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 2022

ANNUAL FINANCIAL HIGHLIGHTS

- Annual contracted sales amounted to approximately RMB2,064.4 million, representing a year-on-year decrease of 51.0%; total contracted sales gross floor area ("**GFA**") was approximately 198,000 sq.m., representing a decrease of 40.7% as compared to the year 2021.

- Revenue recognised was RMB513.3 million, representing a year-on-year decrease of 74.9% as compared to RMB2,043.1 million in 2021.

- Gross profit before impairment losses on completed properties held for sale and properties under development amounted to RMB73.6 million, representing a decrease of 87.4% as compared to RMB583.2 million in 2021. Gross profit margin before impairment losses on completed properties held for sale and properties under development lowered to 14.3% from 28.5% in 2021.

- Loss for the year was RMB887.8 million, as compared to profit for the year of RMB198.8 million in 2021. Loss attributable to owners of the Company was RMB721.9 million, as compared to profit attributable to owners of the Company of RMB216.4 million in 2021.

- Basic and diluted losses per share was RMB0.44, as compared to basic and diluted earnings per share of RMB0.13 in 2021.

- As at 31 December 2022, net gearing ratio* was 73.8%. Cash on hand amounted to RMB884.7 million.

- Total borrowings was RMB3,628.5 million, and the weighted average cost of borrowing was 6.79% per annum.

- As at 31 December 2022, the Group had a total land bank of approximately 3.9 million sq.m..

* 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 at 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 2022 with the comparative figures for 2021 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

		Year ended 31 December	
	Notes	**2022**	2021
		RMB'000	*RMB'000*
Revenue	2	**513,310**	2,043,126
Cost of sales	3	**(439,704)**	(1,459,901)
Gross profit before impairment losses on completed properties held for sale and properties under development		**73,606**	583,225
Net impairment losses on completed properties held for sale and properties under development	3	**(679,553)**	–
Gross (loss)/profit after impairment losses on completed properties held for sale and properties under development		**(605,947)**	583,225
Selling and marketing expenses	3	**(66,331)**	(153,328)
Administrative expenses	3	**(117,509)**	(138,088)
Net impairment losses on financial assets		**(36,869)**	(5,837)
Other income	4	**14,326**	21,567
Other expenses	5	**(872)**	(1,223)
Other (losses)/gains – net	6	**(200,513)**	33,430
Operating (loss)/profit		**(1,013,715)**	339,746
Finance costs	7	**(28,731)**	(18,071)
Finance income	7	**6,760**	18,430
Finance (costs)/income – net	7	**(21,971)**	359
Share of profit of investments accounted for using the equity method		**3,037**	23,634
(Loss)/profit before income tax		**(1,032,649)**	363,739
Income tax expense	8	**144,824**	(164,916)
(Loss)/profit for the year		**(887,825)**	198,823
(Loss)/profit attributable to:			
Owners of the Company		**(721,859)**	216,446
Non-controlling interests		**(165,966)**	(17,623)
		(887,825)	198,823

	Notes	Year ended 31 December **2022** ***RMB'000***	2021 *RMB'000*
Other comprehensive (loss)/income for the year			
Item that may be reclassified to profit or loss			
– Currency translation differences		**(124,890)**	28,681
Other comprehensive (loss)/income for the year, net of tax		**(124,890)**	28,681
Total comprehensive (loss)/income for the year		**(1,012,715)**	227,504
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(846,749)**	245,127
Non-controlling interests		**(165,966)**	(17,623)
		(1,012,715)	227,504
(Losses)/earnings per share (expressed in RMB per share)			
– Basic and diluted (losses)/earnings per share	9	**(0.44)**	0.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Notes	**2022**	2021
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**285,510**	288,664
Right-of-use assets		**214,143**	248,953
Investment properties		**264,124**	280,044
Intangible assets		**3,748**	3,232
Other receivables	11	**11,563**	11,634
Deferred income tax assets		**349,805**	176,033
Investments accounted for using the equity method		**43,671**	140,394
		1,172,564	1,148,954
Current assets			
Inventories		**1,173**	1,656
Contract costs		**120,468**	39,885
Properties under development		**7,330,809**	7,494,460
Completed properties held for sale		**1,347,186**	1,505,612
Trade and other receivables and prepayments	11	**1,481,623**	1,299,571
Prepaid taxes		**148,781**	136,467
Restricted cash		**697,625**	1,269,375
Cash and cash equivalents		**187,025**	1,030,394
		11,314,690	12,777,420
Total assets		**12,487,254**	13,926,374
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	**14,746**	14,746
Other reserves		**1,546,983**	1,687,351
Retained earnings		**685,381**	1,407,730
		2,247,110	3,109,827
Non-controlling interests		**1,470,913**	1,669,012
Total equity		**3,718,023**	4,778,839

	Notes	As at 31 December 2022 RMB'000	2021 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**200,280**	198,269
Bank and other borrowings		**1,831,420**	2,256,776
Lease liabilities		**58,073**	60,203
		2,089,773	2,515,248
Current liabilities			
Bank and other borrowings		**1,797,073**	2,238,921
Trade and other payables	13	**1,647,784**	2,392,249
Contract liabilities		**2,837,108**	1,565,203
Lease liabilities		**4,186**	5,551
Current income tax liabilities		**393,307**	430,363
		6,679,458	6,632,287
Total liabilities		**8,769,231**	9,147,535
Total equity and liabilities		**12,487,254**	13,926,374

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

(a) Compliance with HKFRS and the disclosure requirements of 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 2022, the Group's revenue amounted to RMB513 million, representing a decrease of 75% from RMB2,043 million for the year ended 31 December 2021 and the Group recorded a net loss of RMB888 million. As at 31 December 2022, the Group had total bank and other borrowings of RMB3,628 million, of which RMB1,797 million were current bank and other borrowings repayable within 12 months, while the Group's cash and cash equivalents amounted to RMB187 million.

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 events and conditions indicated the existence of a material uncertainty 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) Certain of the Group's bank and other borrowings are subject to certain financial covenant requirements and the Group will continue to monitor its compliance with these covenant requirements. Should the Group be unable to comply with any covenant requirements, management of the Group 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 agree with the respective lenders to revise the terms and covenant requirements, if needed;

(ii) In January 2023, the Group successfully exchanged its senior notes with an aggregate principal amount of US Dollar ("**US$**") 152 million (equivalent to RMB1,024 million) due on 26 January 2023 with a newly issued senior note of the same amount due on 11 January 2024 (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 RMB256 million as at 31 December 2022. The Group will also negotiate 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 2022, the Group's restricted cash amounted to RMB698 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 PRC 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, so 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 2022. 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 2022. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial information on a going concern basis.

Notwithstanding the above, a material uncertainty 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 the terms and conditions of the bank 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 and the Group's senior notes, 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 2024 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 agree 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 HKAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements	Annual Improvements to HKFRS Standards 2018–2020
Amendments to HKFRS 3	Reference to the Conceptual Framework
Accounting Guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

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 2022 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
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
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants (amendments)	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
Hong Kong Interpretation 5 (Revised)	Hong Kong Interpretation 5 (Revised) 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 HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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 2022 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	413,765	–	64,810	40,449	519,024
Recognised at a point in time	413,765	–	–	–	413,765
Recognised over time	–	–	64,810	40,449	105,259
Revenue from other sources: rental income	–	25,060	–	–	25,060
Inter-segment revenue	–	(18,826)	(326)	(11,622)	(30,774)
Revenue from external customers	413,765	6,234	64,484	28,827	513,310
Gross profit/(loss) before impairment losses on completed properties held for sale and properties under development	70,147	5,926	(4,716)	2,249	73,606
Net impairment losses on completed properties held for sale and properties under development	(679,553)	–	–	–	(679,553)
Gross (loss)/profit after impairment losses on completed properties held for sale and properties under development	(609,406)	5,926	(4,716)	2,249	(605,947)
Selling and marketing expenses					(66,331)
Administrative expenses					(117,509)
Net impairment losses on financial assets					(36,869)
Other income					14,326
Other expenses					(872)
Other losses – net					(200,513)
Finance costs – net					(21,971)
Share of profit of investments accounted for using the equity method	3,037	–	–	–	3,037
Loss before income tax					(1,032,649)
Income tax expense					144,824
Loss for the year					(887,825)
Depreciation and amortisation recognised as expenses	14,584	–	14,358	272	29,214
Fair value losses on investment properties – net	–	(15,920)	–	–	(15,920)
Segment assets	11,607,873	264,124	252,525	12,927	12,137,449
Segment assets include:					
Investments accounted for using the equity method	43,671	–	–	–	43,671
Addition to non-current assets (other than financial instruments and deferred income tax assets)	2,448	–	26,055	70	28,573
Segment liabilities	4,472,569	21,021	19,145	34,416	4,547,151

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/(loss) before and after impairment losses on completed properties held for sale and properties under development	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 recognised as expenses	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

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.

For the years ended 31 December 2022 and 2021, no single external customer's generated revenue accounting for 10% or more of the Group's total revenue.

(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	
	2022	2021
	RMB'000	*RMB'000*
Segment assets	**12,137,449**	13,750,341
Unallocated:		
– Deferred income tax assets	**349,805**	176,033
Total assets	**12,487,254**	13,926,374

(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	
	2022	2021
	RMB'000	*RMB'000*
Segment liabilities	**4,547,151**	4,023,206
Unallocated:		
– Current income tax liabilities	**393,307**	430,363
– Deferred income tax liabilities	**200,280**	198,269
– Short-term borrowings and current portion of long-term borrowings	**1,797,073**	2,238,921
– Long-term borrowings	**1,831,420**	2,256,776
Total liabilities	**8,769,231**	9,147,535

3. EXPENSES BY NATURE

Expenses by nature included in cost of sales, selling and marketing expenses, administrative expenses and net impairment losses on completed properties held for sale and properties under development are analysed as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Net impairment losses on completed properties held for sale and properties under development	**679,553**	–
Cost of properties sold – including construction cost, land cost and interest cost	**329,794**	1,317,929
Employee benefit expenses (including directors' emoluments)	**111,595**	148,822
Employee benefit expenditure – including directors' emoluments	**124,497**	166,028
Less: capitalised in properties under development	**(12,902)**	(17,206)
Commission fees	**16,929**	79,198
Hotel operations expenses	**34,664**	36,276
Taxes and levies	**10,397**	17,803
Advertising costs	**22,831**	51,069
Entertainment expenses	**13,571**	17,443
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	**29,214**	29,076
Professional consulting fees	**19,540**	22,044
Office and travelling expenses	**6,984**	10,420
Auditor's remuneration	**4,450**	4,450
– Audit services	**3,700**	3,700
– Non-audit services	**750**	750
Others	**23,575**	16,787
Total	**1,303,097**	1,751,317

4. OTHER INCOME

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Interest income from a related-party	**11,507**	–
Forfeited customer deposits	**768**	1,105
Government grants	**435**	17,541
Others	**1,616**	2,921
	14,326	21,567

5. OTHER EXPENSES

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Donations	**62**	492
Others	**810**	731
	872	1,223

6. OTHER (LOSSES)/GAINS – NET

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Interest on financial assets at fair value through profit or loss	**92**	2,531
Gains/(losses) on disposals of property, plant and equipment	**8,473**	(78)
Fair value losses on investment properties	**(15,920)**	(9,208)
Fair value gain on the remeasurement of investment in a joint venture	**–**	34,121
Losses on disposal of subsidiaries	**(121,438)**	–
Losses on disposal of an associate	**(5,622)**	–
Net impairment losses on right-of-use assets	**(25,180)**	–
Net foreign exchange (losses)/gains	**(16,084)**	6,064
A penalty for delay payment of land payment	**(24,834)**	–
	(200,513)	33,430

7. FINANCE COSTS/(INCOME) – NET

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Finance costs		
– Interest expense on bank and other borrowings	**314,613**	242,526
– Interest expense on leases	**3,042**	3,208
– Losses of early redemption of bank borrowings	**9,120**	–
– Net exchange losses on foreign currency borrowings	**1,032**	6,007
Less: interest capitalised	**(299,076)**	(233,670)
	28,731	18,071
Finance income		
– Interest income from bank deposits	**(6,760)**	(18,430)
Finance costs/(income) – net	**21,971**	(359)

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Current income tax:		
– Corporate income tax	**6,244**	95,274
– Land appreciation tax	**15,210**	58,667
	21,454	153,941
Deferred income tax		
– Corporate income tax	**(166,278)**	10,975
	(144,824)	164,916

(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 2022 (2021: nil).

9. (LOSSES)/EARNINGS PER SHARE

	Year ended 31 December	
	2022	2021
(Loss)/profit attribute to owners of the Company *(RMB'000)*	**(721,859)**	216,446
Weighted average number of ordinary shares in issue *(in thousand)*	**1,646,173**	1,646,173
(Losses)/earnings per share – basic *(RMB per share)*	**(0.44)**	0.13
(Losses)/earnings per share – diluted *(RMB per share)*	**(0.44)**	0.13

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

10. DIVIDEND

Dividends paid in 2022 consist of the payment of the 2021 final cash dividend of RMB0.97 cents per ordinary share totalling RMB15,968,000 (equivalent to HK Dollar ("**HK$**") 18,766,000).

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Included in current assets:		
Trade receivables – third parties *(Note (a))*	**46,855**	69,060
Trade receivables – related parties *(Note (a))*	**371**	3,505
Other receivables – third parties *(Note (b))*	**331,611**	166,407
Other receivables – non-controlling interests *(Note (b))*	**543,180**	450,247
Other receivables – related parties *(Note (b))*	**197,943**	68,207
Prepayments for acquisition of land use rights	**342,561**	500,102
Other prepayments	**73,678**	61,270
	1,536,199	1,318,798
Less: impairment	**(43,013)**	(7,593)
Total	**1,493,186**	1,311,205
Less: non-current portion	**(11,563)**	(11,634)
Current portion	**1,481,623**	1,299,571

As at 31 December 2022 and 2021, the fair value of trade and other receivables approximated their carrying amounts.

As at 31 December 2022, trade receivables with net book value of RMB1,600,000 (2021: RMB2,154,000) were pledged as collateral for the Group's bank and other borrowings.

(a) Details of trade receivables are as follows:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade receivables – third parties	**46,855**	69,060
Trade receivables – related parties	**371**	3,505
Less: allowance for impairment	**(426)**	(1,724)
Trade receivables – net	**46,800**	70,841

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

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**46,646**	71,678
Over 1 year	**580**	887
	47,226	72,565

Trade receivables mainly arise from rental income, provision of construction services 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 2022, a provision of RMB426,000 was made against the gross amounts of trade receivables (31 December 2021: RMB1,724,000).

(b) Details of other receivables are as follows:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Deposits for acquisition of land use rights	**210,258**	91,258
Other receivables due from non-controlling interests	**543,180**	450,247
Other receivables due from related parties	**197,943**	68,207
Outstanding consideration receivables for disposal of an associate	**30,000**	–
Others	**91,353**	75,149
	1,072,734	684,861
Less: allowance for impairment	**(42,587)**	(5,869)
Other receivables – net	**1,030,147**	678,992

12. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Total
Authorised				
As at 31 December 2022 and 2021	2,500,000,000			
Issued and fully paid				
As at 31 December 2022 and 2021	1,646,173,000	HK$16,462,000	RMB14,746,000	RMB14,746,000

13. TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	**832,347**	902,718
Notes payable	**–**	184,247
Amounts due to non-controlling interests and their related parties	**315,224**	945,212
Outstanding consideration payables for acquisitions	**35,195**	35,195
Deposits payable	**10,641**	39,041
Factoring of trade payables	**156,825**	42,737
Accrued expenses	**47,928**	53,539
Salaries payable	**12,125**	16,115
Other taxes payable	**188,207**	133,457
Other payables	**49,292**	39,988
	1,647,784	2,392,249

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

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Within 90 days	**290,056**	460,983
Over 90 days and within 365 days	**235,994**	332,455
Over 365 days	**306,297**	109,280
	832,347	902,718

CHAIRMAN'S STATEMENT

I am pleased to present the annual results of JY Grandmark for the year ended 31 December 2022 to the shareholders of the Company (the "**Shareholders**").

RESULTS

During the year, the aggregated contracted sales of the Group was approximately RMB2,064.4 million, representing a year-on-year decrease of 51.0%. The total contracted sales GFA was approximately 198,000 sq.m., representing a year-on-year decrease of 40.7%.

During the year, the Group's recognised revenue was RMB513.3 million, representing a year-on-year decrease of 74.9% as compared to RMB2,043.1 million in 2021. Loss for the year was RMB887.8 million, as compared to profit for the year of RMB198.8 million in 2021. Loss attributable to owners of the Company was RMB721.9 million, as compared to profit attributable to owners of the Company of RMB216.4 million in 2021.

The Board does not recommend the payment of a final dividend (2021: RMB0.97 cents per ordinary share).

BUSINESS REVIEW FOR 2022

(1) Property development and sales

Although the Group's market share varies from place to place subject to the scale of the cities we operate, we were still ranked top five in terms of market share in certain district markets in 2022. We have been in the process of assessing the supply and demand relations of our projects in various regions whose development scale was in a gradual and steady upward trend. As such, we expect our market share to rise in consistent with such steady momentum of development scale that is more in line with market demands.

JY Grandmark is a property enterprise driven by product and technology that cares for environment and humanistic value. We believe that launching better products is the only way to enhance our sustainable development and growth. Based on this strategic direction, JY Grandmark has positioned itself in the market for its competitive edges in product, services, price and margin.

The Group attaches great importance to product positioning and development. Our team participates in every stage of a project from land investigation, design and development, marketing to cost forecast, where they are aware of various aspects such as surrounding environment, market condition, product positioning, cost investment and revenue, making every project a direct response to market needs even from commencement. On top of that, the Group brings products that keep ahead of the market in each city and make them the leading products in such region, so as to attract market attention, raise our market influence and brand awareness. Meanwhile, Zhuodu Property, a subsidiary of the Group, also participates in the pre-delivery property showcase, which allows customers to have an early taste of our property services, one of their major concerns in making purchase decision. In this way, we could boost customers' confidence in making purchase decision through our impressive property services. Our marketing department also actively assists Zhuodu Property in the relevant pre-delivery works to enhance owners' sense of belonging. Further, with the involvement of our cost forecast, marketing and financial teams in the product positioning process, we are able to position the products and control costs in such a way that allow more desirable margin and hence higher profit.

The Group is currently in the process of brand building. As our brand premium is still not apparent, time is needed for gaining recognition every time we enter a new city. However, we have managed to secure a desirable premium through our outstanding product design. At the same time, the Group's listing has boosted local customers' confidence in us and our projects, which further speeded up the spread of our brand and enhanced our reputation. For example, despite the recurring outbreaks and extremely low customer flow in 2022, the JY Grand Garden in Qingyuan, Jinke JY Grand Garden and JY Uniworld in Zengcheng and JY Gaoligong Town in Tengchong still managed to be among the top sales projects in the segment and have gradually built up regional brand awareness of JY Grandmark.

(2) Hotel operations

Just Stay Hotel in Panyu District, Guangzhou actively developed businesses by engaging in marketing activities in low seasons and revenue-generating activities in high seasons. The launch of long-term rental apartments and chess room service in March and April in 2022 has enhanced the profitability of the hotel due to product diversity.

Just Stay Resort in Conghua District, Guangzhou began to collect feedback from guests who checked into the resort offline. Breakfast and dinner buffet meals would be changed to at-seat ordering service in view of daily patronage to avoid food waste. We have also achieved a reduction in procurement costs through expanding procurement channels, sorting supplies in more effective ways and purchasing from different suppliers or channels.

Just Stay Inn in Baiyun District, Guangzhou has commenced operation in phases since its soft launch in August of 2022. The "Bed and Breakfast" (B&B) model is enshrined as its general operating principle. In order to highlight the B&B features of the inn, a camping piazza boasting an outdoor cinema, camping tents and swings which are regarded by many social media influencers as a must-go spot has been built on its outdoor lawn. Barbecued food catering service is also available.

(3) Property management

As of 2022, there were 9,790 households and 1.365 million sq.m. of area under our management, of which 3,478 households and 284,400 sq.m. of area were added in 2022.

After the official launch of our property enterprise resource planning (ERP) system – the Tianwen System (天問系統), the management of each module of our property centre, such as fee management, property report management and quality control system, has transferred to online control, which is more efficient. We rationalised the daily management of various items in each project, strengthened the daily property management of our projects and optimised the management of our property centre. We have also organised training sessions to enhance the business skills of the property assistants. In view of the downsizing of staff and the change of project personnel, we have conducted special training for the customer service assistants, our major professionals to serve customers, which involved explanation of professional knowledge system, daily complaint analysis, service skills and problem-solving skills.

Zhuodu Property has taken over the gardening work of our development projects of JY Maofeng Town and Zhaoqing JY Uniworld since the beginning of 2022, which saved considerable amount of gardening costs for the Company.

FUTURE STRATEGIES AND PROSPECTS

We will continue to adhere to the general tone of "stability" by revitalising our existing assets and strengthening our capabilities in products and delivery. In late 2022, the Chinese government has started to prop up the market by introducing significant financial control such as the "Third Arrow" and "16 Financial Measures for the Property Market", which are conducive to boosting home buyers' confidence and ensuring the healthy operation of the real estate sector. In addition, the optimisation of the anti-epidemic policies has also provided a foundation for subsequent economic recovery and restoration of industry confidence.

Overall, we believe that with the current property market poised for a rebound followed by a bottoming out, and there is every likelihood that the market will see a gradual recovery in 2023. However, it will still take time for the overall economic environment to recover. We maintain a “cautiously optimistic” attitude, therefore “stability” remains the theme of the Company’s development in 2023. Systematic capabilities with more refinement will be the factor determining our own operating capacity. At JY Grandmark, we stress the importance of pragmatic operation and effective value creation, regarding cash flows as the core business strategy and improving our resilience through enhanced evaluation of fund collection and comprehensive management to ensure financial stability. At the same time, we will optimise our investment structure, and take advantage of industry trends and favourable policies to explore new types of diversified businesses, including urban renewal, asset operation, leasing, cultural tourism, elderly care and other areas with growing demand. Moreover, we will strengthen the effective integration of our own diversified businesses, revitalise our assets from the operational perspective, explore new drivers for business growth and develop new media businesses to boost our performance, so as to better cope with the market changes under the prevailing business environment with the normalisation of austerity measures and achieve long-term, stable and high-quality development.

(1) Investment strategies

In 2023, the Group aims to further develop its existing projects, implement a more prudent financial strategy by enhancing cash flows and reducing debt ratio while leveraging the prevailing policies to broaden financing channels and strengthen capital management. On one hand, we will enhance the mechanism for cash flow management throughout the process, from investment and land acquisition, construction and sales to subsequent operations, so as to strengthen capital liquidity. On the other hand, we will focus more on investment recovery by enhancing the evaluation of fund collection and fully implementing refined management, and explore new media and other new business models to increase the value of our properties and revitalise our existing assets, thus creating higher capital efficiency for the Group.

(2) Business strategies

Riding on the diversified business strategy, the Group will strengthen the in-depth operational integration among our property development, property management, hotel operations and commercial property investment businesses, in order to form a two-way, multi-directional and long-term development mechanism as a self-established system to optimise the output efficiency of each business segment. With our emphasis on branding, we will empower refined real estate construction, asset operation and customer service to promote sustainable business and the sustainable development of the Company’s brand.

(3) Product strategies

Under the premise of "houses are built to be inhabited, not for speculation", residential properties are regarded by most, if not all, quarters as dwellings for living in. Products are bound for continuous improvement in light of changing times. In the post-pandemic era, home buyers attach more importance to health and outdoor living, so our residential design will illustrate increasingly apparent health-oriented and "biophilic" features, with the integration of health and natural elements in landscape and apartment type. The functionality of our various apartment types is a good mirror of diversified features such as health, intelligence and beauty. Our construction of community groups takes public space and property services into consideration to offer a pool of resources for diversified experience for instance comprehensive health. We will intervene in advance with subsequent marketing to participate in the whole cycle in aspects such as planning, gardening, flat type and decoration, and incorporate first-hand elements in response to market demand, with a view to offering good products that move with the times and prime products that are laboriously crafted.

The real estate industry in the Mainland China has entered a new stage of development, shifting from high-speed growth to high-quality development, and from meeting basic housing needs to addressing the aspirations of people for better quality of living. Following a bottoming out in 2022, the dominant theme for the market in 2023 is "boost the economy". We will enhance our own competency by continuously optimising and enhancing our competitiveness under the high-pressure external environment, deliver high quality products and services, and build our brand in order to embrace the advent of big market in 2023 and promote the high-quality long-term development of the Company.

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

Hong Kong, 30 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Overall performance

During the year of 2022, the aggregated contracted sales of the Group, including those of the Group's joint ventures and associates, was approximately RMB2,064.4 million, representing a decrease of 51.0% as compared to RMB4,216.0 million in 2021. The corresponding contracted GFA was approximately 198,000 sq.m., representing a fall of 40.7% as compared to approximately 334,000 sq.m. in 2021.

During the year of 2022, the Group's recognised revenue was RMB513.3 million, representing a year-on-year decrease of 74.9% as compared to RMB2,043.1 million in 2021. The operating loss was RMB1,013.7 million, as compared to operating profit of RMB339.7 million in 2021. Loss for the year was RMB887.8 million, as compared to profit for the year of RMB198.8 million in 2021.

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 2022, revenue of the Group amounted to RMB513.3 million (2021: RMB2,043.1 million), representing a year-on-year decrease of 74.9%.

Property development and sales

We focus on the development of quality residential properties with comfortable and convenient living environment. During the year of 2022, revenue from property development and sales business of the Group amounted to RMB413.8 million, representing a decrease of 78.6% as compared to RMB1,932.5 million in 2021, accounting for 80.6% of the Group's total revenue. The decrease in revenue was a combined effect of declines in both aggregate GFA delivered and the recognised average selling price ("**ASP**"). During the year of 2022, the recognised ASP was RMB6,666 per sq.m. (2021: RMB8,274 per sq.m.).

The following table sets forth the breakdown of our revenue from property development and sales by geographical location for the years ended 31 December 2022 and 2021.

City	**Year ended 31 December 2022**				Year ended 31 December 2021			
	Recognised revenue from sales of properties	**% of total revenue from sales of properties**	**Total GFA delivered**	**Recognised ASP**	Recognised revenue from sales of properties	% of total 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	**49,980**	**12.1%**	**3,992**	**12,520**	167,371	8.7%	9,386	17,832
Zhaoqing	**91,952**	**22.2%**	**12,150**	**7,568**	503,394	26.0%	63,798	7,890
Qingyuan	**84,765**	**20.5%**	**18,507**	**4,580**	444,101	23.0%	78,079	5,688
Lingshui	**–**	**–**	**–**	**–**	17,361	0.9%	642	27,040
Lingao	**43,266**	**10.5%**	**6,992**	**6,188**	88,628	4.6%	12,597	7,036
Tengchong	**89,602**	**21.7%**	**10,581**	**8,468**	472,674	24.5%	33,676	14,036
Zhuzhou	**32,357**	**7.8%**	**6,569**	**4,925**	87,930	4.5%	17,118	5,137
Others *(Note)*	**21,843**	**5.2%**	**N/A**	**N/A**	150,993	7.8%	N/A	N/A
Total/overall	**413,765**	**100.0%**	**58,791**	**6,666**	1,932,452	100.0%	215,296	8,274

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

Hotel operations

Apart from property development and sales, we also operate Just Stay Hotel, Just Stay Resort and Just Stay Inn under our hotel operations business. During the year of 2022, revenue from hotel operations of the Group decreased by 18.1% from RMB78.8 million in 2021 to RMB64.5 million in 2022, primarily due to the ongoing COVID-19 pandemic with a particularly serious situation in the fourth quarter of 2022, which was the traditional peak season of our hotel operations.

Property management

We also derived income from our property management services provided to purchasers of the residential properties. During the year of 2022, revenue from property management services of the Group reached RMB28.8 million, representing an increase of 29.7% as compared with RMB22.2 million in 2021, mainly due to the stable growth in GFA of the properties under management.

Commercial property investment

During the year of 2022, revenue from commercial property investment of the Group amounted to RMB6.2 million, with a year-on-year decrease of 36.1% as compared with RMB9.7 million in 2021. The decrease was mainly caused by the continued prevalence of COVID-19 pandemic in 2022.

Cost of sales

Cost of sales of the Group primarily represents costs of properties sold which are directly associated with the Group's property development activities, as well as costs incurred in relation to other businesses. During the year of 2022, cost of sales of the Group amounted to RMB439.7 million, representing a decrease of 69.9% as compared with RMB1,459.9 million in 2021. The decrease in cost of sales was in line with less properties delivered in 2022.

Gross profit and gross profit margin before impairment losses on completed properties held for sale and properties under development

During the year of 2022, the Group's gross profit before impairment losses on completed properties held for sale and properties under development amounted to RMB73.6 million, representing a decrease of 87.4% as compared with RMB583.2 million in 2021. The Group's gross profit margin before impairment losses on completed properties held for sale and properties under development decreased to 14.3% from 28.5% in 2021.

During the year of 2022, the Group's gross profit margin before impairment losses on completed properties held for sale and properties under development from our property development and sales decreased to 17.0% from 30.0% in 2021. Such decrease was mainly due to lower recognised ASP. The properties delivered in 2022 were mainly residential properties that cater for the need of first-time home buyers in cities such as Qingyuan and Zhaoqing, of which the ASP was relatively lower. Meanwhile, selling price of existing property projects were also adjusted to accelerate the pace of sales.

Analysing based on the gross profit margin before impairment losses on completed properties held for sale and properties under development by city, top three cities ranked by revenue including Zhaoqing, Tengchong and Qingyuan attained an average gross profit margin before impairment losses on completed properties held for sale and properties under development of 19.7%, and the revenue of these three cities accounted for 64.4% of our total revenue from property development and sales in 2022.

Net impairment losses on completed properties held for sale and properties under development

During the year of 2022, the Group provided for net impairment losses on completed properties held for sale and properties under development amounted to RMB679.6 million (2021: nil) in accordance with the remeasurement of net realisable value of the property projects based on the prevailing selling prices as well as other related market conditions.

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 2022, selling and marketing expenses of the Group amounted to RMB66.3 million, representing a decrease of 56.8% as compared with RMB153.3 million in 2021, accounting for 3.2% of total contracted sales (2021: accounting for 3.6% of total contracted sales). The decrease was mainly attributable to the efforts on cost control measures over marketing expenses throughout the year.

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 2022, the Group's administrative expenses amounted to RMB117.5 million, representing a decrease by 14.9% as compared with RMB138.1 million in 2021, accounting for 5.7% of total contracted sales (2021: accounting for 3.3% of total contracted sales). The decrease was also resulted from continuous cost control measures imposed.

Other income and other expenses

During the year of 2022, our other income primarily represented interest income from a related-party and forfeited deposits from our customers in relation to the sales of properties. Other expenses primarily represented donations to charitable organisations.

Other (losses)/gains – net

During the year of 2022, our other (losses)/gains – net primarily consisted of losses on disposals of subsidiaries and an associate, fair value losses on investment properties, gains on disposals of property, plant and equipment, a penalty for delay payment of land payment, net impairment losses on right-of-use assets and net foreign exchange losses. The Group's other (losses)/gains – net changed from a net gain of RMB33.4 million in 2021 to a net loss of RMB200.5 million in 2022, mainly due to the non-recurring losses on disposal of subsidiaries amounted to RMB121.4 million in 2022. While in 2021, the Group recorded a fair value gain on remeasurement of investment in a joint venture amounted to RMB34.1 million.

Finance costs/(income) – net

Finance costs/(income) – net comprised mainly interest expenses on borrowings and leases net of capitalised interest expenses, losses of early redemption of bank borrowings, net exchange losses on foreign currency borrowings and interest income from bank deposits. The Group's finance costs/(income) – net changed from net finance income of RMB0.4 million in 2021 to net finance costs of RMB22.0 million in 2022, mainly due to the increase in cost of borrowing and leases charged to finance costs by RMB15.6 million.

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 were mainly derived from the Group's interests in JY Donghuzhou Haoyuan and Zhujiang Village Project. It decreased from RMB23.6 million in 2021 to RMB3.0 million in 2022 mainly because of fewer properties delivered from JY Donghuzhou Haoyuan, as well as share of expenses incurred from Zhujiang Village Project.

Income tax expense

Income tax expense included corporate income tax and LAT. During the year of 2022, corporate income tax recorded tax credit of RMB160.0 million (2021: tax expense of RMB106.2 million), mainly due to the loss position in the year of 2022. LAT amounted to RMB15.2 million (2021: RMB58.7 million).

Loss/(profit) for the year

As a result of the aforementioned, the Group recorded a net loss of RMB887.8 million in 2022, as compared to a net profit of RMB198.8 million in 2021. Loss attributable to owners of the Company amounted to RMB721.9 million, as compared to profit attributable to owners of the Company amounted to RMB216.4 million in 2021.

Basic and diluted losses per share for the year of 2022 was RMB0.44, as compared to basic and diluted earnings per share of RMB0.13 in 2021.

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.

Overall financial position

As at 31 December 2022, total assets of the Group amounted to RMB12,487.3 million and total liabilities amounted to RMB8,769.2 million, representing a decrease of 10.3% and 4.1% respectively as compared to 31 December 2021.

As at 31 December 2022, the Group's liabilities to assets ratio (excluding contract liabilities)* was 61.5% (31 December 2021: 61.3%). Net gearing ratio** was maintained at 73.8% (31 December 2021: 46.0%). The Group's current ratio*** as at 31 December 2022 was 1.7 (31 December 2021: 1.9). The Group will continue to optimise the asset-debt structure and maintain adequate liquidity in the long run.

* Liabilities to assets ratio (excluding contract liabilities) represents total liabilities minus contract liabilities divided by total assets minus contract liabilities as at the end of the reporting year.

** 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 at the end of the reporting year.

*** Current ratio represents current assets divided by current liabilities as at the end of the reporting year.

Cash positions and fund available

As at 31 December 2022, the total cash and bank balances of the Group were RMB884.7 million (31 December 2021: RMB2,299.8 million), of which RMB187.0 million (31 December 2021: RMB1,030.4 million) was cash and cash equivalents and RMB697.7 million (31 December 2021: RMB1,269.4 million) was restricted cash.

As at 31 December 2022, the Group had placed at designated banks cash proceeds from pre-sale of properties of RMB615.1 million (31 December 2021: 842.8 million) as guarantee deposits for construction of related properties. The Group also placed cash deposits of approximately RMB26.0 million (31 December 2021: RMB70.0 million) with designated banks as security for bank borrowings.

As at 31 December 2022, the Group's undrawn banking facilities were approximately RMB255.5 million (31 December 2021: RMB782.7 million).

Borrowings

As at 31 December 2022, the total interest-bearing borrowings and senior notes of the Group were RMB3,628.5 million (31 December 2021: RMB4,495.7 million), of which RMB1,831.4 million (31 December 2021: RMB2,256.8 million) was included in non-current liabilities and RMB1,797.1 million (31 December 2021: RMB2,238.9 million) was included in current liabilities of the Group, respectively.

(a) On 27 January 2022, the Company issued senior notes with nominal interest rate 7.5% in an aggregate principal amount of US$152,100,000 in Hong Kong (the "**2022 Notes**"). The issue of the 2022 Notes was comprised of the exchange offer of the existing senior notes due 7 February 2022 amounting to US$149,600,000 and completion of concurrent new money issuance amounting to US$2,500,000. The 2022 Notes were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 January 2022.

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

(b) As at 31 December 2022, the Group's borrowings are denominated in following currencies:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
RMB	**2,043,737**	2,960,725
HK$	**500,109**	523,363
US$	**1,084,647**	1,011,609
	3,628,493	4,495,697

(c) As at 31 December 2022, borrowings totalling RMB2,429.0 million (31 December 2021: RMB2,881.7 million) of the Group were secured by the following assets together with the Group's shares of certain subsidiaries:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Lands	**12,177**	12,720
Property, plant and equipment	**236,865**	248,843
Investment properties	**173,124**	179,484
Properties under development	**1,763,960**	2,328,613
Completed properties held for sale	**871,823**	623,748
Trade receivables	**1,600**	2,154
Restricted cash	**26,000**	70,000
	3,085,549	3,465,562

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

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**1,797,073**	2,238,921
1 to 2 years	**894,916**	773,874
2 to 5 years	**689,378**	1,085,782
Over 5 years	**247,126**	397,120
	3,628,493	4,495,697

Cost of borrowings

During the year of 2022, total cost of borrowings of the Group amounted to RMB323.7 million, representing an increase of 33.5% from RMB242.5 million in 2021, mainly attributable to higher average balance of borrowings for the year of 2022. The Group's weighted average effective interest rate decreased by 5 basis points to 6.79% per annum (2021: 6.84% per annum).

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 2022, the outstanding guarantees were RMB2,084.5 million (31 December 2021: RMB1,636.6 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 Group considers that in case of default in payments by purchasers, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

(b) As at 31 December 2022, the Group had provided guarantees for borrowings of the Group's joint venture amounting to RMB361.9 million (31 December 2021: RMB387.5 million) and for other payables of the Group's associate amounting to RMB310.7 million (31 December 2021: nil).

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote, and therefore no provision has been made in the financial statements for the guarantees.

Commitments

As at 31 December 2022, the commitments of the Group for property development expenditure amounted to RMB1,319.3 million (31 December 2021: RMB1,984.2 million).

Currency risks

The Group's businesses are principally conducted in Renminbi. 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$. As at 31 December 2022 and 2021, major non-HK$ assets and liabilities of the non-PRC subsidiaries are cash and cash equivalents, restricted cash, other receivables and bank and other 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 2022, the Group did not have plan for material investments and capital assets.

SIGNIFICANT INVESTMENTS, MAJOR ACQUISITIONS AND DISPOSALS

On 1 September 2022, 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 acquisition agreement with Guangzhou Jincan Real Estate Development Co., Ltd.* (廣州市金璨房地產開發有限公司), Guangzhou Jinshuo Real Estate Development Co., Ltd.* (廣州市金碩房地產開發有限公司) (the "**Target Company**"), Guangzhou Jinxuan Real Estate Development Co., Ltd.* (廣州市金軒房地產開發有限公司) (the "**Project Company**") and Gemdale Real Estate Development Construction (Hengqin) Co., Ltd.* (金地房地產開發建設（橫琴）有限公司) (the "**Purchaser**"), pursuant to which amongst others the Purchaser has agreed to acquire from Guangzhou Yinong (a) 50% of the equity interest of the Target Company held by Guangzhou Yinong at a maximum consideration of approximately RMB38.43 million, and (b) the loan of the amount of approximately RMB252.84 million owed by the Project Company to Guangzhou Yinong at a consideration of approximately RMB252.84 million.

Upon completion of the transaction, the Company will no longer hold any interest in the Target Company and hence the Project Company, both of which will cease to be subsidiaries of the Company and their financial results will no longer be consolidated into the financial statements of the Company.

For further details, please refer to the announcement of the Company dated 1 September 2022.

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.

* *For identification purposes only*

EMPLOYEES AND REMUNERATIONS

As at 31 December 2022, the Group had a total of 873 employees (2021: 983 employees). For the year ended 31 December 2022, the Group has recognised staff costs of RMB124.5 million (2021: RMB166.0 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 2022.

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 to 31 December 2022.

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 2022.

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 2022, 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 2022 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 2022, including the accounting policies of the Group.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position, and the related notes thereto for the year ended 31 December 2022 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 EVENTS AFTER 31 DECEMBER 2022

Issuance of US$152,100,000 9.5% senior notes due 2024

On 12 January 2023, the Company issued the New Senior Notes with nominal interest rate 9.5% due 11 January 2024 in an aggregate principal amount of US$152,100,000, representing 100% exchange offer of the existing 2022 Notes. The New Senior Notes were listed on the Stock Exchange on 13 January 2023.

Except the above, no significant events affecting the Group had occurred during the period from 31 December 2022 to the date of this announcement.

ANNUAL GENERAL MEETING

Annual general meeting of the Company will be held on Thursday, 8 June 2023 (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 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 5 June 2023 to Thursday, 8 June 2023 (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, 2 June 2023.

PUBLICATION OF 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 2022 will be despatched to the Shareholders and made available on the above websites in April 2023.

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

Hong Kong, 30 March 2023

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.