景業名邦
JY GRANDMARK

JY GRANDMARK HOLDINGS LIMITED
景業名邦集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2231)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL FINANCIAL HIGHLIGHTS

- Annual contracted sales amounted to approximately RMB4,216.0 million, representing a year-on-year growth of 19.7%; total contracted sales gross floor area ("**GFA**") was approximately 334,000 sq.m., representing a slight decrease of 4.8% as compared to the year of 2020.
- Revenue recognised was RMB2,043.1 million, representing a year-on-year decrease of 13.0% as compared to RMB2,347.1 million in 2020.
- Gross profit amounted to RMB583.2 million, representing a decrease of 36.1% as compared to RMB912.7 million in 2020. Gross profit margin decreased to 28.5% from 38.9% in 2020.
- Profit for the year was RMB198.8 million, representing a year-on-year decrease of 58.4% as compared to RMB478.4 million in 2020. Core net profit* amounted to RMB171.6 million, representing a decrease of 59.8% as compared with RMB427.3 million in 2020. Profit attributable to owners of the Company was RMB216.4 million, representing a decrease of 55.4% as compared to RMB485.2 million in 2020.
- Basic and diluted earnings per share amounted to RMB0.13, representing a decrease of 55.2% as compared to RMB0.29 over 2020.
- As at 31 December 2021, net gearing ratio** was 46.0% and cash on hand was RMB2,299.8 million.

- Proposed final dividend was RMB0.97 cents per ordinary share for the year ended 31 December 2021. Together with the 2021 interim dividend of RMB3.63 cents per ordinary share, total cash dividends for the year of 2021 will be RMB4.60 cents per ordinary share (2020: RMB10.32 cents per ordinary share).

- As at 31 December 2021, the Group had a total land bank of approximately 4.1 million sq.m.. The average cost of land was approximately RMB1,873 per sq.m.***.

* Core net profit represents profit for the year excluding the post-tax gains or losses arising from changes in fair value of investment properties, disposals of subsidiaries and fair value gain on the remeasurement of investment in a joint venture.

** 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.

*** Excluding Zhongshan JY Yarra New Street (the completed property held for sale held by a joint venture of the Group).

References are made to the announcements of JY Grandmark Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 31 March 2022 (the "**Unaudited Annual Results Announcement**") and 1 April 2022 in relation to, among other things, the unaudited annual results of the Group for the year ended 31 December 2021 (the "**Unaudited Annual Results**"). As stated in the Unaudited Annual Results Announcement, publication of the audited annual results of the Group for the year ended 31 December 2021 was delayed as the auditing process had not been completed.

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce the audited annual results of the Group for the year ended 31 December 2021 (the "**Audited Annual Results**").

The Audited Annual Results together with the comparative figures extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2021 are as follows. There were no material changes as compared with the Unaudited Annual Results contained in the Unaudited Annual Results Announcement.

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

	Notes	Year ended 31 December 2021 RMB'000	2020 RMB'000
Revenue	2	**2,043,126**	2,347,064
Cost of sales	3	**(1,459,901)**	(1,434,328)
Gross profit		**583,225**	912,736
Selling and marketing expenses	3	**(153,328)**	(124,629)
Administrative expenses	3	**(138,088)**	(140,958)
Net impairment losses on financial assets		**(5,837)**	(873)
Other income	4	**21,567**	15,826
Other expenses	5	**(1,223)**	(4,105)
Other gains – net	6	**33,430**	86,721
Operating profit		**339,746**	744,718
Finance costs	7	**(18,071)**	(34,492)
Finance income	7	**18,430**	21,213
Finance income/(costs) – net	7	**359**	(13,279)
Share of profit of investments accounted for using the equity method		**23,634**	53,071
Profit before income tax		**363,739**	784,510
Income tax expense	8	**(164,916)**	(306,113)
Profit for the year		**198,823**	478,397
Profit attributable to:			
Owners of the Company		**216,446**	485,203
Non-controlling interests		**(17,623)**	(6,806)
		198,823	478,397

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Notes	**Year ended 31 December** **2021** ***RMB'000***	2020 *RMB'000*
Other comprehensive income for the year			
Item that may be reclassified to profit or loss			
– Currency translation differences		**28,681**	40,644
Other comprehensive income for the year, net of tax		**28,681**	40,644
Total comprehensive income for the year		**227,504**	519,041
Total comprehensive income attributable to:			
Owners of the Company		**245,127**	525,847
Non-controlling interests		**(17,623)**	(6,806)
		227,504	519,041
Earnings per share (expressed in RMB per share)			
– Basic and diluted earnings per share	*9*	**0.13**	0.29

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Notes	**2021**	2020
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**288,664**	301,807
Right-of-use assets		**248,953**	258,196
Investment properties		**280,044**	289,252
Intangible assets		**3,232**	2,443
Other receivables and prepayments	*11*	**11,634**	13,805
Deferred income tax assets		**176,033**	100,234
Investments accounted for using the equity method		**140,394**	108,743
		1,148,954	1,074,480
Current assets			
Inventories		**1,656**	1,510
Contract costs		**39,885**	18,746
Properties under development		**7,494,460**	3,714,538
Completed properties held for sale		**1,505,612**	1,680,252
Trade and other receivables and prepayments	*11*	**1,229,044**	1,831,304
Prepaid taxes		**136,467**	81,040
Restricted cash		**1,269,375**	323,779
Cash and cash equivalents		**1,030,394**	2,037,665
Amounts due from related parties		**70,527**	123,123
		12,777,420	9,811,957
Total assets		**13,926,374**	10,886,437
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	**14,746**	14,746
Other reserves		**1,687,351**	1,836,263
Retained earnings		**1,407,730**	1,184,234
		3,109,827	3,035,243
Non-controlling interests		**1,669,012**	1,417,808
Total equity		**4,778,839**	4,453,051

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Notes	**As at 31 December** **2021** ***RMB'000***	2020 *RMB'000*
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**198,269**	124,769
Bank and other borrowings		**2,256,776**	1,568,978
Lease liabilities		**60,203**	63,608
		2,515,248	1,757,355
Current liabilities			
Bank and other borrowings		**2,238,921**	1,542,827
Trade and other payables	*13*	**3,957,452**	2,779,260
Lease liabilities		**5,551**	5,122
Current income tax liabilities		**430,363**	348,822
		6,632,287	4,676,031
Total liabilities		**9,147,535**	6,433,386
Total equity and liabilities		**13,926,374**	10,886,437

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 and financial assets at fair value through profit or loss.

(c) Going concern basis

For the year ended 31 December 2021, the Group recorded a net cash outflow from operation of RMB1,718 million. As at 31 December 2021, the Group had total bank and other borrowings of RMB4,496 million, of which RMB2,239 million were current bank and other borrowings repayable within 12 months, while the Group's cash and cash equivalents amounted to RMB1,030 million.

The Group did not fulfill one of the financial covenants as required by the agreement of a syndicated loan (the "**Syndicated Loan**") amounting to RMB523 million as at 31 December 2021, which constituted an event of default and resulted in the Syndicated Loan becoming immediately repayable if requested by the lenders. Consequently, the non-current portion of the Syndicated Loan amounting to RMB354 million with the original contractual repayment dates beyond 31 December 2022 was reclassified and presented as current liabilities.

The business of the Group is subject to extensive governmental regulations and macro-economic control measures of the real estate sector implemented by the PRC government from time to time, and some of these policies and measures may have unfavourable impact to the working capital available to the Group.

All of the above conditions indicated the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The following plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position:

(i) Subsequent to 31 December 2021, the Group successfully obtained written waiver from the lenders of the Syndicated Loan to waive the requirement from compliance with the relevant financial covenant for the year ended 31 December 2021 and for the 12 months ending 30 June 2022. The Group will continue to monitor its compliance with the covenant requirements before the expiry, which is 29 December 2023, of the Syndicated Loan. Should the Group be unable to comply with any covenant requirements, the management of the Company will discuss and negotiate with the respective lenders and will seek to obtain a waiver of compliance with the covenant requirements from the lenders or to revise the terms and covenant requirements, if needed;

(ii) In January 2022, the Group successfully exchanged its senior notes with an aggregate principal amount of US$152 million (equivalent to RMB970 million) due on 7 February 2022 with a newly issued senior notes of the same amount due on 26 January 2023 (the "**New Senior Notes**"). The Group will closely monitor its liquidity position to satisfy the repayment of the New Senior Notes by the due date and will also negotiate with the lenders to seek their agreement for further extended maturity, if needed;

(iii) The Group had unutilised uncommitted project loan facilities and general facilities of RMB783 million as at 31 December 2021 and will also work with the banks to extend such facilities and to secure new facilities to provide sufficient funding for the Group's project related payments or other operating expenditures. The Directors are of the opinion that such banking facilities will be successfully renewed when they expire;

(iv) The Group will continue to implement plans and measures to accelerate the pre-sales and sales of its properties under development and completed properties held for sale, and to speed up the collection of outstanding sales proceeds;

(v) As at 31 December 2021, the Group's restricted cash amounted to RMB1,269 million, which mainly represented the restricted pre-sale proceeds in designated bank accounts and can be used to settle certain construction payables or project loans subject to the approval of the local State-Owned Land and Resource Bureau. The Group will closely monitor the process of construction of its property development projects to ensure that construction and related payments are fulfilled, the relevant properties sold under pre-sale arrangement are completed and delivered to the customers on schedule as planned, such that the Group is able to release restricted cash to meet its other financial obligations; and

(vi) The Group will also continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating expenditure.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2021. In the opinion of the Directors, in light of the above and taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2021. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, material uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cashflows through:

(i) Continuous compliance by the Group of the terms and conditions of the Syndicated Loan and other borrowings and, where applicable, successful negotiation with the lenders to obtain wavier or to revise the terms and conditions of the borrowings for the continuous compliance thereof as and when needed;

(ii) Successful and timely extension and renewal of its banking facilities and its bank and other borrowings, including project loans, upon maturity as well as obtaining new financing from financial institutions; in particular the successful negotiation with the lenders to secure their agreement to exchange the Group's New Senior Notes maturing in January 2023 with new senior notes with further extended maturity. The Group's ability to obtain these financing depends on (1) current and ongoing regulatory environments and how the relevant policies and measures might affect the Group and/or the relevant financial institutions; (2) whether the lenders of existing borrowings are agreeable to the terms and conditions for such extension or renewal; and (3) the Group's ability to continuously comply with the relevant terms and conditions of its bank and other borrowings including the senior notes;

(iii) Successful implementation of the plans and measures to accelerate the pre-sales and sales of properties under developments and completed properties held for sale, and timely collection of the relevant sales proceeds;

(iv) Successful completion and delivery of properties to the customers on schedule such that restricted pre-sale proceeds in the designated bank accounts will be released to meet its other financial obligations as planned; and

(v) Successful in obtaining other additional sources of financing other than those mentioned above as and when needed.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

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

Amendments to HKFRS 16	COVID-19-related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform Phase 2

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

(e) 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 2021 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
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
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
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
Accounting Guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 January 2022

		Effective for accounting periods beginning on or after
Hong Kong Interpretation 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	Applied when an entity applies "Classification of Liabilities as Current or Non-current – Amendments to HKAS 1"
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
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 2021 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	1,932,452	–	79,156	36,300	2,047,908
Recognised at a point in time	1,932,452	–	–	–	1,932,452
Recognised over time	–	–	79,156	36,300	115,456
Revenue from other sources: rental income	–	29,959	–	–	29,959
Inter-segment revenue	–	(20,212)	(385)	(14,144)	(34,741)
Revenue from external customers	1,932,452	9,747	78,771	22,156	2,043,126
Gross profit	579,355	9,285	7,208	(12,623)	583,225
Selling and marketing expenses					(153,328)
Administrative expenses					(138,088)
Net impairment losses on financial assets					(5,837)
Other income					21,567
Other expenses					(1,223)
Other gains – net					33,430
Finance income – net					359
Share of profit of investments accounted for using the equity method	23,634	–	–	–	23,634
Profit before income tax					363,739
Income tax expense					(164,916)
Profit for the year					198,823
Depreciation and amortisation	14,818	–	14,065	193	29,076
Fair value losses on investment properties – net	–	(9,208)	–	–	(9,208)
Segment assets	13,180,743	280,044	279,917	9,637	13,750,341
Segment assets include:					
Investments accounted for using the equity method	140,394	–	–	–	140,394
Addition to non-current assets (other than financial instruments and deferred income tax assets)	5,459	–	1,745	741	7,945
Segment liabilities	3,967,252	7,142	22,615	26,197	4,023,206

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 profit of investments accounted for using the equity method	53,071	–	–	–	53,071
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:					
Investments accounted for using the equity method	108,743	–	–	–	108,743
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

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:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Segment assets	**13,750,341**	10,786,203
Unallocated:		
– Deferred income tax assets	**176,033**	100,234
Total assets	**13,926,374**	10,886,437

(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:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Segment liabilities	**4,023,206**	2,847,990
Unallocated:		
– Current income tax liabilities	**430,363**	348,822
– Deferred income tax liabilities	**198,269**	124,769
– Short-term borrowings and current portion of long-term borrowings	**2,238,921**	1,542,827
– Long-term borrowings	**2,256,776**	1,568,978
Total liabilities	**9,147,535**	6,433,386

3. EXPENSES 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	
	2021	2020
	RMB'000	*RMB'000*
Cost of properties sold – including construction cost, land cost and interest cost	**1,317,929**	1,318,390
Employee benefit expenses (including directors' emoluments)	**148,822**	140,251
Employee benefit expenditure – including directors' emoluments	**166,028**	158,331
Less: capitalised in properties under development	**(17,206)**	(18,080)
Commission fees	**79,198**	64,155
Hotel operations expenses	**36,276**	33,088
Business taxes and other levies	**17,803**	20,157
Advertising costs	**51,069**	40,447
Entertainment expenses	**17,443**	17,746
Depreciation and amortisation of intangible assets and right-of-use assets	**29,076**	27,766
Office and travelling expenses	**10,420**	10,938
Auditor's remuneration	**4,450**	4,500
– Audit services	**3,700**	3,700
– Non-audit services	**750**	800
Property management fees	**7,580**	5,509
Others	**31,251**	16,968
Total	**1,751,317**	1,699,915

4. OTHER INCOME

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Government grants	**17,541**	8,425
Forfeited customer deposits	**1,105**	1,127
Others	**2,921**	6,274
	21,567	15,826

5. OTHER EXPENSES

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Donations	**492**	3,784
Others	**731**	321
	1,223	4,105

6. OTHER GAINS – NET

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Interest on financial assets at fair value through profit or loss	**2,531**	3,844
(Losses)/gains on disposals of property, plant and equipment	**(78)**	157
Fair value (losses)/gains on investment properties	**(9,208)**	68,042
Fair value gain on the remeasurement of investment in a joint venture	**34,121**	–
Gains on disposal of subsidiaries	**–**	151
Net foreign exchange gains	**6,064**	14,527
	33,430	86,721

7. FINANCE (INCOME)/COSTS – NET

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Finance costs		
– Interest expense on bank and other borrowings	**242,526**	269,124
– Interest expense on leases	**3,208**	3,261
– Net exchange losses/(gains) on foreign currency borrowings	**6,007**	(2,886)
Less:		
– Interest capitalised	**(233,670)**	(235,007)
	18,071	34,492
Finance income		
– Interest income from bank deposits	**(18,430)**	(21,213)
Finance (income)/costs – net	**(359)**	13,279

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Current income tax:		
– Corporate income tax	**95,274**	103,269
– Land appreciation tax	**58,667**	129,032
	153,941	232,301
Deferred income tax		
– Corporate income tax	**10,975**	75,701
– Land appreciation tax	**–**	(1,889)
	10,975	73,812
	164,916	306,113

(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 2021 (2020: nil).

9. EARNINGS PER SHARE

In determining the weighted average number of ordinary shares in issue during the years ended 31 December 2021 and 2020, 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.

	Year ended 31 December	
	2021	2020
Profit attribute to owners of the Company *(RMB'000)*	**216,446**	485,203
Weighted average number of ordinary shares in issue *(in thousand)*	**1,646,173**	1,646,173
Earnings per share – basic *(RMB per share)*	**0.13**	0.29
Earnings per share – diluted *(RMB per share)*	**0.13**	0.29

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

10. DIVIDEND

Dividends paid in 2021 consist of (i) the payment of the 2020 final cash dividend of RMB6.73 cents per ordinary share totalling RMB110,787,000 (equivalent to HK$134,328,000), and (ii) 2021 interim cash dividend of RMB3.63 cents per ordinary share totalling RMB59,756,000 (equivalent to HK$71,773,000).

A final dividend in respect of the year ended 31 December 2021 of RMB0.97 cents per ordinary share, amounting to a total dividend of RMB15,968,000, is to be proposed at the annual general meeting on 23 June 2022. These financial statements do not reflect this dividend payable.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Included in current assets:		
Trade receivables – third parties *(Note (a))*	**69,060**	6,224
Other receivables – third parties *(Note (b))*	**166,407**	165,728
Other receivables – non-controlling interests *(Note (b))*	**450,247**	–
Prepayments for acquisition of land use rights	**500,101**	1,625,200
Other prepayments	**61,270**	49,713
	1,247,085	1,846,865
Less: non-current portion	**(11,634)**	(13,805)
Less: impairment	**(6,407)**	(1,756)
	1,229,044	1,831,304

As at 31 December 2021 and 2020, the fair value of trade and other receivables approximated their carrying amounts.

As at 31 December 2021, trade receivables with net book value of RMB2,154,000 (2020: RMB1,206,000) were pledged as collateral for the Group's bank and other borrowings.

(a) Details of trade receivables are as follows:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Trade receivables – third parties	**69,060**	6,224
Less: allowance for impairment	**(1,666)**	–
Trade receivables – net	**67,394**	6,224

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

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**68,173**	6,224
Over 1 year	**887**	–
	69,060	6,224

Trade receivables mainly arise from rental income, provision of construction services, 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.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2021, a provision of RMB1,666,000 was made against the gross amounts of trade receivables (31 December 2020: nil).

(b) Details of other receivables are as follows:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Deposits for acquisition of land use rights	**91,258**	95,305
Other receivables due from non-controlling interests	**450,247**	–
Other receivables due from third parties	**75,149**	70,423
	616,654	165,728
Less: allowance for impairment	**(4,741)**	(1,756)
Other receivables – net	**611,913**	163,972

12. SHARE CAPITAL

	Number of ordinary shares	**Nominal value of ordinary shares**	**Equivalent nominal value of ordinary shares**	**Total**
Authorised				
As at 31 December 2021 and 31 December 2020	2,500,000,000			
Issued and fully paid				
As at 31 December 2021 and 31 December 2020	1,646,173,000	HK$16,462,000	RMB14,746,000	RMB14,746,000

13. TRADE AND OTHER PAYABLES

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	**902,718**	810,620
Notes payable	**184,247**	105,171
Amounts due to non-controlling interests and their related parties	**945,212**	422,575
Outstanding consideration payables for acquisitions	**35,195**	46,995
Contract liabilities	**1,565,203**	1,036,001
Deposits payable	**39,041**	43,928
Accrued expenses	**53,539**	40,223
Salaries payable	**16,115**	43,467
Other taxes payable	**133,457**	129,091
Interest payable	**9,234**	27,242
Other payables	**73,491**	73,947
	3,957,452	2,779,260

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

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Within 90 days	**460,983**	438,381
Over 90 days and within 365 days	**332,455**	208,556
Over 365 days	**109,280**	163,683
	902,718	810,620

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Overall performance

During the year of 2021, the aggregated contracted sales of the Group, including those of the Group's joint ventures and associate, was approximately RMB4,216.0 million, representing a year-on-year growth of 19.7% as compared to RMB3,523.6 million in 2020. The total contracted sales GFA was approximately 334,000 sq.m., representing a slight decrease by 4.8% as compared to approximately 351,000 sq.m. in the previous year. The contracted average selling price ("**ASP**") increased by approximately 25.8% year-on-year to RMB12,631 per sq.m. in 2021.

During the year of 2021, the Group's recognised revenue was RMB2,043.1 million, representing a decrease of 13.0% as compared to RMB2,347.1 million in 2020. The operating profit was RMB339.7 million, representing a decrease of 54.4% as compared to RMB744.7 million in 2020. Profit for the year was RMB198.8 million, representing a decrease of 58.4% as compared to RMB478.4 million in 2020. Core net profit amounted to RMB171.6 million, representing a decrease of 59.8% as compared to RMB427.3 million in 2020.

Revenue

Our revenue represents consolidated revenue from (i) property development and sales; (ii) hotel operations; (iii) property management; and (iv) commercial property investment which are all derived in the PRC. During the year of 2021, revenue of the Group amounted to RMB2,043.1 million, representing a decrease of 13.0% as compared to RMB2,347.1 million in the corresponding period of 2020.

Property development and sales

We focus on the development of quality residential properties with comfortable and convenient living environment. During the year of 2021, revenue from recognised sales of property development of the Group amounted to RMB1,932.5 million, representing a decrease of 14.1% from RMB2,248.8 million in 2020, accounting for 94.6% of the Group's total revenue. The decrease in revenue recognised was primarily due to decline in the overall recognised ASP as a result of change in the portfolio of properties delivered. The properties delivered in 2021 was largely concentrated in residential products that cater for the need of first home buyers in cities such as Qingyuan and Zhaoqing, of which the average selling price was relatively lower. In addition, the ASP of certain existing projects were lowered due to marketing strategies to promote sales.

The following table sets forth the breakdown of our revenue from property development and sales by geographical location for the years ended 31 December 2021 and 2020.

	Year ended 31 December 2021				Year ended 31 December 2020			
City	**Recognised revenue from sales of properties**	**% of recognised revenue from sales of properties**	**Total GFA delivered**	**Recognised ASP**	Recognised revenue from sales of properties	% of recognised revenue from sales of properties	Total GFA delivered	Recognised ASP
	RMB'000	***%***	***Sq.m.***	***RMB/Sq.m.***	*RMB'000*	*%*	*Sq.m.*	*RMB/Sq.m.*
Guangzhou	**167,371**	**8.7%**	**9,386**	**17,832**	510,461	22.7%	33,950	15,036
Zhongshan	**–**	**–**	**–**	**–**	27,855	1.3%	1,218	22,869
Zhaoqing	**503,394**	**26.0%**	**63,798**	**7,890**	141,532	6.3%	8,111	17,449
Qingyuan	**444,101**	**23.0%**	**78,079**	**5,688**	440,967	19.6%	76,868	5,737
Lingshui	**17,361**	**0.9%**	**642**	**27,040**	191,466	8.5%	8,241	23,233
Lingao	**88,628**	**4.6%**	**12,597**	**7,036**	23,476	1.0%	3,175	7,394
Tengchong	**472,674**	**24.5%**	**33,676**	**14,036**	677,031	30.1%	75,377	8,982
Zhuzhou	**87,930**	**4.5%**	**17,118**	**5,137**	162,127	7.2%	28,792	5,631
Others *(Note)*	**150,993**	**7.8%**	**N/A**	**N/A**	73,907	3.3%	N/A	N/A
Total/overall	**1,932,452**	**100.0%**	**215,296**	**8,274**	2,248,822	100.0%	235,732	9,226

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 2021, revenue from hotel operations of the Group amounted to RMB78.8 million, which increased by 28.3% from RMB61.4 million in 2020. Despite the bleak performance in the first half of 2020 due to the outbreak of COVID-19 pandemic, the operation of the two Just Stay hotels had recovered since the second quarter of 2020. With efforts on upgrading customer experience and strengthening marketing activities, revenue from hotel operations have recorded a steady growth throughout the year of 2021.

Property management

We also derived income from our property management services provided to purchasers of residential properties. During the year of 2021, revenue from property management services of the Group amounted to RMB22.2 million, representing an increase of 21.3% as compared with RMB18.3 million in 2020, mainly due to increase in GFA of the properties under management.

Commercial property investment

Other than holding properties for development and sales, we also own commercial properties for leasing purpose. During the year of 2021, revenue from commercial property investment of the Group amounted to RMB9.7 million, representing a decrease by 47.8% as compared with RMB18.6 million in 2020. The decrease was due to less GFA leased by the Group throughout the year of 2021 mainly as a result of the disposal of a commercial project located in Zhongshan in December 2020.

Cost of sales

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

During the year of 2021, cost of sales of the Group amounted to RMB1,459.9 million, representing an increase of 1.8% as compared with RMB1,434.3 million in 2020. The slight increase in cost of sales was primarily due to increase in land costs. In terms of costs per sq.m., the average land costs of properties delivered in 2021 increased to RMB1,628 from RMB941 in 2020.

Gross profit and gross profit margin

During the year of 2021, the Group's gross profit amounted to RMB583.2 million, representing a decrease of 36.1% as compared with RMB912.7 million in 2020. The Group's gross profit margin decreased to 28.5% from 38.9% in 2020.

During the year of 2021, the Group's gross profit margin from our property development and sales decreased to 30.0% from 40.0% in 2020. Such decrease was largely resulted from lower recognised ASP as well as the increase in average land costs. Analysing based on the gross profit margin by city, the top three cities ranked by revenue are Zhaoqing, Tengchong and Qingyuan which attained an average gross profit margin of approximately 28.9%, and the revenue of these three cities accounted for 73.5% of our total revenue from properties development and sales in 2021.

Selling and marketing expenses

Our selling and marketing expenses consist primarily of advertising costs, commission fees, employee benefit expenses and other miscellaneous expenses. During the year of 2021, selling and marketing expenses of the Group amounted to RMB153.3 million, representing an increase by 23.0% as compared with RMB124.6 million in 2020, accounting for 7.5% of total revenue (2020: accounting for 5.3% of total revenue). Such increase was mainly attributable to the increase in commission fees and advertising costs to strengthen the Group's brand influence, and accelerate the pace of sales. The Group will continue to exercise effective cost-control measures whilst striving to continue with the marketing efforts.

Administrative expenses

Administrative expenses primarily comprised of employee benefit expenses, entertainment expenses for our business, office expenses, travelling expenses and other miscellaneous expenses. During the year of 2021, the Group's administrative expenses amounted to RMB138.1 million, representing a slight decrease by 2.1% as compared with RMB141.0 million in 2020, accounting for 6.8% of total revenue (2020: accounting for 6.0% of total revenue). The decrease was primarily resulted from continuous cost-control measures imposed.

Other income and other expenses

During the year of 2021, 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.

Other gains – net

Our other gains – net primarily consisted of gains or losses from changes of fair value on investment properties, fair value gain on the remeasurement of investment in a joint venture, interest on financial assets at fair value through profit or loss and net foreign exchange gains or losses. The Group's other gains – net decreased from RMB86.7 million in 2020 to RMB33.4 million in 2021, mainly attributable to the decrease in gains from changes of fair value on investment properties by RMB77.3 million, which was partially offset by the fair value gain on remeasurement of investment in a joint venture amounted to RMB34.1 million in 2021.

Finance (income)/costs – net

Finance (income)/costs – net comprised mainly interest expenses on bank and other borrowings and leases net of capitalised interest expenses, net exchange gains or losses on foreign currency borrowings and interest income from bank deposits. The Group's finance (income)/costs – net changed from finance costs of RMB13.3 million in 2020 to finance income of RMB0.4 million in 2021, mainly due to decrease in interest expenses charged to finance costs by RMB25.3 million, which was partially offset by the decrease in net exchange gains on foreign currency borrowings by RMB8.9 million and the decrease in finance income by RMB2.8 million in 2021.

Share of profit of investments accounted for using the equity method

The Group's share of profit of investments accounted for using the equity method decreased from RMB53.1 million in 2020 to RMB23.6 million in 2021, mainly caused by less GFA delivered from the Group's associate during the year of 2021.

Income tax expense

Income tax expense decreased to RMB164.9 million in 2021 from RMB306.1 million in 2020, mainly due to decrease in assessable profits for the year of 2021.

Profit for the year

As a result of the aforementioned, profit for the year of the Group decreased from RMB478.4 million in 2020 to RMB198.8 million in 2021, representing a year-on-year decrease of 58.4%. Core net profit amounted to RMB171.6 million, representing a decrease of 59.8% as compared with RMB427.3 million in 2020. Profit attributable to owners of the Company amounted to RMB216.4 million, representing a decrease of 55.4% as compared with RMB485.2 million in 2020.

Core net profit represents profit for the year excluding the post-tax gains or losses arising from changes in fair value of investment properties, disposals of subsidiaries and fair value gain on the remeasurement of investment in a joint venture.

The basic and diluted earnings per share amounted to RMB0.13 (2020: RMB0.29).

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group funded and is expected to continue to fund its operations principally from cash generated from its operations, borrowings from financial institutions and proceeds from issuance of senior notes.

Cash positions and fund available

As at 31 December 2021, the total cash and bank balances of the Group were RMB2,299.8 million (31 December 2020: RMB2,361.4 million), of which RMB1,030.4 million (31 December 2020: RMB2,037.6 million) was cash and cash equivalents and RMB1,269.4 million (31 December 2020: RMB323.8 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 2021, the Group had placed cash deposits of approximately RMB70.0 million (31 December 2020: RMB197.3 million) with designated banks as security for bank borrowings.

As at 31 December 2021, the Group's undrawn borrowing facilities were approximately RMB782.7 million (31 December 2020: RMB1,055.4 million).

Borrowings

As at 31 December 2021, the total interest-bearing bank and other borrowings of the Group were RMB4,495.7 million (31 December 2020: RMB3,111.8 million), of which RMB2,256.8 million (31 December 2020: RMB1,569.0 million) was included in non-current liabilities and RMB2,238.9 million (31 December 2020: RMB1,542.8 million) was included in current liabilities of the Group, respectively.

(a) On 8 February 2021, the Company issued senior notes with nominal interest rate 7.5% in an aggregate principal amount of US$155,000,000 in Hong Kong (the "**2021 Notes**"). The issue of the 2021 Notes comprised of the exchange offer of the existing senior notes due 9 March 2021 amounting to US$137,500,000 and completion of concurrent new money issuance amounting to US$17,500,000. The 2021 Notes have matured on 7 February 2022. The 2021 Notes were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 9 February 2021.

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

(b) As at 31 December 2021, the Group's borrowings are denominated in following currencies:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
RMB	**2,960,725**	1,550,014
HK$	**523,363**	588,567
US$	**1,011,609**	973,224
	4,495,697	3,111,805

(c) As at 31 December 2021, bank and other borrowings totalling RMB2,881.7 million (31 December 2020: RMB1,548.0 million) of the Group were secured by the following assets together with the Group's shares of certain subsidiaries:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Lands	**12,720**	13,263
Property, plant and equipment	**248,843**	260,917
Investment properties	**179,484**	197,902
Properties under development	**2,328,613**	965,675
Completed properties held for sale	**623,748**	927,913
Trade receivables	**2,154**	1,206
Restricted cash	**70,000**	197,276
	3,465,562	2,564,152

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

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**2,238,921**	1,542,827
1 to 2 years	**773,874**	627,049
2 to 5 years	**1,085,782**	615,264
Over 5 years	**397,120**	326,665
	4,495,697	3,111,805

Cost of borrowings

For the year ended 31 December 2021, total cost of borrowings of the Group amounted to RMB242.5 million, representing a decrease of 9.9% from RMB269.1 million in 2020, mainly attributable to lower average balance of borrowings during the year. The Group's annual weighted average effective interest rate for the year of 2021 was 6.84% (2020: 6.50%).

Net gearing ratio

As of 31 December 2021, net gearing ratio was maintained at an industry-low level of 46.0%. 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

(a) 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 2021, the outstanding guarantees were RMB1,636.6 million (31 December 2020: RMB1,341.6 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.

(b) As at 31 December 2021, the Group had provided guarantees for borrowings of the Group's joint venture amounting to RMB387.5 million (31 December 2020: RMB422.5 million).

Commitments

As at 31 December 2021, the commitments of the Group for property development expenditure amounted to RMB1,984.2 million (31 December 2020: RMB2,375.2 million).

Currency risks

The Group's businesses are principally conducted in Renminbi ("**RMB**"). The monetary assets and liabilities of the Group's subsidiaries in the PRC are mainly denominated in RMB and the foreign exchange risk is immaterial. The non-PRC subsidiaries' functional currency is HK Dollar ("**HK$**"). As at 31 December 2021, major non-HK$ assets and liabilities of the non-PRC subsidiaries are cash and cash equivalents and borrowings, which are denominated in RMB or US$. Fluctuation of the exchange rate of HK$ against RMB 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

As at 31 December 2021, the Group did not have any plan for material investments and capital assets.

SIGNIFICANT INVESTMENTS, MAJOR ACQUISITIONS AND DISPOSALS

(1) On 4 June 2021, 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) entered into an investment cooperation agreement with Guangzhou Jincan Real Estate Development Co., Ltd.* (廣州市金璨房地產開發有限公司) ("**Guangzhou Jincan**"), Guangzhou Jinshuo Real Estate Development Co., Ltd.* (廣州市金碩房地產開發有限公司) (the "**Target Company**") and Guangzhou Jinxuan Real Estate Development Co., Ltd.* (廣州市金軒房地產開發有限公司) (the "**Project Company**"), pursuant to which, amongst others, Guangzhou Yinong shall cooperate with Guangzhou Jincan in the joint investment and development of a piece of land located at Zengcheng District, Guangzhou, the PRC through the Target Company and the Project Company. Pursuant to the agreement, Guangzhou Yinong shall pay the investment funds and contribute to the Target Company's capital, and the Target Company shall be owned by Guangzhou Jincan and Guangzhou Yinong as to 50% and 50%, respectively. After the registration of changes in shareholding of the Target Company by the relevant governmental authorities, taking into account of (i) the voting rights of Guangzhou Jincan and Guangzhou Yinong in the shareholders meetings of the Target Company, and (ii) the composition of the board of directors and the voting rules and procedures of board meetings of the Target Company and the Project Company, each of the Target Company and the Project Company will be accounted for as a subsidiary of the Company.

    For further details, please refer to the announcement of the Company dated 4 June 2021.

(2) On 9 December 2021, Guangzhou Yinong entered into an equity transfer agreement with Shaanxi International Trust Co., Ltd. (陝西省國際信託股權有限公司) (“**Shaanxi Trust**”), Guangzhou Jinke Real Estate Development Co., Ltd.* (廣州金科房地產開發有限公司) (“**Guangzhou Jinke**”), 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**”) and Guangzhou Jingyu Real Estate Development Co., Ltd.* (廣州景譽房地產開發有限公司) (“**Guangzhou Jingyu**”) pursuant to which amongst others Shaanxi Trust agreed to transfer 35.7% and 34.3% of the equity interest of Guangzhou Xinze to Guangzhou Yinong and Guangzhou Jinke at a consideration of approximately RMB215.6 million and RMB207.1 million, respectively.

    Upon completion of the transaction, Guangzhou Xinze will be owned by Guangzhou Yinong and Guangzhou Jinke as to 51% and 49%, respectively. Guangzhou Jingyu will remain wholly owned by Guangzhou Xinze after the transaction. Accordingly, both of Guangzhou Xinze and Guangzhou Jingyu will become the subsidiaries of the Company and the financials of which will be consolidated into those of the Company.

    For further details, please refer to the announcement of the Company dated 9 December 2021.

Save as disclosed above, the Group did not hold any other significant investments in, or conduct material acquisitions and disposals of subsidiaries, associates or joint ventures during the year of 2021.

EMPLOYEES AND REMUNERATIONS

As at 31 December 2021, the Group had a total of 983 employees (2020: 1,033 employees). For the year ended 31 December 2021, the Group has recognised staff costs of RMB166.0 million (2020: RMB158.3 million). The Group has 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 has 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 is committed to cultivating all-level skilled employees. The Group has 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 has also engaged external experts to provide training courses for its employees from time to time.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2021

Issuance of US$152,100,000 7.5% senior notes due 2023

On 27 January 2022, the Company issued the New Senior Notes with nominal interest rate 7.5% due 26 January 2023 in an aggregate principal amount of US$152,100,000. The issue of the New Senior Notes comprised of the exchange offer of the existing 2021 Notes amounting to US$149,600,000 and completion of concurrent new money issuance amounting to US$2,500,000. The New Senior Notes were listed on the Stock Exchange on 28 January 2022.

Except the above, no significant events affecting the Group had occurred during the period from 31 December 2021 to the date of this announcement.

OUTLOOK

The real estate industry in the PRC, after experiencing a series of adjustments with the objective of "stabilities", has entered a new stage of stable development and in-depth exploration. The Group believes that housing demand will remain strong in the future, not only in terms of "quantity", but also in terms of "quality". In such an industry market with improvement and upgrade and service transformation, bringing high-quality housing products and providing customized residential services to consumers will be the two cores of future business development and exploration of the Group.

Looking ahead, the Group will actively face market challenges, and enhance its power of product, co-ordination and management capabilities and business operation capabilities. The Group will maintain a development momentum of high growth, high quality and high profit under the new industry mechanism and industry model with a prerequisite of stability, while strengthening its brand building and enhancing its market competitiveness and social influence.

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 (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 2021.

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 2021.

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 2021.

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 Audited Annual Results, the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee considers that the Audited Annual Results 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 auditors of the Company, PricewaterhouseCoopers, reviewed the consolidated financial statements for the year ended 31 December 2021, 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 2021 as set out in this announcement have been agreed by the Company's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Company's auditors 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.

ANNUAL GENERAL MEETING

Annual general meeting of the Company will be held on Thursday, 23 June 2022 (the "**AGM**"). The notice of the AGM will be published and despatched to the shareholders of the Company (the "**Shareholders**") in accordance with the requirements of the Listing Rules in May 2022.

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB0.97 cents per share for the year ended 31 December 2021 (the "**2021 Proposed Final Dividend**"). The 2021 Proposed Final Dividend, if approved, shall be payable on or about Friday, 15 July 2022 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 Friday, 8 July 2022 will be entitled to the 2021 Proposed Final Dividend.

The 2021 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 Thursday, 23 June 2022.

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, 20 June 2022 to Thursday, 23 June 2022 (both days inclusive), during which 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, 17 June 2022.

(b) For determining the entitlement to the 2021 Proposed Final Dividend

The register of members of the Company will be closed from Tuesday, 5 July 2022 to Friday, 8 July 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible for the 2021 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 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 Monday, 4 July 2022.

PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.jygrandmark.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2021 will be despatched to the Shareholders and made available on the above websites in May 2022.

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

Guangzhou, the PRC, 21 April 2022

As at the date of this announcement, the Board comprises Mr. Chan Sze Ming Michael, Mr. Liu Huaxi, Ms. Zheng Catherine Wei Hong, Mr. Wu Xinping, and Ms. Wei Miaochang as executive Directors, Mr. Ma Ching Nam, BBS, CStJ, J.P., Mr. Leong Chong and Mr. Wu William Wai Leung as independent non-executive Directors.

* *For identification purpose only*