance, the Directors (including the independent non-executive Directors) are of the view that such exchanges for and purchases of the New Notes are being made on normal commercial terms, the terms of which are fair and reasonable and in the interests of the Company and its shareholders as a whole. As the New Notes are being issued under normal commercial terms, and that the New Notes are not secured by the assets of the Group, the purchases of the New Notes by such relatives of Mr. Chan are fully exempt connected transactions under Rule 14A.90 of the Listing Rules.

PROPOSED USE OF PROCEEDS

The Group intends to use the net proceeds of the Concurrent New Money Issuance to acquire or develop property projects, refinance existing indebtedness and for general corporate purposes. The Company may adjust the foregoing plans in response to changing market conditions and, thus, reallocate the use of the proceeds.

LISTING AND RATING OF THE NEW NOTES

The Company will seek a listing of the New Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the New Notes has been received from the Stock Exchange for the listing of the New Notes by way of debt issues to professional investors only as described in the offering memorandum. Admission of the New Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the New Notes.

The New Notes are not rated as at the time of the offering memorandum and the original issue date.

INFORMATION ABOUT THE COMPANY

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.

GENERAL

Shareholders, holders of the Existing Notes and potential investors should note that completion of the Exchange Offer and the Concurrent New Money Issuance is subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance as set forth in the Exchange Offer Memorandum and summarised in the Announcements. No assurance can be given that the Exchange Offer and the Concurrent New Money Issuance will be completed and the Company reserves the right to amend, withdraw or terminate the Exchange Offer and the Concurrent New Money Issuance with or without conditions.

The Company may, at its sole discretion, amend or waive certain of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance. As the Exchange Offer and the Concurrent New Money Issuance may or may not proceed, shareholders, holders of the Existing Notes and potential investors should exercise caution when dealing in the shares of the Company or the Existing Notes.

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession this announcement comes are required to inform themselves about, and to observe, any such restrictions.

IMPORTANT NOTICE – THE EXCHANGE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND ARE OUTSIDE THE UNITED STATES. U.S. PERSONS (AS DEFINED IN REGULATION S), PERSONS ACTING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER EXISTING NOTES IN THE EXCHANGE OFFER.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set forth below unless the context requires otherwise:

“connected person”	has the meaning ascribed to it under the Listing Rules
“Haitong International”	Haitong International Securities Company Limited
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“Indenture”	the written agreement entered into between the Company, the Subsidiary Guarantors as guarantors and China Construction Bank (Asia) Corporation Limited as trustee, that specifies the terms and conditions of the New Notes including the covenants, events of default, interest rate of the New Notes and the maturity date
“Jinghui Capital”	Jinghui Capital Limited
“JV Subsidiary Guarantees”	limited recourse guarantees to be given by the JV Subsidiary Guarantors on the New Notes
“JV Subsidiary Guarantors”	certain subsidiaries of the Company, other than the Subsidiary Guarantors, that guarantee the Company’s obligations under the New Notes
“Mr. Chan”	Mr. Chan Sze Ming Michael, an executive Director and the chairman of the Company
“New Notes”	US\$-denominated senior notes due 2022 in the aggregate principal amount of US\$155,000,000 to be issued by the Company

“Purchase Agreement”	the agreement dated 2 February 2021 entered into by and among Haitong International, HSBC, The Bank of East Asia, Limited, Jinghui Capital, the Company and the Subsidiary Guarantors in respect of the offer and sale of the New Notes under the Concurrent New Money Issuance
“Subsidiary Guarantees”	guarantees for the New Notes to be provided by the Subsidiary Guarantors
“Subsidiary Guarantors”	certain existing subsidiaries of the Company that on the issue date of the New Notes will provide guarantees for the New Notes

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

Hong Kong, 3 February 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, CStJ, J.P., Mr. Leong Chong and Mr. Wu William Wai Leung as independent non-executive Directors.