THE CONTENT OF THIS ANNOUNCEMENT HAS BEEN PUBLISHED USING EQUITY STOCK CODE (STOCK CODE: 2231) ON 27 MARCH 2024 AND IS NOW REPUBLISHED USING DEBT SECURITIES STOCK CODE (DEBT STOCK CODE: 4300) FOR THE DEBT HOLDERS' INFORMATION.

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)
(Debt stock code: 4300)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 with the comparative figures for 2022 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

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Revenue	*2*	**513,462**	513,310
Cost of sales	*3*	**(467,403)**	(439,704)
Gross profit before impairment losses on completed properties held for sale and properties under development		**46,059**	73,606
Net impairment losses on completed properties held for sale and properties under development	*3*	**(1,666,138)**	(679,553)
Gross loss after impairment losses on completed properties held for sale and properties under development		**(1,620,079)**	(605,947)
Selling and marketing expenses	*3*	**(56,034)**	(66,331)
Administrative expenses	*3*	**(86,824)**	(117,509)
Net impairment losses on financial assets		**(60,051)**	(36,869)
Other income	*4*	**10,869**	14,326
Other expenses	*5*	**(2,410)**	(872)
Other losses – net	*6*	**(162,970)**	(200,513)
Operating loss		**(1,977,499)**	(1,013,715)
Finance costs	*7*	**(13,916)**	(28,731)
Finance income	*7*	**4,027**	6,760
Finance costs – net	*7*	**(9,889)**	(21,971)
Share of (loss)/profit of investments accounted for using the equity method		**(9,167)**	3,037
Loss before income tax		**(1,996,555)**	(1,032,649)
Income tax expense	*8*	**(146,053)**	144,824
Loss for the year		**(2,142,608)**	(887,825)
Loss attributable to:			
Owners of the Company		**(1,835,407)**	(721,859)
Non-controlling interests		**(307,201)**	(165,966)
		(2,142,608)	(887,825)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

	Notes	Year ended 31 December **2023** *RMB'000*	2022 *RMB'000*
Other comprehensive loss for the year			
Item that may be reclassified to profit or loss			
– Currency translation differences		**(19,289)**	(124,890)
Other comprehensive loss for the year, net of tax		**(19,289)**	(124,890)
Total comprehensive loss for the year		**(2,161,897)**	(1,012,715)
Total comprehensive loss attributable to:			
Owners of the Company		**(1,854,696)**	(846,749)
Non-controlling interests		**(307,201)**	(165,966)
		(2,161,897)	(1,012,715)
Losses per share (expressed in RMB per share)			
– Basic and diluted losses per share	*9*	**(1.11)**	(0.44)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**289,448**	285,510
Right-of-use assets		**89,503**	214,143
Investment properties		**156,151**	264,124
Intangible assets		**2,774**	3,748
Other receivables	*11*	**11,578**	11,563
Deferred income tax assets		**261,917**	349,805
Investments accounted for using the equity method		**645**	43,671
		812,016	1,172,564
Current assets			
Inventories		**914**	1,173
Contract costs		**150,899**	120,468
Properties under development		**5,375,845**	7,330,809
Completed properties held for sale		**2,150,865**	1,347,186
Trade and other receivables and prepayments	*11*	**1,183,343**	1,481,623
Prepaid taxes		**165,973**	148,781
Restricted cash		**339,242**	697,625
Cash and cash equivalents		**125,006**	187,025
		9,492,087	11,314,690
Total assets		**10,304,103**	12,487,254
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	**14,746**	14,746
Other reserves		**1,528,541**	1,546,983
(Accumulated losses)/retained earnings		**(1,150,873)**	685,381
		392,414	2,247,110
Non-controlling interests		**1,163,712**	1,470,913
Total equity		**1,556,126**	3,718,023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Notes	As at 31 December 2023 RMB'000	2022 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**239,045**	200,280
Bank and other borrowings		**29,000**	1,831,420
Lease liabilities		**66,111**	58,073
		334,156	2,089,773
Current liabilities			
Bank and other borrowings		**3,173,236**	1,797,073
Trade and other payables	*13*	**1,520,889**	1,647,784
Contract liabilities		**3,330,169**	2,837,108
Lease liabilities		**4,639**	4,186
Current income tax liabilities		**384,888**	393,307
		8,413,821	6,679,458
Total liabilities		**8,747,977**	8,769,231
Total equity and liabilities		**10,304,103**	12,487,254

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 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 2023, the Group recorded a net loss of RMB2,143 million and had a net cash outflow of RMB66 million. As at 31 December 2023, the Group's total borrowings was RMB3,202 million of which the Group's current borrowings amounted to RMB3,173 million while its cash and cash equivalents amounted to RMB125 million and restricted cash amounted to RMB339 million only. As at 31 December 2023, certain borrowings of RMB108 million, relating to borrowings with a total principal amount of RMB795 million, were overdue (the "**Defaulted Borrowings**"). As a result of such default, the principal amount of borrowings of RMB2,275 million, including the senior notes of US$152 million (equivalent to RMB1,077 million), were considered as cross-default. The aggregate principal amount of the aforesaid borrowings and senior notes of RMB3,070 million would be immediately repayable if requested by the lenders. This amount included borrowings of RMB758 million with original contractual repayment dates beyond 31 December 2024 which have been reclassified as current liabilities as at 31 December 2023.

Subsequent to 31 December 2023, the Group failed to settle certain borrowings with aggregated principal amount of RMB78 million (the "**Subsequent Defaulted Borrowings**"). Such overdue amount also form part of the defaulted and cross defaulted borrowings mentioned above.

Since 2021, the property market in the PRC has continued to decline and there has been no sign of recovery. As a result, the Group's pre-sale performance continued to decline during the year and subsequent to the year end, which had an adverse impact on the Group's cash flows and gave rise to certain pressure on the Group's liquidity. In addition, the Group has committed construction cost payable for the projects which have properties sold under pre-sale arrangement that is scheduled to delivery to the customers within next twelve months.

All of the above conditions indicated the existence of multiple uncertainties which 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, to improve its financial position and to remediate the overdue loan repayments which include but are not limited to, the followings:

(i) In respect of Defaulted Borrowings and Subsequent Defaulted Borrowings, the Group has been actively negotiating with all the lenders for renewal and extension for repayments of the defaulted borrowings. Out of the Defaulted Borrowings, the Group has successfully extended the repayment terms of a loan with principal amount of RMB598 million and the maturity date of this loan has been extended to 17 September 2026. The Directors are confident that such lenders will not exercise their rights to demand the Group's immediate repayment of the borrowings and the Group will reach final agreements and wavier with such lenders in due course;

(ii) The Group has maintained active communication with other relevant lenders in respect of the Defaulted Borrowings. Based on latest communication, the Directors are confident to convince the relevant lenders not to exercise their rights to demand immediate repayment of these borrowings prior to their scheduled contractual repayment dates;

(iii) In January 2024, the Group successfully exchanged its senior notes with an aggregate principal amount of US$152 million (equivalent to RMB1,077 million) due on 11 January 2024 with a newly issued senior note amounted to US$159 million due on 9 January 2025 (the "**New Senior Notes**"). Nevertheless, the New Senior Notes is also subject to cross default, the Directors are confident to convince the lenders to not exercise their contractual rights to demand immediate repayment of the New Senior Notes prior to the maturity dates and will seek for their agreement for further extension upon maturity in 2025;

(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 2023, the Group's restricted cash amounted to RMB339 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 2023. 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 2023. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial information on a going concern basis.

Notwithstanding the above, multiple 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) Successful negotiations with the Group's existing lenders in respect of the borrowings that were either in default or otherwise in cross default, so that the relevant lenders will not exercise their contractual rights to demand immediate repayment of the relevant defaulted borrowings or cross-defaulted borrowings and grant the relevant wavier to the Group;

(ii) Successful and timely extension and renewal of its bank and other borrowings, upon maturity as well as obtaining new financing from financial institutions as and when needed. 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;

(iii) Successful negotiation with the lenders of the Senior Note to seek for their agreement to not exercise their contractual right to demand immediate repayment and grant the relevant wavier to the Group. Further secure their agreement to exchange the Group's New Senior Notes maturing in January 2025 with new senior notes with further extended maturity;

(iv) 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;

(v) 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 the Group to meet its other financial obligations as planned; and

(vi) Successful in obtaining other additional sources of financing as and when needed.

Should the Group be unable to achieve the above-mentioned plans and measures and operate 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

HKFRS 17	Insurance contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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 and amended standards and interpretations not yet adopted

The following amendments to accounting standards and interpretation have been published that are not mandatory for the year ended 31 December 2023 and have not been early adopted by the Group. These amendments 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	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-Current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 7 and HKAS 7	Disclosure of Supplier Finance Arrangement	1 January 2024
HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
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 2023 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	**402,226**	**–**	**72,414**	**43,096**	**517,736**
Recognised at a point in time	**402,226**	**–**	**–**	**–**	**402,226**
Recognised over time	**–**	**–**	**72,414**	**43,096**	**115,510**
Revenue from other sources: rental income	**–**	**13,431**	**–**	**–**	**13,431**
Inter-segment revenue	**–**	**(8,217)**	**(108)**	**(9,380)**	**(17,705)**
Revenue from external customers	**402,226**	**5,214**	**72,306**	**33,716**	**513,462**
Gross profit/(loss) before impairment losses on completed properties held for sale and properties under development	**43,201**	**3,886**	**(4,070)**	**3,042**	**46,059**
Net impairment losses on completed properties held for sale and properties under development	**(1,666,138)**	**–**	**–**	**–**	**(1,666,138)**
Gross (loss)/profit after impairment losses on completed properties held for sale and properties under development	**(1,622,937)**	**3,886**	**(4,070)**	**3,042**	**(1,620,079)**
Selling and marketing expenses					**(56,034)**
Administrative expenses					**(86,824)**
Net impairment losses on financial assets					**(60,051)**
Other income					**10,869**
Other expenses					**(2,410)**
Other losses – net					**(162,970)**
Finance costs – net					**(9,889)**
Share of loss of investments accounted for using the equity method	**(9,167)**	**–**	**–**	**–**	**(9,167)**
Loss before income tax					**(1,996,555)**
Income tax expense					**(146,053)**
Loss for the year					**(2,142,608)**
Depreciation and amortisation recognised as expenses	**13,432**	**–**	**13,860**	**251**	**27,543**
Fair value losses on investment properties – net	**–**	**(8,404)**	**–**	**–**	**(8,404)**
Segment assets	**9,623,293**	**156,151**	**239,675**	**23,067**	**10,042,186**
Segment assets include:					
Investments accounted for using the equity method	**645**	**–**	**–**	**–**	**645**
Addition to non-current assets (other than financial instruments and deferred income tax assets)	**54,878**	**–**	**404**	**45**	**55,327**
Segment liabilities	**4,858,068**	**1,135**	**24,577**	**38,028**	**4,921,808**

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

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 2023 and 2022, no single external customer's transaction 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	
	2023	2022
	RMB'000	*RMB'000*
Segment assets	**10,042,186**	12,137,449
Unallocated:		
– Deferred income tax assets	**261,917**	349,805
Total assets	**10,304,103**	12,487,254

(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	
	2023	2022
	RMB'000	*RMB'000*
Segment liabilities	**4,921,808**	4,547,151
Unallocated:		
– Current income tax liabilities	**384,888**	393,307
– Deferred income tax liabilities	**239,045**	200,280
– Short-term borrowings and current portion of long-term borrowings	**3,173,236**	1,797,073
– Long-term borrowings	**29,000**	1,831,420
Total liabilities	**8,747,977**	8,769,231

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	
	2023	2022
	RMB'000	*RMB'000*
Net impairment losses on completed properties held for sale and properties under development	**1,666,138**	679,553
Cost of properties sold – including construction cost, land cost and interest cost	**350,007**	329,794
Employee benefit expenses (including directors' emoluments)	**91,508**	111,595
Employee benefit expenditure – including directors' emoluments	**102,087**	124,497
Less: capitalised in properties under development	**(10,579)**	(12,902)
Commission fees	**16,401**	16,929
Hotel operations expenses	**42,951**	34,664
Taxes and levies	**10,126**	10,397
Advertising costs	**22,267**	22,831
Entertainment expenses	**7,484**	13,571
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	**27,543**	29,214
Professional consulting fees	**2,695**	19,540
Office and travelling expenses	**5,719**	6,984
Auditor's remuneration	**3,200**	4,450
– Audit services	**2,700**	3,700
– Non-audit services	**500**	750
Others	**30,360**	23,575
Total	**2,276,399**	1,303,097

4. OTHER INCOME

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Interest income from a related-party	**9,485**	11,507
Forfeited customer deposits	**585**	768
Government grants	**100**	435
Others	**699**	1,616
	10,869	14,326

5. OTHER EXPENSES

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Penalties	**768**	697
Compensation	**646**	103
Others	**996**	72
	2,410	872

6. OTHER LOSSES – NET

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Net impairment losses on right-of-use assets	**(127,275)**	(25,180)
Losses on disposals of investment properties	**(37,866)**	–
Gains/(losses) on disposal of associates	**34,315**	(5,622)
Net impairment losses on property, plant and equipment	**(18,570)**	–
Fair value losses on investment properties	**(8,404)**	(15,920)
Net foreign exchange losses	**(5,802)**	(16,084)
Gain on termination of leases	**627**	–
Interest on financial assets at fair value through profit or loss	**12**	92
(Losses)/gains on disposals of property, plant and equipment	**(7)**	8,473
Losses on disposal of subsidiaries	**–**	(121,438)
Penalty for delay payment of land payment	**–**	(24,834)
	(162,970)	(200,513)

7. FINANCE COSTS – NET

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Finance costs		
– Interest expense on bank and other borrowings	**282,783**	314,613
– Interest expense on leases	**550**	3,042
– Losses of early redemption of bank borrowings	**–**	9,120
– Net exchange (gains)/losses on foreign currency borrowings	**(2,166)**	1,032
Less:		
– Interest capitalised	**(267,251)**	(299,076)
	13,916	28,731
Finance income		
– Interest income from bank deposits	**(4,027)**	(6,760)
Finance costs – net	**9,889**	21,971

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current income tax:		
– Corporate income tax	**22,109**	6,244
– Land appreciation tax	**(2,709)**	15,210
	19,400	21,454
Deferred income tax:		
– Corporate income tax	**126,653**	(166,278)
	146,053	(144,824)

(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 Act, 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 2023 (2022: nil).

9. LOSSES PER SHARE

	Year ended 31 December	
	2023	2022
Loss attribute to owners of the Company *(RMB'000)*	**(1,835,407)**	(721,859)
Weighted average number of ordinary shares in issue *(in thousand)*	**1,646,173**	1,646,173
Losses per share – basic *(RMB per share)*	**(1.11)**	(0.44)
Losses per share – diluted *(RMB per share)*	**(1.11)**	(0.44)

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

10. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Included in current assets:		
Trade receivables – third parties *(Note (a))*	**41,996**	46,855
Trade receivables – related parties *(Note (a))*	**110**	371
Other receivables – third parties *(Note (b))*	**272,161**	331,611
Other receivables – non-controlling interests *(Note (b))*	**609,641**	543,180
Other receivables – related parties *(Note (b))*	**51,943**	197,943
Prepayments for acquisition of land use rights	**202,561**	342,561
Other prepayments	**97,554**	73,678
	1,275,966	1,536,199
Less: impairment	**(81,045)**	(43,013)
Total	**1,194,921**	1,493,186
Less: non-current portion	**(11,578)**	(11,563)
Current portion	**1,183,343**	1,481,623

As at 31 December 2023 and 2022, the fair value of trade and other receivables approximated their carrying amounts.

As at 31 December 2023, trade receivables with net book value of RMB1,097,000 (31 December 2022: RMB1,600,000) were pledged as collateral for the Group's bank and other borrowings.

(a) Details of trade receivables are as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables – third parties	**41,996**	46,855
Trade receivables – related parties	**110**	371
Less: allowance for impairment	**(13,357)**	(426)
Trade receivables – net	**28,749**	46,800

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

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**20,383**	46,646
Over 1 year	**21,723**	580
	42,106	47,226

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 2023, a provision of RMB13,357,000 was made against the gross amounts of trade receivables (31 December 2022: RMB426,000).

(b) Details of other receivables are as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Deposits for acquisition of land use rights	**104,958**	210,258
Other receivables due from non-controlling interests	**609,641**	543,180
Other receivables due from a joint venture	**51,943**	50,853
Other receivables due from an associate	**–**	147,090
Outstanding consideration receivables for disposal of an associate	**–**	30,000
Others	**167,203**	91,353
	933,745	1,072,734
Less: allowance for impairment	**(67,688)**	(42,587)
Other receivables – net	**866,057**	1,030,147

12. SHARE CAPITAL

	Number of ordinary shares	**Nominal value of ordinary shares**	**Equivalent nominal value of ordinary shares**	**Total**
Authorised				
As at 31 December 2023 and 2022	2,500,000,000			
Issued and fully paid				
As at 31 December 2023 and 2022	1,646,173,000	HK$16,462,000	RMB14,746,000	RMB14,746,000

13. TRADE AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	**901,025**	832,347
Amounts due to non-controlling interests and their related parties	**73,208**	315,224
Outstanding consideration payables for acquisitions	**22,440**	35,195
Deposits payable	**10,623**	10,641
Factoring of trade payables	**105,656**	156,825
Accrued expenses	**32,566**	47,928
Salaries payable	**8,929**	12,125
Other taxes payable	**199,979**	188,207
Other payables	**166,463**	49,292
	1,520,889	1,647,784

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

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 90 days	**330,013**	290,056
Over 90 days and within 365 days	**131,047**	235,994
Over 365 days	**439,965**	306,297
	901,025	832,347

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors of the Company (the "**Board**"), I hereby present the consolidated annual results review and prospects of the Group for the year ended 31 December 2023 to the shareholders of the Company (the "**Shareholders**").

Market and Results Review

In 2023, with the continuous manifestation of the policy effects of "stabilising growth, employment and prices" and driven by the main driving force of consumer spending and the combined efforts of manufacturing and infrastructure investment, the Chinese economy has been showing a general trend of returning to stability.

During the year, China's property market policies shifted from stability to relaxation. Taking the keynote set at the meeting of the Political Bureau of the Central Committee of the CPC in July, which stated that "there have been significant changes in the industry's supply and demand relationship", as a watershed, policy adjustments continued to intensify on both the demand and supply sides. However, due to the persistence of structural challenges, softening housing demand and high leverage rates in the industry have weakened the supporting effect of policies. The continuous downward pressure on the property market and the restricted financing channels in the industry have led to a surge in the liquidity pressure on property enterprises. The current property industry is still in a period of adjustment, and the market remains dominated by wait-and-see sentiment.

JY Grandmark regards "maintaining robust operation and seeking survival through stability" as its current operating goal and development priority, actively responding to the challenges and changes in the industry and market, and persevering ahead in the wave of uncertainty in the market. During the year, the contracted sales of the Group was approximately RMB1,541.5 million, representing a year-on-year decrease of 25.3%; the contracted sales gross floor area ("**GFA**") was approximately 158,000 sq.m., representing a year-on-year decrease of 20.2%; and the recognised revenue remained relatively stable at RMB513.5 million in 2023. Loss for the year was RMB2,142.6 million, and the loss attributable to owners of the Company was RMB1,835.4 million.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023.

Business Strategies

During the year, JY Grandmark swiftly captured changes in market trends, accurately targeting at the personalised needs of customer segments in the market. In response to the gradual rise in the demand for health care resorts and recreational vacation residence in the post-pandemic era, the opportunity of recreational vacation residence derived from the silver-haired economy effect, and the gradual release of the needs for urban fundamental housing and improved housing further stimulated by relaxed policies in purchase and loan restrictions, the Group has implemented refined marketing strategies of "one strategy for one category, one approach for one project, one set of marketing policies for one customer segment", to accelerate and enhance the efficiency of marketing transformation.

In terms of recreational vacation residence and health care projects, by expanding the market through marketing, we have laid out a "marketing enclave" for recreational vacation residence and health care projects covering Xi'an, Beijing, Sichuan, Chongqing, Hebei and other cities and regions, which connect to the southwest region and northern inland areas, deeply tapped into and continuously focused on the sojourn improvement demands of the target customer segment from the inland regions. For the urban fundamental and improved housing projects, in addition to conventional marketing strategies, we have focused on exploring reverse breakthroughs with enterprises, business associations and villages in the vicinity of the projects, i.e. "enterprise exploration" and "village exploration", effectively contributing to every breakthrough in marketing performance.

Meanwhile, in response to the trend changes in the population structure and behavioral habits of consumer groups and potential consumers, during the year, JY Grandmark repeatedly calculated marketing techniques and explored new paths for digital marketing. By leveraging the short video advertising on new media platforms, the value of various projects including JY Jiangshan Shili in Tengchong, JY Egret Bay in Lingao and JY Uniworld in Zhaoqing has been fully released by a harder push, and in combination of offline marketing measures, we have effectively expanded and attracted consumers.

Benefiting from the clear and well-defined marketing strategies and layout, during the year, projects such as JY Uniworld in Zengcheng, JY Grand Garden in Yingde, JY Gaoligong Town in Tengchong and Jiuyun Mansion in Nanjing have continued the hot sales momentum of being online sought-after projects in their respective regional market segments, contributing to revenue generation.

In 2023, the Group's Zhuodu Property realised a revenue of RMB33.7 million, representing a year-on-year increase of 17.0%. Guided by customers' needs, Zhuodu Property fully focused on onsite services and on-site management. By establishing interactive functions on the online customer service platform, and regularly organizing offline events such as Owners' Meetings and Manager Reception Days, Zhuodu Property accurately sorted out and captured the needs of customer service, and purposefully refined its business service regulations and standard operating details to further improve its service system and strengthen the efficiency of its customer service response.

During the year, the Group accurately captured the release of consumption demand in services that had been suppressed for a long time after the pandemic peak, and vigorously promoted its hotels, homestays and integrated commercial entities to take the opportunity of consumption recovery. As social media platforms increasingly become an important channel for the general consumer group to obtain consumption information and choose consumption brands, the Group actively explored new media marketing promotion and advertisement in hotel and homestay operations, as well as in the management of integrated commercial entities. Through flexible group-buying and product packages, we strived to take a leading position in new consumption behavior patterns and trends, and to broaden business growth and enhance profitability by capturing traffic.

The Group adhered to the principle of long term development, and was committed to promoting the well coordination and interconnection of cultural and tourism residential hotel, business forms of homestay, comprehensive commercial entities and sales of properties, revitalizing existing resources and existing assets through "renting and selling". In terms of cultural and tourism residential hotel and business forms of homestay, the Group strove to consolidate the business model of project rental and sales driven by trial living experience.

The year 2023 is an exceptionally difficult year for the industry. Under the volatility of the industry, we proactively and positively managed our debts. In order to effectively cope with the challenges in 2023 such as the burning downward pressure of the economy, the time needed for the industry to recover from the bottom, the liquidity risk and capital pressure faced by real estate enterprises as a whole, the Group has adopted a prudent and proactive financial strategy to continue to safeguard and effectively enhance the Group's cash flow by broadening the financing pipeline, controlling the cost of financing, optimizing the debt structure, strengthening the efforts in liquidation of funds and disposing of non-core quality assets. In January 2024, the Group successfully issued senior notes in an aggregate principal amount of US$159,284,612 due 9 January 2025 with nominal interest rate of 9.5%. The issuance of the new senior notes included an exchange offer of notes in an amount of US$152,100,000 due January 2024.

In order to further reduce liquidity risk, the Group timely disposed of self-owned properties with leases in mature locations, revitalized idle assets for external leasing and transferred the equity interest in the old renovation project in Zhujiang Village, Guangzhou City, so as to avoid the continuous investment of capital while at the same time generating revenues and accelerating the return of capital through the refined management of non-core quality assets and their effective disposal.

During the year, the Group followed closely the market trend and industry changes by actively promoting organizational changes and adjustments to enhance per capita efficiency; adjusting management levels to ensure a more scientific and rational allocation of management resources and more efficient implementation with a flatter management mechanism and system; and revitalizing the internal human resources pool and streamlining the allocation to accurately control manpower costs and reduce empty costs, which initially achieved cost reduction and efficiency improvement.

The Group firmly practised the social responsibility of corporate citizenship, and it has always been dedicated to promoting the process of green sustainable development throughout its 10-year growth and development: we actively promoted anti-corruption and advocated integrity, and attached great importance to the occupational safety and health of employees. In terms of business operations, we attached great importance to the national “dual carbon” strategy, and actively carried out the national requirements for energy conservation and emission reduction by vigorously developing green buildings. Meanwhile, in terms of social benefits, we actively contributed to the construction and development of urban development, rural revitalisation, green environmental protection, poverty alleviation and disaster relief and other public welfare charities.

Prospects and Expectation

It is expected that in 2024, the central government’s policies towards the property industry will continue to loosen, allowing property enterprises to gradually achieve a recovery and stability and accelerating the construction of the “three major projects” under the new model of property transformation and development. In terms of financial policy, the “Three No-less-than” policy following the “Third Arrow” continues to provide assistance for the financing of property enterprises, and market expectations continue to recover. However, in the short term, residents’ confidence in the recovery of purchasing power and income expectations is still not firm, and financial institutions remain cautious in their credit allocation. It still takes time for policy effects to manifest and confidence to be restored, and the industry is still facing great pressure.

JY Grandmark will continue to adhere to its developing position as an "Eco-friendly and People-oriented Comprehensive Operator", firmly implement a diversified and integrated development strategy and operation mode, and leverage cross-business synergy advantages to vigorously improve its capabilities in products, services and comprehensive operations. Combined with the market demands such as elderly care, three-child policy and rising consumer groups of Generation Z as well as the changing trend of consumption scene, we will lead a new model of humanistic livability by being more flexible in the development of improved health care housing products to provide multiple choices for urban elite groups and health care and recreational vacation groups to adapt to a better life, exploring long-term sustainable profit paths, continuously innovating business growth points, and striving for steady progress and resilient growth.

We also promise to continue to assume corporate citizenship responsibilities, contribute to the sustainable development of public welfare and philanthropy as well as green and low-carbon undertakings, and give back to society through actions.

APPRECIATION

On behalf of the Board, I hereby express my heartfelt appreciation to all Shareholders, investors, customers, partners, all employees and all sectors of society for their long-term attention and support to the development of the Group. We will respond to the industry trend, continuously improve management, continue to strive for sustainable development.

CHAN Sze Ming Michael
Chairman of the Board

Guangzhou, the PRC, 27 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Overall performance

During the year of 2023, the aggregated contracted sales of the Group, including those of the Group's joint ventures and associates, was approximately RMB1,541.5 million, representing a decrease of 25.3% as compared to RMB2,064.4 million in 2022. The corresponding contracted GFA was approximately 158,000 sq.m., representing a decrease of 20.2% as compared to approximately 198,000 sq.m. in 2022.

During the year of 2023, the Group's recognised revenue remained relatively stable at RMB513.5 million in 2023 (2022: RMB513.3 million). The operating loss was RMB1,977.5 million, as compared to operating loss of RMB1,013.7 million in 2022. Loss for the year was RMB2,142.6 million, as compared to loss for the year of RMB887.8 million in 2022.

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 2023, revenue of the Group amounted to RMB513.5 million (2022: RMB513.3 million).

Property development and sales

We focus on the development of quality residential properties with comfortable and convenient living environment. During the year of 2023, revenue from property development and sales business of the Group amounted to RMB402.2 million, representing a decrease of 2.8% as compared to RMB413.8 million in 2022, accounting for 78.3% of the Group's total revenue. The decrease was primarily attributable to the decline in the average selling price of properties delivered in 2023.

The following table sets forth the breakdown of our revenue from property development and sales by geographical location for the years ended 31 December 2023 and 2022.

	Year ended 31 December 2023				Year ended 31 December 2022			
City	**Recognised revenue from sales of properties**	**% of total revenue from sales of properties**	**Total GFA delivered**	**Recognised average selling price**	Recognised revenue from sales of properties	% of total revenue from sales of properties	Total GFA delivered	Recognised average selling price
	RMB'000	**%**	***sq.m.***	***RMB/sq.m.***	*RMB'000*	%	*sq.m.*	*RMB/sq.m.*
Guangzhou	**8,165**	**2.0**	**654**	**12,485**	49,980	12.1	3,992	12,520
Zhaoqing	**24,924**	**6.2**	**3,471**	**7,181**	91,952	22.2	12,150	7,568
Qingyuan	**226,389**	**56.3**	**52,207**	**4,336**	84,765	20.5	18,507	4,580
Lingao	**12,567**	**3.1**	**2,016**	**6,234**	43,266	10.5	6,992	6,188
Tengchong	**81,416**	**20.3**	**8,874**	**9,175**	89,602	21.7	10,581	8,468
Zhuzhou	**15,600**	**3.9**	**4,498**	**3,468**	32,357	7.8	6,569	4,925
Nanjing	**18,271**	**4.5**	**921**	**19,838**	–	–	–	–
Other revenue *(Note)*	**14,894**	**3.7**	**N/A**	**N/A**	21,843	5.2	N/A	N/A
Total/overall	**402,226**	**100.0**	**72,641**	**5,332**	413,765	100.0	58,791	6,666

Note: Other revenue 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 2023, revenue from hotel operations of the Group amounted to RMB72.3 million, representing a growth by 12.1% from RMB64.5 million in 2022. The upward sales performance was primarily as a result of the recovery in pent-up demand for travels in the post-pandemic era, leading to a recovery in demand for resort hotels.

Property management

We also derived income from our property management services provided to purchasers of the residential properties. During the year of 2023, revenue from property management services of the Group reached RMB33.7 million, representing an increase of 17.0% as compared with RMB28.8 million in 2022, mainly driven by stable growth in total GFA of properties under management.

Commercial property investment

During the year of 2023, revenue from commercial property investment of the Group amounted to RMB5.2 million, with a year-on-year decrease of 16.1% as compared with RMB6.2 million in 2022. The decrease was mainly caused by less properties being leased out throughout the year.

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 2023, cost of sales of the Group amounted to RMB467.4 million, representing an increase of 6.3% as compared with RMB439.7 million in 2022. The increase in cost of sales was in line with more properties delivered during the year of 2023.

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

During the year of 2023, the Group's gross profit before impairment losses on completed properties held for sale and properties under development amounted to RMB46.1 million, representing a decrease of 37.4% as compared with RMB73.6 million in the corresponding period of 2022. The Group's gross profit margin before impairment losses on completed properties held for sale and properties under development decreased to 9.0% from 14.3% in 2022.

During the year of 2023, 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 10.7% from 17.0% in 2022. Such decrease was mainly due to lower recognised average selling price in order to accelerate the pace of sales in view of the weakening sales trend in PRC property sector during the year of 2023.

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 Qingyuan, Tengchong and Zhaoqing attained an average gross profit margin before impairment losses on completed properties held for sale and properties under development of 16.3%, and the revenue of these three cities accounted for 82.7% of our total revenue from property development and sales in 2023.

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

During the year of 2023, net impairment losses on completed properties held for sale and properties under development amounting to RMB1,666.1 million (2022: RMB679.6 million) was provided for 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 commission fees, advertising costs, employee benefit expenses and other miscellaneous expenses. During the year of 2023, selling and marketing expenses of the Group amounted to RMB56.0 million, representing a decrease of 15.5% as compared with RMB66.3 million in 2022, accounting for 3.6% of total contracted sales (2022: accounting for 3.2% of total contracted sales). The decrease was mainly as a result of the efforts on cost control measures over marketing activities throughout the period.

Administrative expenses

Administrative expenses primarily comprised of employee benefit expenses, depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets, tax and other levies, entertainment expenses for our business, office and travelling expenses and other miscellaneous expenses. During the year of 2023, the Group's administrative expenses amounted to RMB86.8 million, representing a decrease of 26.1% as compared with RMB117.5 million in 2022, accounting for 5.6% of total contracted sales (2022: accounting for 5.7% of total contracted sales). The decrease was also resulted from continuous cost control measures imposed.

Other income and other expenses

During the year of 2023, 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 penalties and compensation.

Other losses – net

During the year of 2023, our other losses – net primarily consisted of net impairment losses on right-of-use assets and property, plant and equipment, gains or losses on disposals of subsidiaries and associates, gains or losses on disposals of investment properties and property, plant and equipment, fair value losses on investment properties and net foreign exchange losses. The Group's other losses – net decreased from RMB200.5 million in 2022 to RMB163.0 million in 2023, mainly due to the non-recurring losses on disposal of subsidiaries in 2022 amounted to RMB121.4 million, which was partially offset by the increase in net impairment losses on right-of-use assets by RMB102.1 million year-on-year.

Finance costs – net

Finance costs – net comprised mainly interest expense on borrowings and leases net of capitalised interest expense, net exchange gains or losses on foreign currency borrowings, losses of early redemption of bank borrowings and interest income from bank deposits. The Group's finance costs – net decreased from RMB22.0 million in 2022 to RMB9.9 million in 2023, mainly due to the non-recurring losses of early redemption of bank borrowings in 2022 in the amount of RMB9.1 million.

Share of (loss)/profit of investments accounted for using the equity method

The Group's share of (loss)/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. The change from share of profit of RMB3.0 million in 2022 to share of loss of RMB9.2 million in 2023 was mainly due to the disposals of the Group's equity interests in JY Donghuzhou Haoyuan in December 2022 and Zhujiang Village Project in July 2023.

Income tax expense

Income tax expense included corporate income tax and LAT. During the year of 2023, corporate income tax expense amounted to RMB148.8 million (2022: tax credit of RMB160.0 million), mainly due to the effect of impairment losses not recognised as deferred income tax assets in 2023. LAT recorded tax credit of RMB2.7 million (2022: tax expense of RMB15.2 million).

Loss for the year

As a result of the aforementioned, the Group recorded a net loss of RMB2,142.6 million in 2023, as compared to loss for the year of 2022 of RMB887.8 million. Loss attributable to owners of the Company amounted to RMB1,835.4 million, as compared to loss attributable to owners of the Company amounted to RMB721.9 million in 2022.

Basic and diluted losses per share for the year of 2023 was RMB1.11, as compared to basic and diluted losses per share of RMB0.44 in 2022.

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 2023, the total cash and bank balances of the Group were RMB464.2 million (31 December 2022: RMB884.7 million), of which RMB125.0 million (31 December 2022: RMB187.0 million) was cash and cash equivalents and RMB339.2 million (31 December 2022: RMB697.7 million) was restricted cash.

As at 31 December 2023, the Group had placed at designated bank accounts the pre-sale proceeds of properties received of RMB304.1 million (31 December 2022: RMB615.1 million) as the guarantee deposits for the constructions of related properties. The Group also placed cash deposits of RMB5.5 million with designated banks as security for bank borrowings (31 December 2022: RMB26.0 million).

As at 31 December 2023, the Group's undrawn banking facilities were approximately RMB255.5 million (31 December 2022: RMB255.5 million).

Borrowings

As at 31 December 2023, the total interest-bearing borrowings and senior notes of the Group were RMB3,202.2 million (31 December 2022: RMB3,628.5 million), of which RMB29.0 million (31 December 2022: RMB1,831.4 million) was included in non-current liabilities and RMB3,173.2 million (31 December 2022: RMB1,797.1 million) was included in current liabilities of the Group, respectively.

(a) As at 31 December 2023, certain borrowings of RMB108 million, relating to borrowings with a total principal amount of RMB795 million, were overdue. As a result of such default, the principal amount of borrowings of RMB2,275 million, including the senior notes of US$152 million (equivalent to RMB1,077 million), were considered as cross-default. The aggregate principal amount of the aforesaid borrowings and senior notes of RMB3,070 million would be immediately repayable if requested by the lenders. This amount included borrowings of RMB758 million with original contractual repayment dates beyond 31 December 2024 which have been reclassified as current liabilities as at 31 December 2023.

Subsequent to 31 December 2023, the Group failed to settle certain borrowings with aggregated principal amount of RMB78 million. Such overdue amount also form part of the defaulted and cross defaulted borrowings mentioned above.

(b) On 12 January 2023, the Company issued senior notes with nominal interest rate 9.5% due 11 January 2024 in an aggregate principal amount of US$152,100,000 in Hong Kong (the "**2023 Notes**"), representing 100% exchange offer of the existing senior notes due 26 January 2023. The 2023 Notes were listed on the The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 13 January 2023.

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

(c) As at 31 December 2023, the Group's borrowings are denominated in following currencies:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
RMB	**1,600,310**	2,043,737
HK$	**491,024**	500,109
US$	**1,110,902**	1,084,647
	3,202,236	3,628,493

(d) As at 31 December 2023, bank and other borrowings totalling RMB1,955.0 million (31 December 2022: RMB2,429.0 million) of the Group were secured by the pledge of the following assets together with the Group's shares of certain subsidiaries as collaterals:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Lands	**11,634**	12,177
Property, plant and equipment	**224,886**	236,865
Investment properties	**101,605**	173,124
Properties under development	**1,124,706**	1,763,960
Completed properties held for sale	**632,575**	871,823
Trade receivables	**1,097**	1,600
Restricted cash	**5,500**	26,000
	2,102,003	3,085,549

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

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year or on demand *(Note (a))*	**3,173,236**	1,797,073
1 to 2 years	**29,000**	894,916
2 to 5 years	**–**	689,378
Over 5 years	**–**	247,126
	3,202,236	3,628,493

Cost of borrowings

During the year of 2023, total cost of borrowings of the Group amounted to RMB282.8 million, representing a decrease of 12.6% from RMB323.7 million in 2022. The weighted average effective interest rate was 8.00% per annum (2022: 6.79% per annum).

Net gearing ratio

As at 31 December 2023, net gearing ratio* was at 175.9% (31 December 2022: 73.8%).

* *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 period.*

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 2023, the outstanding guarantees were RMB2,070.9 million (31 December 2022: RMB2,084.5 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 2023, the Group had provided guarantees for borrowings of the Group's joint venture amounting to RMB355.4 million (31 December 2022: RMB361.9 million), with a provision amounting to RMB22.0 million being made in the financial statements for the guarantee.

(c) As at 31 December 2023, the Group did not provide any guarantee for other payables of the Group's associate (31 December 2022: RMB310.7 million).

Commitments

As at 31 December 2023, the commitments of the Group for property development expenditure amounted to RMB1,123.1 million (31 December 2022: RMB1,319.3 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 Hong Kong Dollar ("**HK$**"). As at 31 December 2023 and 2022, major non-HK$ assets and liabilities of the non-PRC subsidiaries are cash and cash equivalents, restricted cash, other receivables, borrowings and other payables, which are denominated in RMB or US Dollar ("**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 2023, the Group did not have plan for material investments and capital assets.

SIGNIFICANT INVESTMENTS, MAJOR ACQUISITIONS AND DISPOSALS

On 21 June 2023, 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 a transfer contract with Guangzhou Tianhan Investment Co., Ltd.* (廣州天瀚投資有限公司) ("**Guangzhou Tianhan**"), Shenzhen Zhongzhou Land Co., Ltd.* (深圳市中洲置地有限公司) ("**Shenzhen Zhongzhou**", together with Guangzhou Yinong and Guangzhou Tianhan, the "**Transferors**") and Guangzhou Kejun Enterprise Management Partnership (Limited Partnership)* (廣州科峻企業管理合夥企業(有限合夥)) (the "**Transferee**") pursuant to which, among others, the Transferors have conditionally agreed to transfer to the Transferee 49% of the equity interest in Guangzhou Zhujing Real Estate Co., Ltd.* (廣州珠景房地產有限公司) (the "**Target Company**"), at an aggregate consideration of approximately RMB166.01 million, and the shareholder's loans owed by the Target Company to the Transferors of the aggregate amount of approximately RMB274.25 million (subject to adjustment based on the amount outstanding on the actual payment date) shall be repaid, in accordance with the terms and subject to the conditions of the transfer contract.

Upon completion of the transaction on 26 July 2023, the Company no longer holds any interest in the Target Company. For further details, please refer to the announcement of the Company dated 21 June 2023.

Save as disclosed above, the Group did not hold significant investments, or conduct material acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 31 December 2023.

* *For identification purposes only*

EMPLOYEES AND REMUNERATIONS

As at 31 December 2023, the Group had a total of 743 employees (2022: 873 employees). For the year ended 31 December 2023, the Group has recognised staff costs of RMB102.1 million (2022: RMB124.5 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 Part 2 of Appendix C1 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 2023.

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 C3 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 2023.

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares in the year ended 31 December 2023.

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 2023, 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 2023 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 2023, 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 2023 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.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the auditor's report for the year ended 31 December 2023 from the external auditor of the Company:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Multiple Uncertainties Related to Going Concern

We draw attention to Note 2.1(c) to the consolidated financial statements, which states that, for the year ended 31 December 2023, the Group recorded a net loss of RMB2,143 million and a net cash outflow of RMB66 million. As at 31 December 2023, the Group's total borrowings was RMB3,202 million of which the Group's current borrowings amounted to RMB3,173 million while its cash and cash equivalents amounted to RMB125 million and restricted cash amounted to RMB339 million only. As at 31 December 2023, certain borrowings of RMB108 million, relating to borrowings with a total principal amount of RMB795 million, were overdue (the "**Defaulted Borrowings**"). As a result of such default, the principal amount of borrowings of RMB2,275 million, including the senior notes of US$152 million (equivalent to RMB1,077 million), were considered as cross-default. The aggregate principal amount of the aforesaid borrowings and senior notes of RMB3,070 million would be immediately repayable if requested by the lenders. This amount included borrowings of RMB758 million with original contractual repayment dates beyond 31 December 2024 which have been reclassified as current liabilities as at 31 December 2023.

Since 2021, the property market in the PRC has continued to decline and there has been no sign of recovery. As a result, the Group's pre-sale performance continued to decline during the year and subsequent to the year end, which had an adverse impact on the Group's cash flows and gave rise to certain pressure on the Group's liquidity. In addition, the Group has committed construction cost payable for the projects which have properties sold under pre-sale arrangement that is scheduled to delivery to the customers within next twelve months.

These events or conditions, along with other matters as set forth in Note 2.1(c) to the consolidated financial statements, indicate that multiple uncertainties exist that cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been formulating a number of plans and measures to mitigate the liquidity pressure, to improve the financial position of the Group, and to remediate the overdue loan repayments, which are set out in note 2.1(c) to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these plans and measures, which are subject to multiple uncertainties, including:

(i) Successful negotiations with the Group's existing lenders in respect of the borrowings that were either in default or otherwise in cross default, so that the relevant lenders will not exercise their contractual rights to demand immediate repayment of the relevant defaulted borrowings or cross-defaulted borrowings and grant the relevant waiver to the Group;

(ii) Successful and timely extension and renewal of its bank and other borrowings, upon maturity as well as obtaining new financing from financial institutions as and when needed. 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;

(iii) Successful negotiation with the lenders of the Senior Note to seek for their agreement to not exercise their contractual right to demand immediate repayment and grant the relevant wavier to the Group. Further secure their agreement to exchange the Group's New Senior Notes maturing in January 2025 with new senior notes with further extended maturity;

(iv) 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;

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

(vi) Successful in obtaining other additional sources of financing as and when needed.

As a result of these multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate.

Should the Group be unable to achieve the above-mentioned plans and measures and operate 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 any 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.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2023

Issuance of US$159,284,612 9.5% senior notes due 2025

On 11 January 2024, the Company issued the New Senior Notes with nominal interest rate 9.5% due 9 January 2025 in an aggregate principal amount of US$159,284,612. The issuance of the New Senior Notes included an exchange offer of the 2023 Notes amounting to US$152,100,000 due January 2024. The New Senior Notes were listed on the Stock Exchange on 12 January 2024.

Except the above, no significant events affecting the Group had occurred during the period from 1 January 2024 to the date of this announcement.

ANNUAL GENERAL MEETING

Annual general meeting of the Company will be held on Thursday, 6 June 2024 (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 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 3 June 2024 to Thursday, 6 June 2024 (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, 31 May 2024.

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 2023 will be despatched to the Shareholders and made available on the above websites in April 2024.

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

Hong Kong, 2 April 2024

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.