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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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **ANNUAL FINANCIAL HIGHLIGHTS**

- Annual contracted sales amounted to approximately RMB3,523.6 million, representing a year-on-year growth of 13.1%; total contracted sales gross floor area (“GFA”) was approximately 351,000 sq.m., representing an increase of 38.7% as compared to the year 2019.
- Revenue recognised was RMB2,347.1 million, representing a year-on-year decrease of 2.3% as compared to RMB2,402.8 million in 2019.
- Gross profit amounted to RMB912.7 million, representing a decrease of 20.2% as compared to RMB1,144.2 million in 2019. Gross profit margin decreased to 38.9% from 47.6% in 2019.
- Profit for the year was RMB478.4 million, representing a year-on-year decrease by 3.3% as compared to RMB494.9 million in 2019. Core net profit\* amounted to RMB427.3 million, representing a decrease of 4.4% as compared with RMB446.9 million in 2019. Profit attributable to owners of the Company was RMB485.2 million, representing a decrease of 3.3% as compared to RMB501.5 million over 2019.
- Basic and diluted earnings per share amounted to RMB0.29, representing a decrease of 29.3% as compared to RMB0.41 over 2019.
- As of 31 December 2020, net gearing ratio\*\* was at an industry-low level of 16.9%, decreased from 47.1% as of 31 December 2019. Cash on hand as of 31 December 2020 was RMB2,361.4 million.

- Proposed final dividend was RMB6.73 cents per ordinary share for the year ended 31 December 2020. Together with the 2020 interim dividend of RMB3.59 cents per ordinary share, total cash dividends for the year of 2020 will be RMB10.32 cents per ordinary share (2019: RMB9.14 cents per ordinary share).
- As at 31 December 2020, the Group had a total land bank of approximately 4 million sq.m..

\* Core net profit represents profit for the year excluding the post-tax gains arising from changes in fair value of investment properties and disposals of subsidiaries.

\*\* Net gearing ratio represents the ratio of net debts (total borrowings net of cash and cash equivalents and restricted cash) divided by total equity as of the end of the respective year.

The board (the “**Board**”) of directors (the “**Directors**”) of JY Grandmark Holdings Limited (the “**Company**” or “**JY Grandmark**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 with the comparative figures for 2019 as follows:

The following discussion should be read in conjunction with the consolidated financial information of the Group, including the related notes, set forth in the financial information section of this announcement.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<b>Year ended 31 December</b>	
	<i>Notes</i>	<b>2020</b>	<b>2019</b>
		<b>RMB'000</b>	<b>RMB'000</b>
Revenue	2	<b>2,347,064</b>	2,402,810
Cost of sales	3	<b>(1,434,328)</b>	(1,258,578)
<b>Gross profit</b>		<b>912,736</b>	1,144,232
Selling and marketing expenses	3	<b>(124,629)</b>	(131,046)
Administrative expenses	3	<b>(140,958)</b>	(162,938)
Net impairment losses on financial assets		<b>(873)</b>	(236)
Other income	4	<b>15,826</b>	3,731
Other expenses	5	<b>(4,105)</b>	(3,098)
Other gains – net	6	<b>86,721</b>	61,021
<b>Operating profit</b>		<b>744,718</b>	911,666
Finance costs	7	<b>(34,492)</b>	(14,219)
Finance income	7	<b>21,213</b>	15,605
Finance (costs)/income – net	7	<b>(13,279)</b>	1,386
Share of results of joint ventures		<b>(2,457)</b>	(158)
Share of results of an associate		<b>55,528</b>	(1,387)
<b>Profit before income tax</b>		<b>784,510</b>	911,507
Income tax expense	8	<b>(306,113)</b>	(416,590)
<b>Profit for the year</b>		<b>478,397</b>	494,917
<b>Profit attributable to:</b>			
Owners of the Company		<b>485,203</b>	501,517
Non-controlling interests		<b>(6,806)</b>	(6,600)
		<b>478,397</b>	494,917

# **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)**

		<b>Year ended 31 December</b>	
	<i>Notes</i>	<b>2020</b>	<b>2019</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Other comprehensive income/(loss) for the year</b>			
Item that may be reclassified to profit or loss			
– Currency translation differences		<u>40,644</u>	<u>(29,399)</u>
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<u>40,644</u>	<u>(29,399)</u>
<b>Total comprehensive income for the year</b>		<u>519,041</u>	<u>465,518</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		525,847	472,118
Non-controlling interests		<u>(6,806)</u>	<u>(6,600)</u>
		<u>519,041</u>	<u>465,518</u>
<b>Earnings per share (expressed in RMB per share)</b>			
– Basic and diluted earnings per share	9	<u>0.29</u>	<u>0.41</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Notes	2020	2019
		RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		301,807	320,264
Right-of-use assets		258,196	260,377
Investment properties		289,252	187,703
Intangible assets		2,443	2,582
Other receivables and prepayments	11	13,805	12,929
Deferred income tax assets		100,234	126,131
Investment in joint ventures		24,543	–
Investment in an associate		84,200	29,653
		<u>1,074,480</u>	<u>939,639</u>
<b>Current assets</b>			
Inventories		1,510	1,645
Contract costs		18,746	23,148
Properties under development		3,714,538	3,955,015
Completed properties held for sale		1,680,252	1,772,134
Trade and other receivables and prepayments	11	1,831,304	480,736
Prepaid taxes		81,040	56,962
Restricted cash		323,779	1,019,118
Cash and cash equivalents		2,037,665	956,933
Amounts due from related parties		123,123	7,759
		<u>9,811,957</u>	<u>8,273,450</u>
<b>Total assets</b>		<u>10,886,437</u>	<u>9,213,089</u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

		<b>As at 31 December</b>	
	<i>Notes</i>	<b>2020</b>	<b>2019</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	12	<b>14,746</b>	14,746
Other reserves		<b>1,836,263</b>	1,765,202
Retained earnings		<b>1,184,234</b>	939,006
		<b>3,035,243</b>	2,718,954
<b>Non-controlling interests</b>		<b>1,417,808</b>	100,455
<b>Total equity</b>		<b>4,453,051</b>	2,819,409
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<b>124,769</b>	186,142
Bank and other borrowings		<b>1,568,978</b>	1,379,922
Lease liabilities		<b>63,608</b>	62,921
		<b>1,757,355</b>	1,628,985
<b>Current liabilities</b>			
Bank and other borrowings		<b>1,542,827</b>	1,923,102
Trade and other payables	13	<b>2,779,260</b>	2,553,385
Lease liabilities		<b>5,122</b>	3,743
Current income tax liabilities		<b>348,822</b>	234,465
Amounts due to related parties		<b>–</b>	50,000
		<b>4,676,031</b>	4,764,695
<b>Total liabilities</b>		<b>6,433,386</b>	6,393,680
<b>Total equity and liabilities</b>		<b>10,886,437</b>	9,213,089

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

### (a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 (“**HKCO**”).

### (b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties which are carried at fair value.

### (c) New standards, amended standards and interpretation adopted by the Group

Amendments to HKAS 1 and HKAS 8	Definition of material
Amendments to HKFRS 3	Definition of a business
Amendments to HKFRS 7, HKAS 9 and HKFRS 39	Interest rate benchmark reform
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting

The adoption of new and amended standards and interpretation did not have any material impact on the Group’s consolidated financial statements.

### (d) New standards and amendments not yet adopted

The following new standards and amendments have been published that are not mandatory for the year ended 31 December 2020 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
HKFRS 17	Insurance Contracts	Originally 1 January 2021, but extended to 1 January 2023 by the HKICPA 1 June 2020
Amendments to HKFRS 16	COVID-19-related Rent Concessions	
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	Originally 1 January 2022, but extended to 1 January 2023 by the HKICPA 1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018–2020	1 January 2022
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group’s assessment of these new standards and amendments did not identify a significant impact on the Group’s financial performance and position.

## 2. REVENUE AND SEGMENT INFORMATION

### (a) Description of segments and principal activities

The executive directors, as the chief operating decision-maker (the “CODM”) of the Group, review the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group is organised into four business segments: property development and sales, commercial property investment, hotel operations and property management.

As the CODM considers most of the Group’s consolidated revenue and results are attributable to the market in the PRC, and the Group’s consolidated non-current assets are substantially located in the PRC, no geographical information is presented.

### (b) Segment performance

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2020 is as follows:

	Property development and sales RMB’000	Commercial property investment RMB’000	Hotel operations RMB’000	Property management RMB’000	Total RMB’000
Segment revenue	2,248,822	–	61,929	32,856	2,343,607
Recognised at a point in time	2,248,822	–	–	–	2,248,822
Recognised over time	–	–	61,929	32,856	94,785
Revenue from other sources: rental income	–	30,126	–	–	30,126
Inter-segment revenue	–	(11,565)	(539)	(14,565)	(26,669)
Revenue from external customers	2,248,822	18,561	61,390	18,291	2,347,064
Gross profit	899,085	16,339	(802)	(1,886)	912,736
Selling and marketing expenses					(124,629)
Administrative expenses					(140,958)
Net impairment losses on financial assets					(873)
Other income					15,826
Other expenses					(4,105)
Other gains – net					86,721
Finance costs – net					(13,279)
Share of results of joint ventures	(2,457)	–	–	–	(2,457)
Share of results of an associate	55,528	–	–	–	55,528
Profit before income tax					784,510
Income tax expense					(306,113)
Profit for the year					478,397
Depreciation and amortisation	12,825	–	14,808	133	27,766
Fair value gains on investment properties – net	–	68,042	–	–	68,042
Segment assets	10,126,260	289,252	363,964	6,727	10,786,203
Segment assets include:					
Investment in joint ventures	24,543	–	–	–	24,543
Investment in an associate	84,200	–	–	–	84,200
Addition to non-current assets (other than financial instruments and deferred income tax assets)	14,560	–	2,799	246	17,605
Segment liabilities	2,811,114	6,912	20,124	9,840	2,847,990

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2019 is as follows:

	<b>Property development and sales</b> <i>RMB'000</i>	<b>Commercial property investment</b> <i>RMB'000</i>	<b>Hotel operations</b> <i>RMB'000</i>	<b>Property management</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
Segment revenue	2,290,345	–	74,449	24,990	2,389,784
Recognised at a point in time	2,290,345	–	–	–	2,290,345
Recognised over time	–	–	74,449	24,990	99,439
Revenue from other sources: rental income	–	36,312	–	–	36,312
Inter-segment revenue	–	(12,093)	(616)	(10,577)	(23,286)
Revenue from external customers	2,290,345	24,219	73,833	14,413	2,402,810
Gross profit	1,124,259	20,389	3,385	(3,801)	1,144,232
Selling and marketing expenses					(131,046)
Administrative expenses					(162,938)
Net impairment losses on financial assets					(236)
Other income					3,731
Other expenses					(3,098)
Other gains – net					61,021
Finance income – net					1,386
Share of results of a joint venture	(158)	–	–	–	(158)
Share of results of an associate	(1,387)	–	–	–	(1,387)
Profit before income tax					911,507
Income tax expense					(416,590)
Profit for the year					494,917
Depreciation and amortisation	13,923	–	15,869	51	29,843
Fair value gains on investment properties – net	–	3,428	–	–	3,428
Segment assets	8,538,314	198,298	348,250	2,096	9,086,958
Segment assets include:					
Investment in an associate	29,653	–	–	–	29,653
Addition to non-current assets (other than financial instruments and deferred income tax assets)	17,299	–	662	129	18,090
Segment liabilities	2,637,528	3,196	18,907	10,418	2,670,049

Sales between segments are carried out at arm's length. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of comprehensive income.

(i) *Segment assets*

The amounts provided to the executive directors with respect to segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

The Group's deferred income tax assets are not considered to be segment assets but rather are managed on a central basis.

Segment assets are reconciled to total assets as follows:

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Segment assets	<b>10,786,203</b>	9,086,958
Unallocated:		
– Deferred income tax assets	<b>100,234</b>	126,131
Total assets	<b>10,886,437</b>	9,213,089

(ii) *Segment liabilities*

The amounts provided to the executive directors with respect to segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's current and deferred income tax liabilities and borrowings are not considered to be segment liabilities but rather are managed on a central basis.

Segment liabilities are reconciled to total liabilities as follows:

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Segment liabilities	<b>2,847,990</b>	2,670,049
Unallocated:		
– Current income tax liabilities	<b>348,822</b>	234,465
– Deferred income tax liabilities	<b>124,769</b>	186,142
– Short-term borrowings and current portion of long-term borrowings	<b>1,542,827</b>	1,923,102
– Long-term borrowings	<b>1,568,978</b>	1,379,922
Total liabilities	<b>6,433,386</b>	6,393,680

### 3. EXPENSE BY NATURE

Expenses by nature included in cost of sales, selling and marketing expenses and administrative expenses are analysed as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Cost of properties sold – including construction cost, land cost and interest cost	1,318,390	1,128,901
Employee benefit expenses (including directors' emoluments)	140,251	147,799
Employee benefit expenditure – including directors' emoluments	158,331	166,570
Less: capitalised in properties under development	(18,080)	(18,771)
Commission fees	64,155	76,180
Hotel operations expenses	33,088	29,417
Business taxes and other levies	20,157	20,225
Advertising costs	40,447	39,874
Entertainment expenses	17,746	19,265
Depreciation and amortisation of intangible assets and right-of-use assets	27,766	29,843
Listing expenses	–	23,546
Office and travelling expenses	10,938	11,283
Auditor's remuneration	4,500	2,800
– Audit services	3,700	2,800
– Non-audit services	800	–
Property management fees	5,509	7,596
Others	16,968	15,833
Total	1,699,915	1,552,562

### 4. OTHER INCOME

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Government grants	8,425	32
Forfeited customer deposits	1,127	533
Others	6,274	3,166
	15,826	3,731

### 5. OTHER EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Donations	3,784	1,376
Others	321	1,722
	4,105	3,098

## 6. OTHER GAINS – NET

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest on financial assets at fair value through profit or loss	3,844	1,832
Gains on disposals of property, plant and equipment	157	199
Fair value gains on investment properties	68,042	3,428
Gains on disposal of subsidiaries	151	59,706
Net foreign exchange gain/(losses)	14,527	(4,144)
	<u>86,721</u>	<u>61,021</u>

## 7. FINANCE COSTS/(INCOME) – NET

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Finance costs		
– Interest expense on bank and other borrowings	269,124	130,413
– Interest expense on leases	3,261	2,983
– Net exchange gains on foreign currency borrowings	(2,886)	–
Less:		
– Interest capitalised	(235,007)	(119,177)
	<u>34,492</u>	<u>14,219</u>
Finance income		
– Interest income from bank deposits	(21,213)	(15,605)
	<u>13,279</u>	<u>(1,386)</u>

## 8. INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current income tax:		
– Corporate income tax	103,269	161,768
– Land appreciation tax	129,032	235,356
	<u>232,301</u>	<u>397,124</u>
Deferred income tax		
– Corporate income tax	75,701	25,849
– Land appreciation tax	(1,889)	(6,383)
	<u>73,812</u>	<u>19,466</u>
	<u>306,113</u>	<u>416,590</u>

**(a) PRC corporate income tax**

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to the Group entities located in Mainland China is 25%.

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate can be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for the undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings out of the Mainland China in the foreseeable future.

**(b) PRC land appreciation tax (“LAT”)**

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate, except for certain group companies which calculate the LAT based on deemed tax rates in accordance with the approved taxation method obtained from tax authorities.

**(c) Overseas income tax**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company’s subsidiaries in the British Virgin Islands were incorporated under the BVI Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

**(d) Hong Kong profits tax**

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the group companies did not have assessable profit in Hong Kong for the year ended 31 December 2020 (2019: nil).

## 9. EARNINGS PER SHARE

In determining the weighted average number of ordinary shares in issue during the years ended 31 December 2020 and 2019, the ordinary shares issued upon the incorporation of the Company, the ordinary shares issued to capitalisation of loan due to ultimate controlling shareholder on 12 November 2019 and the capitalisation issue on 13 November 2019, were deemed to be issued on 1 January 2018 as if the Company has been incorporated by then.

	As at 31 December 2020	2019
Profit attribute to owners of the Company ( <i>RMB'000</i> )	485,203	501,517
Weighted average number of ordinary shares in issue ( <i>in thousand</i> )	1,646,173	1,228,999
Earnings per share – basic ( <i>RMB per share</i> )	<u>0.29</u>	<u>0.41</u>
Earnings per share – diluted ( <i>RMB per share</i> )	<u>0.29</u>	<u>0.41</u>

The Company had no dilutive potential shares in issue, thus the diluted earnings per share equals the basic earnings per share.

## 10. DIVIDEND

The dividends paid in 2020 consist of (i) the payment of the 2019 final cash dividend of RMB9.14 cents per ordinary share totalling RMB150,460,000 (equivalent to HK Dollars (HK\$)163,630,000), and (ii) 2020 interim cash dividend of RMB3.59 cents per ordinary share totalling RMB59,098,000 (equivalent to HK\$66,012,000).

A final dividend in respect of the year ended 31 December 2020 of RMB6.73 cents per ordinary share, amounting to a total dividend of RMB110,787,000, is to be proposed at the annual general meeting on 27 May 2021. These financial statements do not reflect this dividend payable.

## 11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December 2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Included in current assets:		
Trade receivables – third parties ( <i>Note (a)</i> )	6,224	7,552
Other receivables – third parties ( <i>Note (b)</i> )	165,728	319,697
Prepayments for acquisition of land use rights	1,625,200	132,854
Other prepayments	<u>49,713</u>	<u>34,445</u>
	1,846,865	494,548
Less: non-current portion	(13,805)	(12,929)
Less: impairment	<u>(1,756)</u>	<u>(883)</u>
	<u>1,831,304</u>	<u>480,736</u>

As at 31 December 2020 and 2019, the fair value of trade and other receivables approximated their carrying amounts.

As at 31 December 2020, trade receivables with net book value of RMB1,206,000 (2019: RMB1,190,000) were pledged as collateral for the Group's bank and other borrowings.

(a) Details of trade receivables are as follows:

	<b>As at 31 December</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	<b>RMB'000</b>
Trade receivables – third parties	<b>6,224</b>	7,552
Less: allowance for impairment	<u>–</u>	<u>–</u>
Trade receivables – net	<b><u>6,224</u></b>	<b><u>7,552</u></b>

Aging analysis of trade receivables based on invoice date is as follows:

	<b>As at 31 December</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	<b>RMB'000</b>
Within 1 year	<b>6,224</b>	7,552
Over 1 year	<u>–</u>	<u>–</u>
	<b><u>6,224</u></b>	<b><u>7,552</u></b>

Trade receivables mainly arise from rental income, sales of properties and hotel operations. Proceeds from sale of properties are generally received in accordance with the terms stipulated in the sale and purchase agreements.

Management has closely monitored the credit qualities and the collectability of trade receivables and considers that the expected credit loss is immaterial with the expected credit loss rate being close to zero. No loss allowance provision is made for trade receivables for the year ended 31 December 2020 (2019: nil).

(b) Details of other receivables are as follows:

	<b>As at 31 December</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	<b>RMB'000</b>
Deposits for acquisition of land use rights	<b>95,305</b>	275,419
Others	<b><u>70,423</u></b>	<u>44,278</u>
	<b>165,728</b>	319,697
Less: allowance for impairment	<b><u>(1,756)</u></b>	<u>(883)</u>
Other receivables – net	<b><u>163,972</u></b>	<b><u>318,814</u></b>

## 12. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Total
<b>Authorised</b>				
As at 31 December 2020 and 2019	2,500,000,000			
<b>Issued and fully paid</b>				
As at 31 December 2020 and 2019	<u>1,646,173,000</u>	<u>HK\$16,462,000</u>	<u>RMB14,746,000</u>	<u>RMB14,746,000</u>

## 13. TRADE AND OTHER PAYABLES

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Trade payables ( <i>Note (a)</i> )	<b>810,620</b>	888,864
Notes payable	<b>105,171</b>	156,369
Amounts due to non-controlling interests	<b>422,575</b>	62,123
Outstanding consideration payables for acquisitions	<b>46,995</b>	52,809
Contract liabilities	<b>1,036,001</b>	1,115,763
Deposits payable	<b>43,928</b>	54,243
Accrued expenses	<b>40,223</b>	37,240
Salaries payable	<b>43,467</b>	52,944
Other taxes payable	<b>129,091</b>	76,286
Interest payable	<b>27,242</b>	6,282
Other payables	<b>73,947</b>	50,462
	<u><b>2,779,260</b></u>	<u>2,553,385</u>

(a) Aging analysis of the trade payables based on invoice dates is as follows:

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Within 90 days	<b>438,381</b>	508,758
Over 90 days and within 365 days	<b>208,556</b>	280,135
Over 365 days	<b>163,683</b>	99,971
	<u><b>810,620</b></u>	<u>888,864</u>

## CHAIRMAN'S STATEMENT

I am pleased to present the annual results of JY Grandmark for the year ended 31 December 2020 to the shareholders of the Company (the “**Shareholders**”).

## RESULTS

During the reporting period, the aggregated contracted sales of the Group was approximately RMB3,523.6 million, representing a year-on-year growth of 13.1%. The total contracted sales GFA was approximately 351,000 sq.m., representing a year-on-year increase of 38.7%.

During the reporting period, the Group's recognised revenue was RMB2,347.1 million (2019: RMB2,402.8 million), representing a year-on-year decrease of 2.3%. The annual profit was RMB478.4 million (2019: RMB494.9 million), representing a year-on-year decrease of 3.3%. Core net profit was RMB427.3 million (2019: RMB446.9 million), representing a year-on-year decrease of 4.4%. Profit attributable to owners of the Company was RMB485.2 million (2019: RMB501.5 million), representing a year-on-year decline of 3.3%.

The Board recommended a final dividend of RMB6.73 cents per ordinary share, together with the 2020 interim dividend of RMB3.59 cents per ordinary share, total cash dividends for the year of 2020 will be RMB10.32 cents per ordinary share (2019: RMB9.14 cents per ordinary share). The dividend payout ratio is approximately 35% of the profit attributable to owners of the Company.

## BUSINESS REVIEW FOR 2020

In 2020, the world's economy was expected to have slowed down due to the impact of Coronavirus Disease 2019 (“**COVID-19**”). Amid the pandemic, China's economy witnessed a turnaround, and China should record a growth over the year, bringing a positive signal and confidence to the recovery of all sectors and the improvement of business environment.

From the overall perspective, the property market booked a slower growth in the annual sales in 2020. However, the market began to recover in the third quarter when the epidemic prevention and control showed stable development, and transactions rebounded to a minor peak. In terms of industries, leading real estate enterprises also maintained a high average annual growth rate, indicating that the property market still has a great conversion potential.

In 2020, the Company responded promptly to the epidemic, strictly followed the government's instructions to implement epidemic prevention and control, and realised safe resumption of work. It also leveraged its core advantages to expand the financing and investment scale during the operation, explore multi-resource channels and acquire high-quality lands to expand the land bank. With regard to the projects, the Company strived for every node and the quality, and improved every link in the sales process to promote the conversion. The Group sprinted to the business performance objectives with collective wisdom and concerted efforts, united to recover from the impact of COVID-19, and achieved a robust growth.

- 1) **Financing and credit:** With the sound performance of operational indicators and credit rating, the Group was recognised by the capital market and further developed the financing and credit channels. In March 2020, the Group successfully issued US\$150 million senior notes with the coupon rate of 7.5%. In December 2020, the Group entered into a facilities agreement of HK\$734 million with Hang Seng Bank Limited and certain other financial institutions.
- 2) **Property development and sales:** In 2020, the Group achieved positive growth in terms of development area, sales area and sales volume. Throughout the year, the Group launched two new projects, namely, JY Maofeng Town located in Guangzhou, and JY Egret Bay located in Lingao County, Hainan Free Trade Zone. JY Maofeng Town was the first project the Group operated by the right of use, offering flexible spaces available for office work and commercial operation, and expanding a new market. JY Egret Bay was another selected eco-friendly and people-oriented vacation project the Group launched in Hainan Island after JY Clearwater Bay No. 3. featuring vacation products, the project won active subscriptions from those who wanted home upgrading and recorded ideal transactions.

Due to the epidemic, projects of environment improvement and living space improvement were sought after, with both JY Uniworld in Zhaoqing and JY Gaoligong Town in Tengchong recorded satisfactory subscription results. Located in famous tourism cities with favourable environment and thousand-year history, these two projects possess pleasant ecological environment and humanistic connotations, primarily offer courtyards and town houses for home upgrading, and satisfy people's upgraded requirements for healthy environment and high-quality products, which, in turn, verifies the accurate predicts and the competitive advantages of JY Grandmark regarding market layout and product strategy.

- 3) **Land bank:** In 2020, high-quality lands in core cities and core regions still had a heated market with rising prices even in the context of increasing the overall supply to ease the demand. The Group also actively expanded the land bank and acquired more quality lands in the existing markets with established brand effect. In the meantime, the Group focused on Yangtze River Delta, provincial capitals in central and western China and hotspot cities to seek opportunities. Throughout the year, it acquired a total of 12 lands via bidding in three hotspot provinces, Guangdong, Yunnan and Jiangsu, adding approximately 1,141,000 sq.m. to the reserve development area. In the investment of lands acquired, the Group adopted cooperation model for some projects and developed the projects in collaboration with strong real estate enterprises to improve the overall benefit.
- 4) **Property management:** Zhuodu Property, the property management arm of the Group, recorded strong operational indicators: the chargeable area under management reaching 662,400 sq.m., representing a year-on-year increase of over 210%; the revenue reaching approximately RMB18.3 million, representing a year-on-year growth of approximately 27.1%. What is worth noticing is that in addition to the basic property management fees, approximately 30% of the revenue of the property management arm were sourced from other operational businesses, and innovative businesses will also become the revenue growth drivers that Zhuodu Property will focus to develop.

- 5) Hotel operations: Despite the bleak operational performance in the first half of 2020, the two Just Stay hotels seized the opportunity of eased epidemic development and consumption power release, launched promotion activities in line with the trend and actively developed the market, thereby ushering in the “peak season” with high occupancy and recovering the operational loss caused by the pandemic. In 2020, Just Stay Hotel and Just Stay Resort recorded an aggregate revenue of approximately RMB61.4 million and the operating results remained stable.

## **FUTURE STRATEGIES AND PROSPECTS**

The Company anticipates that the domestic property market will be in general favourable in 2021: on one hand, demands for objective nature in the property market will be further released as the consumption recovers, which will stimulate the sales volume; on the other hand, policies will open channels for such businesses as urban renewal, and property investment and development will embrace new opportunities and growth points.

Meanwhile, we also notice that there will be challenges in the industry. As policies including “no speculation of residential properties” and “three red lines” remain effective, the property investment and development will be tightened to a certain extent, and improving the investment target and capital turnover will be the key of enterprise operation. Furthermore, new turning points emerge in the consumption market after the epidemic, with the focus on location and price changing to the focus on integrated experience that covers multiple aspects including products, supporting facilities and property services. Therefore, real estate enterprises should also foster the comprehensive operation ability while building the products.

Based on the foregoing, entering the development stage of comprehensive acceleration, increase and expansion, the Group will maintain a sound financial position in 2021, based on which, it will follow policies and trends, develop businesses of growth potential with a forward-looking posture and expand diversified business channels. At the same time, the Group will enhance the thinking of innovative operation and introduce high quality platform resources to improve the added value of products and services, thereby cultivating a better appreciation ability and building the comprehensive competitiveness in software and hardware.

- 1) Investment strategy: The Group will still take economic zones of top level and cities with population inflows as the core of development layout, making the development of high-quality lands and projects in the Guangdong-Hong Kong-Macao Greater Bay Area as the key, focusing on markets of high growth such as Yangtze River Delta and provincial capitals in central and western China and lands with superior environment resources and humanistic resources and continuously expanding the layout through diversified models including tenders, auctions or listing-for-sale, mergers and acquisitions, and joint development, thereby storing sufficient high-quality lands for the Company’s future development. In addition, the Group will also seize the policy opportunities and follow the process of city planning and urbanisation to develop the urban renewal business in regions of high conversion and growth potential.
- 2) Business strategy: Based on the business strategy of diversified development, the Group will strengthen the resource coordination in businesses of property development, property management, hotel and commercial operation, to maximise the productivity of business segments. In the meantime, the Group will establish ties among the business

segments with the vision of building its own industry chain, making it as a strong competitive advantage in the Group's development of businesses.

- 3) Product strategy: The post-epidemic era highlights the advantage of "Eco-friendly and People-oriented Property". The Group will adhere to the positioning of developing markets of high growth, reacting to market demands and focusing on developing selected eco-friendly and people-oriented properties of high quality, high gross profit and high premiums to provide different customer groups with high-class residential and living communities.

In the product research and development, we will give greater weight to market hotspots including ecology, aesthetics, intelligence and health and make innovation in product style, apartment type and space designs, thus creating products characterised by unique aesthetics and superior experience. In the building of supporting facilities, we will enhance the construction of communities and groups based on public space and property services, introduce the concept of "Comprehensive Health" and other supporting resources that offer diverse experience, to improve the added value of products and strengthen the customer stickiness. By creating products with unique competitive advantages, the Group will secure greater market shares in the market segments, promote the brand upgrading further, and improve the brand recognition and influence.

In 2021, the Group will maintain the existing development advantages, interact more with the market and improve the competitiveness in technology and business innovation, to create high-quality products and services and build the brand image. In the meantime, it will promote the high-quality growth and the rapid scale expansion with profits allowing adequate cash flows and sales activities featuring high conversion, so that it will create greater value for owners and Shareholders.

## **APPRECIATION**

I hereby express my sincere gratitude to the customers and business partners for their long-term support. My heartfelt appreciation also goes to our Directors, the management team and all employees for their excellent work and contributions in the past year.

In particular, I would like to thank you, our Shareholders, for your continuing support and trust, which is very important for the growth of the Group and also very much valued by the Board.

I am very confident in the strategies that we envision and implement. Our professional and seasoned management team has well placed JY Grandmark to deliver growth in its profitability in relation to its core businesses in the future.

**CHAN Sze Ming Michael**  
*Chairman of the Board*

Guangzhou, the PRC, 25 March 2021

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS AND FINANCIAL REVIEW**

#### **Overall performance**

During the year of 2020, the aggregated contracted sales of the Group, including those of the Group's joint ventures and associate, was approximately RMB3,523.6 million, representing a year-on-year growth of 13.1% as compared to RMB3,116.3 million in 2019. The total contracted sales GFA was approximately 351,000 sq.m., representing an increase by 38.7% as compared to approximately 253,000 sq.m. in the previous year.

During the year of 2020, the Group's recognised revenue was RMB2,347.1 million, representing a year-on-year decrease of 2.3% as compared to RMB2,402.8 million in 2019. The operating profit was RMB744.7 million, representing a year-on-year decrease of 18.3% as compared to RMB911.7 million in 2019. Profit for the year was RMB478.4 million, representing a year-on-year decrease of 3.3% as compared to RMB494.9 million in 2019. Core net profit amounted to RMB427.3 million, representing a year-on-year decrease of 4.4% as compared to RMB446.9 million in 2019.

#### **Revenue**

Our revenue represents consolidated revenue from (i) property development and sales; (ii) hotel operations; (iii) commercial property investment; and (iv) property management which are all derived in the PRC. During the year of 2020, revenue of the Group amounted to RMB2,347.1 million, representing a decrease of 2.3% as compared to RMB2,402.8 million in the corresponding period of 2019.

#### **Property development and sales**

We focus on the development of quality residential properties with comfortable and convenient living environment. During the year of 2020, revenue from recognised sales of property development of the Group amounted to RMB2,248.8 million, representing a decrease of 1.8% as compared to RMB2,290.3 million in 2019, accounting for 95.8% of the Group's total revenue. The slight decrease in revenue recognised was primarily due to a decline in average selling price ("ASP") as a result of change in mix of properties delivered, while the aggregate GFA completed and delivered in 2020 increased by 97.7% year-on-year as a result of the Group's continuing expansion.

The following table sets forth the breakdown of our revenue from property development and sales by geographical location for the years ended 31 December 2020 and 2019.

City	Year ended 31 December 2020				Year ended 31 December 2019			
	Recognised	% of	Total GFA delivered	Recognised ASP	Recognised	% of	Total GFA delivered	Recognised ASP
	revenue	recognised			revenue	recognised		
	from	revenue			from	revenue		
	sales of	sale of			sales of	sale of		
properties	properties	Sq.m.	RMB/Sq.m.	properties	properties	Sq.m.	RMB/Sq.m.	
	RMB'000	%			RMB'000	%		
Guangzhou	510,461	22.7%	33,950	15,036	680,963	29.7%	64,278	10,594
Zhongshan	27,855	1.3%	1,218	22,869	66,519	2.9%	3,017	22,048
Zhaoqing	141,532	6.3%	8,111	17,449	–	–	–	–
Qingyuan	440,967	19.6%	76,868	5,737	–	–	–	–
Lingshui	191,466	8.5%	8,241	23,233	1,504,031	65.7%	50,427	29,826
Lingao	23,476	1.0%	3,175	7,394	–	–	–	–
Tengchong	677,031	30.1%	75,377	8,982	28,832	1.3%	1,514	19,043
Zhuzhou	162,127	7.2%	28,792	5,631	–	–	–	–
Others (Note)	73,907	3.3%	N/A	N/A	10,000	0.4%	N/A	N/A
Total/overall	2,248,822	100.0%	235,732	9,226	2,290,345	100.0%	119,236	19,125

Note: Others represented service income from property development and management.

## Hotel operations

Apart from property development and sales, we also operate Just Stay Hotel and Just Stay Resort under our hotel operations business. During the year of 2020, revenue from hotel operations of the Group amounted to RMB61.4 million, representing a slight decline by 16.8% as compared to RMB73.8 million in 2019. Despite the bleak operational performance in the first half of 2020 due to the impact of the outbreak of COVID-19, the two Just Stay hotels seized the opportunity of eased epidemic development and consumption power release. Revenue and operating results from hotel operations have demonstrated a healthy recovery since the second quarter.

## Commercial property investment

Other than holding properties for development and sales, we also own commercial properties for leasing purpose. During the year of 2020, revenue from commercial property investment of the Group amounted to RMB18.6 million, representing a decrease by 23.1% as compared with RMB24.2 million in 2019. The decrease was due to less GFA leased by the Group throughout the year of 2020 mainly as a result of the disposal of Zhongshan Jingyue Investment Co., Ltd.\* (中山市景悦投资有限公司) and its subsidiary Zhongshan Yueheng Corporate Management Co., Ltd.\* (中山市悦恒商业管理有限公司).

## **Property management**

We also derived income from our property management services provided to purchasers of the residential properties. During the year of 2020, revenue from property management services of the Group amounted to RMB18.3 million, representing an increase of 27.1% as compared with RMB14.4 million in 2019, mainly due to increase in GFA of the properties under management.

## **Cost of sales**

Our cost of sales comprise (i) costs of properties sold which are directly associated with the revenue from the property development and sales; (ii) costs in relation to the hotel operations; (iii) costs in relation to commercial property investment which are directly associated with rental income derived from our investment properties; and (iv) costs directly attributable to the provision of property management.

During the year of 2020, cost of sales of the Group amounted to RMB1,434.3 million, representing an increase of 14.0% as compared with RMB1,258.6 million in 2019. The increase in cost of sales was primarily due to increase in the aggregate GFA completed and delivered in line with the development of the Group's businesses.

## **Gross profit and gross profit margin**

During the year of 2020, the Group's gross profit amounted to RMB912.7 million, representing a year-on-year decrease of 20.2% as compared with RMB1,144.2 million in 2019. The Group's gross profit margin decreased to 38.9% from 47.6% in the corresponding period of 2019.

During the year of 2020, the Group's gross profit margin from our property development and sales decreased by 9.1 percentage points to 40.0% from 49.1% in 2019. Such decrease was primarily due to change in mix of properties delivered. Analysing based on the gross profit margin by city, major cities including Guangzhou, Qingyuan and Tengchong which attained gross profit margin ranging from approximately 32.1% to 43.8% and together cast a significant influence to overall gross profit margin as the revenue of the three major cities accounted for 72.4% of our total revenue from property development and sales in 2020.

## **Selling and marketing expenses**

Our selling and marketing expenses consist primarily of advertising costs, commission fees, employee benefit expenses and other selling expenses. During the year of 2020, selling and marketing expenses of the Group amounted to RMB124.6 million, representing a decrease of 4.9% as compared with RMB131.0 million in 2019, accounting for 5.3% of total revenue (2019: accounting for 5.5% of total revenue). Such decrease was mainly due to effective cost control measures imposed by the Group over the marketing activities.

## **Administrative expenses**

Administrative expenses primarily comprised of employee benefit expenses, entertainment expenses for our business, office expenses and travelling expenses. During the year of 2020, the Group's administrative expenses amounted to RMB141.0 million, representing a decline by 13.4% as compared with RMB162.9 million in 2019, accounting for 6.0% of total revenue (2019: accounting for 6.8% of total revenue), primarily resulted from non-recurring listing expenses of RMB23.5 million recorded in 2019 as well as effective cost control measures imposed by the Group.

## **Other income and other expenses**

For the year of 2020, our other income primarily represented government grants and forfeited deposits from our customers in relation to the sales of properties. Other expenses primarily represented donations to charitable organisations in response to COVID-19 as well as donation to Po Leung Kuk.

## **Other gains – net**

Our other gains – net primarily consisted of gains or losses from changes of fair value on investment properties, disposal of subsidiaries, interest on financial assets at fair value through profit or loss and net foreign exchange gains or losses. The Group's other gains – net increased from RMB61.0 million in 2019 to RMB86.7 million in 2020, mainly attributable to fair value gains on investment properties of RMB68.0 million in 2020.

## **Finance costs/(income) – net**

Finance costs/(income) – net comprised mainly interest expenses on bank and other borrowings and leases net of capitalised interest expenses, net exchange gains/(losses) on foreign currency borrowings and interest income from bank deposits. The Group's finance costs/(income) – net changed from income of RMB1.4 million in 2019 to costs of RMB13.3 million in 2020, mainly due to increase in interest expenses charged to finance costs amounting to RMB34.5 million.

## **Share of results of joint ventures**

The Group's share of losses of joint ventures increased from RMB0.2 million in 2019 to RMB2.5 million in 2020, mainly attributable to the projects under development of the joint ventures, which are in the development stage before contributing profits to the Group.

## **Share of results of an associate**

The Group's share of profit of an associate during the year of 2020 amounted to RMB55.5 million, while the Group recognised share of loss of the associate amounted to RMB1.4 million in 2019. The fluctuation was mainly caused by recognition of revenue and the corresponding share of profit from the associate during the year of 2020.

## **Income tax expense**

Income tax expense decreased to RMB306.1 million in 2020 from RMB416.6 million in 2019, which was mainly due to decrease in land appreciation tax by RMB101.8 million as a result of the decrease in gross profit derived from sales of properties. Our effective tax rate remained relatively stable at 27.2% and 27.5%, respectively, for the years ended 31 December 2020 and 2019.

## **Profit for the year**

As a result of the aforementioned, profit for the year of the Group decreased from RMB494.9 million in 2019 to RMB478.4 million in 2020, representing a year-on-year decrease of 3.3%. Core net profit amounted to RMB427.3 million, representing a decrease of 4.4% as compared with RMB446.9 million in 2019. Profit attributable to owners of the Company amounted to RMB485.2 million, representing a decrease of 3.3% as compared with RMB501.5 million in 2019.

The basic and diluted earnings per share amounted to RMB0.29 (2019: RMB0.41).

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

The Group funded and is expected to continue to fund its operations principally from proceeds from the initial public offering (the “**IPO**”), cash generated from its operations, as well as borrowings from financial institutions and issuance of senior notes.

### **Cash positions and fund available**

As at 31 December 2020, the total cash and bank balances of the Group were RMB2,361.4 million (31 December 2019: RMB1,976.1 million), of which RMB2,037.6 million (31 December 2019: RMB957.0 million) was cash and cash equivalents and RMB323.8 million (31 December 2019: RMB1,019.1 million) was restricted cash.

Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. Such guarantee deposits will only be released after full repayment of relevant borrowings. As at 31 December 2020, the Group had placed cash deposits of approximately RMB197.3 million (31 December 2019: RMB930.6 million) with designated banks as security for bank borrowings.

As at 31 December 2020, the Group’s undrawn borrowing facilities were approximately RMB1,055.4 million (31 December 2019: RMB2,828.3 million).

### **Borrowings**

As at 31 December 2020, the total interest-bearing bank and other borrowings of the Group were RMB3,111.8 million (31 December 2019: RMB3,303.0 million), of which RMB1,569.0 million (31 December 2019: RMB1,379.9 million) was included in non-current liabilities and RMB1,542.8 million (31 December 2019: RMB1,923.1 million) was included in current liabilities of the Group, respectively.

- (a) The Company issued senior notes in an aggregate principal amount of US\$150,000,000 in Hong Kong on 10 March 2020 (the “**2020 Notes**”). The interest rate of the 2020 Notes is fixed at 7.5% per annum. The 2020 Notes have matured on 9 March 2021, and are puttable for early redemption at the principal amount at any time prior to 9 March 2021. The 2020 Notes were listed on the Stock Exchange on 11 March 2020.

The net proceeds, after deducting the issuance costs, amounted to US\$148,395,000 (equivalent to approximately RMB1,029,715,000).

The above senior notes are guaranteed by certain subsidiaries of the Group.

- (b) As at 31 December 2020, the Group’s borrowings were denominated in following currencies:

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB’000</b>	<b>RMB’000</b>
RMB	<b>1,550,014</b>	1,807,071
HK\$	<b>588,567</b>	1,495,953
US\$	<b>973,224</b>	—
	<b><u>3,111,805</u></b>	<b><u>3,303,024</u></b>

- (c) As at 31 December 2020, bank and other borrowings totalling RMB1,548.0 million (31 December 2019: RMB2,299.8 million) of the Group were secured by the following assets together with the Group’s shares of certain subsidiaries:

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB’000</b>	<b>RMB’000</b>
Lands	<b>13,263</b>	13,865
Property, plant and equipment	<b>260,917</b>	300,091
Investment properties	<b>197,902</b>	187,703
Properties under development	<b>965,675</b>	1,016,776
Completed properties held for sale	<b>927,913</b>	1,095,440
Trade receivables	<b>1,206</b>	1,190
Restricted cash	<b>197,276</b>	930,558
	<b><u>2,564,152</u></b>	<b><u>3,545,623</u></b>

(d) The repayment terms of the borrowings were as follows:

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Within 1 year	<b>1,542,827</b>	1,923,102
1 to 2 years	<b>627,049</b>	329,386
2 to 5 years	<b>615,264</b>	797,092
Over 5 years	<b>326,665</b>	253,444
	<b>3,111,805</b>	<b>3,303,024</b>

### **Cost of borrowings**

For the year ended 31 December 2020, total cost of borrowings of the Group amounted to RMB269.1 million, representing an increase of 106.4% from RMB130.4 million in the corresponding period of 2019, mainly attributable to higher average balance of borrowings during 2020. The Group's annual weighted average effective interest rate for the year of 2020 was 6.50% (2019: 6.43%).

### **Net gearing ratio**

As of 31 December 2020, net gearing ratio was at an industry-low level of 16.9%, decreased by 30.2 percentage points from 47.1% as of 31 December 2019. The Group will continue to optimise the asset-debt structure and maintain adequate liquidity in the long-run.

Net gearing ratio represents the ratio of net debts (total borrowings net of cash and cash equivalents and restricted cash) divided by total equity as of the end of the respective year.

### **Contingent liabilities**

- (1) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate, which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

As at 31 December 2020, the outstanding guarantees were RMB1,341.6 million (31 December 2019: RMB1,075.9 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The Directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

- (2) As at 31 December 2020, the Group had provided guarantees for borrowings of one of the Group's joint ventures, amounting to RMB422.5 million (31 December 2019: nil).

## **Commitments**

As at 31 December 2020, the commitments of the Group for property development expenditure amounted to RMB2,375.2 million (31 December 2019: RMB1,897.0 million).

## **Currency risks**

The Group's businesses are principally conducted in Renminbi ("RMB"). As at 31 December 2020, major non-RMB assets and liabilities are cash and cash equivalent, restricted cash and bank and other borrowings, which are denominated in HK\$ or US\$. Fluctuation of the exchange rate of RMB against HK\$ or US\$ could affect the Group's results of operations.

The Group has not entered into any forward exchange contracts to hedge its exposure to foreign exchange risk. However, management of the Group monitors foreign exchange risk exposure and will consider hedging significant foreign exchange risk exposure should the need arise.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

For the year ended 31 December 2020, save as disclosed in the prospectus of the Company dated 25 November 2019 (the "**Prospectus**") and in this announcement, the Group currently has no other plan for material investments and capital assets.

## **SIGNIFICANT INVESTMENTS, MAJOR ACQUISITIONS AND DISPOSALS**

- (1) **Deemed disposal of interest in Guangzhou Xinze Jiyong Real Estate Development Co., Ltd.\* (廣州鑫澤集永房地產開發有限公司) ("Guangzhou Xinze")**

On 27 October 2020, Guangzhou Xinze entered into the equity transfer agreement with Guangzhou Jinke Real Estate Development Co., Ltd.\* (廣州金科房地產開發有限公司) ("**Guangzhou Jinke**"), pursuant to which Guangzhou Xinze agreed to acquire and Guangzhou Jinke agreed to dispose of the 49% of the equity interest in Guangzhou Jingyu Real Estate Development Co., Ltd.\* (廣州景譽房地產開發有限公司) ("**Guangzhou Jingyu**") held by Guangzhou Jinke, at the consideration of RMB24.5 million. As of the date of the equity transfer agreement, Guangzhou Xinze was owned by Guangzhou Yinong Enterprise Co., Ltd.\* (廣州意濃實業有限公司) ("**Guangzhou Yinong**", an indirect wholly-owned subsidiary of the Company) and Guangzhou Jinke as to 51% and 49%, respectively.

On 28 October 2020, Guangzhou Yinong entered into the cooperative development agreement with Shaanxi International Trust Co., Ltd.\* (陝西省國際信託股份有限公司) (“**Shaanxi Trust**”), Guangzhou Jinke, Guangzhou Xinze, Guangzhou Jingyu and Chongqing Jinke Real Estate Development Co., Ltd.\* (重慶金科房地產開發有限公司), pursuant to which Shaanxi Trust conditionally agreed to invest in the maximum amount of RMB910 million in Guangzhou Xinze, pursuant to the terms and conditions of the cooperative development agreement. Upon completion of the capital increase of Guangzhou Xinze on 30 October 2020, the registered capital of Guangzhou Xinze was increased from RMB50 million to RMB166.67 million, and Guangzhou Xinze was held by Shaanxi Trust, Guangzhou Jinke and Guangzhou Yinong as to 70%, 14.7% and 15.3%, respectively. Each of Guangzhou Xinze and Guangzhou Jingyu ceased to be a subsidiary and became a joint venture of the Company.

For further details, please refer to the announcements of the Company dated 27 October 2020 and 28 October 2020.

**(2) Increase in commitment to Lucky Lead Global Limited (“Lucky Lead”)**

On 27 November 2020, Jingye Holdings Limited (“**Jingye Holdings**”, a direct wholly-owned subsidiary of the Company) entered into the supplemental agreement with Sunflower Avenue Limited (“**SAL**”) and Lucky Lead, pursuant to which the shareholders’ agreement of Lucky Lead entered into amongst Jingye Holdings, SAL and Lucky Lead shall be amended such that the total capital commitments (excluding external financing) of Jingye Holdings and SAL to Lucky Lead shall not exceed US\$158.1 million and US\$151.9 million, respectively. As of the date of the supplemental agreement, Lucky Lead is owned by Jingye Holdings and SAL as to 51% and 49%, respectively, and a subsidiary of the Company.

For further details, please refer to the announcement of the Company dated 27 November 2020.

**(3) Disposal of equity interest in Zhongshan Jingyue Investment Co., Ltd.\* (中山市景悅投資有限公司) (“Zhongshan Jingyue”)**

On 28 December 2020, Guangzhou Yinong entered into the equity transfer agreement with Guangzhou Zhiyang Investment Co., Ltd.\* (廣州智揚投資有限公司) (“**Guangzhou Zhiyang**”) and Zhongshan Jingyue, pursuant to which Guangzhou Yinong agreed to dispose of and Guangzhou Zhiyang agreed to acquire 45% of the equity interest of Zhongshan Jingyue at a consideration of RMB1.35 million. Upon completion of the disposal on 30 December 2020, Zhongshan Jingyue ceased to be a subsidiary and became a joint venture of the Company.

For further details, please refer to the announcements of the Company dated 28 December 2020 and 30 December 2020.

Save as disclosed above, the Group did not hold other significant investments in, or conduct material acquisitions and disposals of subsidiaries, associates or joint ventures.

## USE OF PROCEEDS FROM THE IPO

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 5 December 2019. Net proceeds from the IPO and partially exercising the over-allotment option received by the Company (the "Net Proceeds") were approximately RMB1,201.1 million after deducting the underwriting commission and relevant expenses. As at 31 December 2020, all the Net Proceeds has been utilised for the purpose in accordance with the future plans and use of proceeds as set out in the Prospectus.

Intended use of Net Proceeds as stated in the Prospectus	Percentage of total amount	Net Proceeds <i>RMB in million</i>	As at 31 December 2020	
			Utilised amount <i>RMB in million</i>	Unutilised amount <i>RMB in million</i>
– the development costs for certain projects	60%	720.7	720.7 (132.1 used in JY Grand Garden, 145.3 used in JY Mountain Lake Gulf, 94.9 used in JY Uniworld (previously known as Zhaoqing International Technology and Innovation Centre (Zone B)) and 348.4 used in JY Gaoligong Town, as stated in the Prospectus)	–
– acquisition of land parcels	30%	360.3	360.3 (325.8 used for acquiring nine land parcels in Tengchong, Yunnan province, 34.5 used for prepayments of acquisition of land use rights in Guangdong province)	–
– general working capital	10%	120.1	120.1 (used as intended)	–
Total	100%	1,201.1	1,201.1	–

## EMPLOYEES AND REMUNERATIONS

As at 31 December 2020, the Group had a total of 1,033 employees (2019: 948 employees). For the year ended 31 December 2020, the Group has recognised staff costs of RMB158.3 million (2019: RMB166.6 million). The Group provided employees with salaries and benefits that, in its opinion, were competitive with market standards and regularly reviewed the remuneration policies based on employees' contributions and industry standards. The Company maintains a share option scheme for the purpose of providing incentives and rewards to the participants for their contribution to the Group. The Group also contributed to medical insurance, pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and housing provident funds for our employees and paid relevant insurance premiums. In addition, the Group was committed to cultivating all-level skilled employees. The Group provided training programs based on the positions and expertise of our employees to enhance their understanding and apprehension of the property industry and related fields. Besides internal training, the Group also engaged external experts to provide training courses for its employees from time to time.

## CORPORATE GOVERNANCE

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company has adopted the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code on corporate governance. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code in the year ended 31 December 2020.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding the securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code in the year ended 31 December 2020.

## PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiary has purchased, sold or redeemed any of the Company's shares in the year ended 31 December 2020.

## **SUFFICIENCY OF PUBLIC FLOAT**

Rule 8.08 of the Listing Rules requires there to be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities to be maintained. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by the public. Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the date of this announcement, the Company has maintained a sufficient public float as required under the Listing Rules.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) consists of three members, namely Mr. WU William Wai Leung, Mr. MA Ching Nam and Mr. LEONG Chong, each of whom is an independent non-executive Director. The chairman of the Audit Committee is Mr. WU William Wai Leung who possesses appropriate accounting and related financial management expertise. The Audit Committee has considered and reviewed the Group's annual results for the year ended 31 December 2020, the accounting principles and practices adopted by the Company and the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee considers that the annual financial results for the year ended 31 December 2020 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made. The Audit Committee has, in conjunction with the external auditor of the Company, PricewaterhouseCoopers, reviewed the consolidated financial statements for the year ended 31 December 2020, including the accounting policies of the Group.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

## **SIGNIFICANT EVENT AFTER 31 DECEMBER 2020**

### **Issuance of US\$155,000,000 7.5% senior notes due 2022**

On 8 February 2021, the Company issued 7.5% senior notes due 7 February 2022 in an aggregate principal amount of US\$155,000,000 (the “**2021 New Notes**”). The issue of the 2021 New Notes comprised of the exchange offer of the existing 2020 Notes amounting to US\$137,500,000 and completion of concurrent new money issuance amounting to US\$17,500,000. The 2021 New Notes were listed on the Stock Exchange on 9 February 2021.

Except the above, no significant events affecting the Group had occurred during the period from 31 December 2020 to the date of this announcement.

## **ANNUAL GENERAL MEETING**

Annual general meeting of the Company will be held on Thursday, 27 May 2021 (the “AGM”). The notice of the AGM will be published and despatched to the Shareholders in accordance with the requirements of the Listing Rules in April 2021.

## **PAYMENT OF FINAL DIVIDEND**

The Board recommends the payment of a final dividend of RMB6.73 cents per share for the year ended 31 December 2020 (the “**2020 Proposed Final Dividend**”). The 2020 Proposed Final Dividend, if approved, shall be payable on or about Wednesday, 16 June 2021 and is subject to the approval of the Shareholders at the AGM. The Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 8 June 2021 will be entitled to the 2020 Proposed Final Dividend.

The 2020 Proposed Final Dividend will be declared in RMB and paid in HK\$. The final dividend payable in HK\$ will be converted from RMB at the average exchange rate of HK\$ against RMB announced by the People’s Bank of China on 27 May 2021.

## **CLOSURE OF REGISTER OF MEMBERS**

### **(a) For determining the entitlement of the Shareholders to attend and vote at the AGM**

The register of members of the Company will be closed from Monday, 24 May 2021 to Thursday, 27 May 2021 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 21 May 2021.

### **(b) For determining the entitlement to the 2020 Proposed Final Dividend**

The register of members of the Company will be closed from Friday, 4 June 2021 to Tuesday, 8 June 2021 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the 2020 Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 3 June 2021.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the websites of the Company ([www.jygrandmark.com](http://www.jygrandmark.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report of the Company for the year ended 31 December 2020 will be despatched to the Shareholders and made available on the above websites in April 2021.

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

Guangzhou, the PRC, 25 March 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 purpose only*