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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

INTERIM RESULTS AND OPERATIONAL HIGHLIGHTS

- Contracted sales of the Group for the six months ended 30 June 2020 amounted to approximately RMB1,089.5 million, representing a decrease of 9.8% as compared to the six months ended 30 June 2019; total contracted sales gross floor area (“GFA”) was approximately 100,000 sq.m. for the six months ended 30 June 2020, representing an increase of 1.0% as compared to the six months ended 30 June 2019.
- Revenue for the six months ended 30 June 2020 was RMB924.7 million, representing an increase of 21.3% as compared to RMB762.4 million for the six months ended 30 June 2019.
- Gross profit for the six months ended 30 June 2020 amounted to RMB404.5 million, representing an increase of 2.0% as compared to RMB396.4 million for the six months ended 30 June 2019. Gross profit margin decreased to 43.7% from 52.0% during the corresponding period of 2019.
- Profit for the six months ended 30 June 2020 was RMB194.1 million, representing an increase of 7.1% as compared to RMB181.2 million for the six months ended 30 June 2019. Core net profit* for the six months ended 30 June 2020 amounted to RMB193.8 million, representing an increase of 43.9% as compared to RMB134.7 million during the corresponding period of 2019.

- Basic and diluted earnings per share for the period amounted to RMB0.12 Yuan, representing a decrease of 20.0% as compared to RMB0.15 Yuan for the six months ended 30 June 2019.
 - As at 30 June 2020, net gearing ratio** was 67.2% and cash on hand was RMB2,168.2 million.
 - Interim dividend declared for the six months ended 30 June 2020 was RMB3.59 cents per share (equivalent to HK\$4.01 cents per share).
 - During the six months ended 30 June 2020, the Group has acquired nine parcels of land in Tengchong, Yunnan province with the GFA of approximately 1.006 million sq.m. As at 30 June 2020, the Group had a total land bank of approximately 4 million sq.m.
- * Core net profit represents profit for the period excluding the post-tax gains arising from changes in fair value of investment properties and disposals of subsidiaries.
- ** Net gearing ratio represents the ratio of net debts (total borrowings net of cash and cash equivalents and restricted cash) divided by total equity as of the end of the reporting period.

The board (the “**Board**”) of directors (the “**Directors**”) of JY Grandmark Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited interim condensed consolidated results of the Group for the six months ended 30 June 2020 together with the comparative figures for the corresponding period of the preceding financial year as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2020	2019
		Unaudited	Audited
	Notes	RMB'000	RMB'000
Revenue	2	924,694	762,404
Cost of sales	3	(520,145)	(366,046)
Gross profit		404,549	396,358
Selling and marketing expenses	3	(39,689)	(40,787)
Administrative expenses	3	(62,909)	(71,990)
Net impairment (losses)/reversal on financial assets		(569)	78
Other income		1,590	638
Other expenses		(3,729)	(1,204)
Other (losses)/gains – net	4	(9,131)	61,865

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

		Six months ended 30 June	
		2020	2019
		Unaudited	Audited
	<i>Notes</i>	RMB'000	RMB'000
Operating profit		290,112	344,958
Finance costs	5	(15,086)	–
Finance income	5	14,305	452
Finance (costs)/income – net	5	(781)	452
Share of results of a joint venture		–	(158)
Share of results of an associate		39,645	(650)
Profit before income tax		328,976	344,602
Income tax expense	6	(134,881)	(163,427)
Profit for the period		194,095	181,175
Profit attributable to:			
Owners of the Company		196,906	185,003
Non-controlling interests		(2,811)	(3,828)
		194,095	181,175
Other comprehensive loss for the period			
Item that may be reclassified to profit or loss			
– Currency translation differences		(7,206)	(6,574)
Other comprehensive loss for the period, net of tax		(7,206)	(6,574)
Total comprehensive income for the period		186,889	174,601
Total comprehensive income attributable to:			
Owners of the Company		189,700	178,429
Non-controlling interests		(2,811)	(3,828)
		186,889	174,601
Earnings per share (expressed in RMB per share)			
– Basic and diluted earnings per share	7	0.12	0.15

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment		314,223	320,264
Right-of-use assets		261,664	260,377
Investment properties		188,033	187,703
Intangible assets		2,536	2,582
Other receivables and prepayments	9	12,839	12,929
Deferred income tax assets		141,321	126,131
Investment in an associate		66,225	29,653
		<u>986,841</u>	<u>939,639</u>
Current assets			
Inventories		1,560	1,645
Contract costs		25,835	23,148
Properties under development		4,365,094	3,955,015
Completed properties held for sale		1,498,668	1,772,134
Trade and other receivables and prepayments	9	652,707	480,736
Prepaid taxes		81,984	56,962
Financial assets at fair value through profit or loss		6,400	–
Restricted cash		1,032,104	1,019,118
Cash and cash equivalents		1,136,050	956,933
Amounts due from related parties		7,897	7,759
		<u>8,808,299</u>	<u>8,273,450</u>
Total assets		<u>9,795,140</u>	<u>9,213,089</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

		As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
	<i>Notes</i>		
EQUITY			
Equity attributable to owners of the Company			
Share capital	10	14,746	14,746
Other reserves		1,757,996	1,765,202
Retained earnings		985,452	939,006
		<u>2,758,194</u>	<u>2,718,954</u>
Non-controlling interests		<u>97,644</u>	<u>100,455</u>
Total equity		<u>2,855,838</u>	<u>2,819,409</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		210,664	186,142
Bank and other borrowings		1,841,045	1,379,922
Lease liabilities		65,644	62,921
		<u>2,117,353</u>	<u>1,628,985</u>
Current liabilities			
Bank and other borrowings		2,247,418	1,923,102
Trade and other payables	11	2,311,458	2,553,385
Lease liabilities		4,421	3,743
Current income tax liabilities		258,652	234,465
Amounts due to related parties		–	50,000
		<u>4,821,949</u>	<u>4,764,695</u>
Total liabilities		<u>6,939,302</u>	<u>6,393,680</u>
Total equity and liabilities		<u>9,795,140</u>	<u>9,213,089</u>

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial information has been prepared in accordance with HKAS 34 “Interim Financial Reporting”. The interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2019, as described in those annual financial statements, except the adoption of new and amended standards and interpretation as described below.

(a) New and amended standards and interpretation adopted by the Group

Amendments to HKAS 1 and HKAS 8	Definition of material
Amendments to HKFRS 3	Definition of a business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest rate benchmark reform
Amendments to HKFRS 16	COVID-19-related rent concessions
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting

The adoption of new and amended standards and interpretation did not have any material impact on the interim financial information.

(b) New standards and amendments not yet adopted

The following new standards and amendments have been published that are not mandatory for the six months ended 30 June 2020 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Effective for accounting periods beginning on or after		
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate and joint venture	Effective date to be determined
HKFRS 17	Insurance contracts	1 January 2021

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

2. REVENUE AND SEGMENT INFORMATION

(a) Description of segments and principal activities

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

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

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

(b) Segment performance

The segment information provided to the executive directors for the reportable segments for the six months ended 30 June 2020 is as follows:

	Property development and sales Unaudited RMB'000	Commercial property investment Unaudited RMB'000	Hotel operations Unaudited RMB'000	Property management Unaudited RMB'000	Total Unaudited RMB'000
Segment revenue	884,702	–	21,790	8,044	914,536
Recognised at a point in time	884,702	–	–	–	884,702
Recognised over time	–	–	21,790	8,044	29,834
Revenue from other sources: rental income	–	16,834	–	–	16,834
Inter-segment revenue	–	(5,874)	(410)	(392)	(6,676)
Revenue from external customers	884,702	10,960	21,380	7,652	924,694
Gross profit	401,036	9,683	(5,342)	(828)	404,549
Selling and marketing expenses					(39,689)
Administrative expenses					(62,909)
Net impairment losses on financial assets					(569)
Other income					1,590
Other expenses					(3,729)
Other losses – net					(9,131)
Finance costs – net					(781)
Share of results of an associate	39,645	–	–	–	39,645
Profit before income tax					328,976
Income tax expense					(134,881)
Profit for the period					194,095
Depreciation and amortisation	6,341	–	7,391	61	13,793
Fair value gains on investment properties – net	–	330	–	–	330

The segment information provided to the executive directors for the reportable segments for the six months ended 30 June 2019 is as follows:

	Property development and sales Audited RMB'000	Commercial property investment Audited RMB'000	Hotel operations Audited RMB'000	Property management Audited RMB'000	Total Audited RMB'000
Segment revenue	712,535	–	37,077	5,592	755,204
Recognised at a point in time	712,535	–	–	–	712,535
Recognised over time	–	–	37,077	5,592	42,669
Revenue from other sources: rental income	–	11,789	–	–	11,789
Inter-segment revenue	–	(4,071)	(518)	–	(4,589)
Revenue from external customers	712,535	7,718	36,559	5,592	762,404
Gross profit	390,252	7,262	200	(1,356)	396,358
Selling and marketing expenses					(40,787)
Administrative expenses					(71,990)
Net impairment reversal on financial assets					78
Other income					638
Other expenses					(1,204)
Other gains – net					61,865
Finance income – net					452
Share of results of a joint venture	(158)	–	–	–	(158)
Share of results of an associate	(650)	–	–	–	(650)
Profit before income tax					344,602
Income tax expense					(163,427)
Profit for the period					181,175
Depreciation and amortisation	6,176	–	7,881	19	14,076
Fair value gains on investment properties – net	–	1,298	–	–	1,298

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.

The segment assets and liabilities provided to the executive directors for the reportable segments as at 30 June 2020 is as follows:

	Property development and sales Unaudited RMB'000	Commercial property investment Unaudited RMB'000	Hotel operations Unaudited RMB'000	Property management Unaudited RMB'000	Total Unaudited RMB'000
Segment assets	9,151,345	206,239	286,614	3,221	9,647,419
Segment assets include:					
Investment in an associate	66,225	–	–	–	66,225
Addition to non-current assets (other than financial instruments and deferred income tax assets)	8,551	–	441	37	9,029
Segment liabilities	2,350,642	7,258	15,328	8,295	2,381,523

The segment assets and liabilities provided to the executive directors for the reportable segments as at 31 December 2019 is as follows:

	Property development and sales Audited RMB'000	Commercial property investment Audited RMB'000	Hotel operations Audited RMB'000	Property management Audited RMB'000	Total Audited RMB'000
Segment assets	8,538,314	198,298	348,250	2,096	9,086,958
Segment assets include:					
Investment in an associate	29,653	–	–	–	29,653
Addition to non-current assets (other than financial instruments and deferred income tax assets)	17,299	–	662	129	18,090
Segment liabilities	2,637,528	3,196	18,907	10,418	2,670,049

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

(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 and financial assets at fair value through profit or loss 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 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Segment assets	9,647,419	9,086,958
Unallocated:		
– Deferred income tax assets	141,321	126,131
– Financial assets at fair value through profit or loss	6,400	–
Total assets	<u>9,795,140</u>	<u>9,213,089</u>

(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 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Segment liabilities	2,381,523	2,670,049
Unallocated:		
– Current income tax liabilities	258,652	234,465
– Deferred income tax liabilities	210,664	186,142
– Short-term borrowings and current portion of long-term borrowings	2,247,418	1,923,102
– Long-term borrowings	1,841,045	1,379,922
Total liabilities	<u>6,939,302</u>	<u>6,393,680</u>

3. EXPENSES BY NATURE

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

	Six months ended 30 June	
	2020	2019
	Unaudited	Audited
	RMB'000	RMB'000
Cost of properties sold – including construction cost, land cost and interest cost	469,592	304,957
Employee benefit expenses (including directors' emoluments)	58,727	67,665
Employee benefit expenditure – including directors' emoluments	67,095	77,863
Less: capitalised in properties under development	(8,368)	(10,198)
Commission fees	20,624	18,265
Hotel operations expenses	12,178	15,702
Taxes and other levies	8,750	9,098
Advertising costs	11,063	15,754
Entertainment expenses	8,906	7,523
Depreciation and amortisation of intangible assets and right-of-use assets	13,793	14,076
Listing expenses	–	10,602
Office and travelling expenses	3,252	4,691
Auditor's remuneration	900	195
Property management fees	2,512	2,656
Professional consulting fees	3,008	548
Others	9,438	7,091
Total	622,743	478,823

4. OTHER (LOSSES)/GAINS – NET

	Six months ended 30 June	
	2020	2019
	Unaudited	Audited
	RMB'000	RMB'000
Interest on financial assets at fair value through profit or loss	2,613	870
Gains/(losses) on disposals of property, plant and equipment	1	(9)
Fair value gains on investment properties	330	1,298
Gains on disposal of a subsidiary	–	59,706
Net foreign exchange losses	(12,075)	–
	(9,131)	61,865

5. FINANCE COSTS/(INCOME) – NET

	Six months ended 30 June	
	2020	2019
	Unaudited	Audited
	RMB'000	RMB'000
Finance costs		
– Interest expense on bank and other borrowings	126,956	56,489
– Interest expense on leases	1,600	1,473
Net exchange gains on foreign currency borrowings	(835)	–
Less:		
– Interest capitalised	(112,635)	(57,962)
	<u>15,086</u>	<u>–</u>
Finance income		
– Interest income from bank deposits	(14,305)	(452)
Finance costs/(income) – net	<u>781</u>	<u>(452)</u>

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	Unaudited	Audited
	RMB'000	RMB'000
Current income tax:		
– Corporate income tax	62,094	90,859
– Land appreciation tax	63,455	93,102
	<u>125,549</u>	<u>183,961</u>
Deferred income tax		
– Corporate income tax	10,398	(19,752)
– Land appreciation tax	(1,066)	(782)
	<u>9,332</u>	<u>(20,534)</u>
	<u>134,881</u>	<u>163,427</u>

(a) PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to the Group's 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 six months ended 30 June 2020 (six months ended 30 June 2019: nil).

7. EARNINGS PER SHARE

In determining the weighted average number of ordinary shares in issue during six months ended 30 June 2020 and 2019, the ordinary shares issued upon the incorporation of the Company (3 ordinary shares), the ordinary shares issued to capitalisation of loan due to ultimate controlling shareholder on 12 November 2019 (1 ordinary share) and the capitalisation issue to Sze Ming Limited on 13 November 2019 (1,199,999,996 ordinary shares), were deemed to be issued on 1 January 2019 as if the Company had been incorporated by then.

	Six months ended 30 June	
	2020	2019
	Unaudited	Audited
Profit attribute to owners of the Company (RMB’000)	196,906	185,003
Weighted average number of ordinary shares in issue (in thousand)	1,646,173	1,200,000
Earnings per share – basic (RMB per share)	0.12	0.15
Earnings per share – diluted (RMB per share)	0.12	0.15

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

8. DIVIDEND

The 2019 final dividend amounting to RMB150,460,000 (equivalent to HK Dollar (“**HK\$**”) 163,630,000) was approved by the Company’s shareholders at the annual general meeting of the Company held on 28 May 2020 and was subsequently distributed in June 2020.

The board of directors of the Company declared payment of an interim dividend of RMB3.59 cents per share (equivalent to HK\$4.01 cents per share) for the six months ended 30 June 2020 (six months ended 30 June 2019: nil). This interim dividend has not been recognised as liabilities in this interim financial information.

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Included in current assets:		
Trade receivables – third parties (<i>Note (a)</i>)	16,130	7,552
Other receivables – third parties (<i>Note (b)</i>)	166,860	319,697
Prepayments for acquisition of land use rights	451,854	132,854
Other prepayments	32,154	34,445
	666,998	494,548
Less: non-current portion	(12,839)	(12,929)
Less: impairment	(1,452)	(883)
	652,707	480,736

As at 30 June 2020 and 31 December 2019, the fair value of trade and other receivables approximated their carrying amounts.

As at 30 June 2020, trade receivables with net book value of RMB1,134,000 (31 December 2019: RMB1,190,000) were pledged as collateral for the Group's bank and other borrowings.

(a) Details of trade receivables are as follows:

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Trade receivables – third parties	16,130	7,552
Less: allowance for impairment	–	–
Trade receivables – net	16,130	7,552

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

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Within one year	16,130	7,552

Trade receivables mainly arise from rental income, sales of properties and hotel operations. Proceeds from sale of properties are generally received in accordance with the terms stipulated in the sale and purchase agreements. There is generally no credit period granted to the property purchasers.

(b) Details of other receivables are as follows:

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Deposits for acquisition of land use rights	112,839	275,419
Others	54,021	44,278
	<u>166,860</u>	<u>319,697</u>
Less: allowance for impairment	<u>(1,452)</u>	<u>(883)</u>
Other receivables – net	<u>165,408</u>	<u>318,814</u>

10. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Total
Authorised				
As at 30 June 2020 (Unaudited)	<u>2,500,000,000</u>			
Issued and fully paid				
Six months ended 30 June 2020 (Unaudited)				
As at 1 January 2020 and 30 June 2020	<u>1,646,173,000</u>	<u>HK\$16,462,000</u>	<u>RMB14,746,000</u>	<u>RMB14,746,000</u>
Six months ended 30 June 2019 (Audited)				
As at 1 January 2019 and 30 June 2019	<u>3</u>	<u>HK\$0.03</u>	<u>RMB0.03</u>	<u>RMB0.03</u>

11. TRADE AND OTHER PAYABLES

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Trade payables (<i>Note (a)</i>)	737,938	888,864
Notes payable	156,901	156,369
Amounts due to non-controlling interests	63,483	62,123
Outstanding consideration payables for acquisitions	46,995	52,809
Contract liabilities	1,045,169	1,115,763
Deposits payables	59,762	54,243
Accrued expenses	18,708	37,240
Salaries payable	20,489	52,944
Other taxes payable	95,405	76,286
Interest payable	25,338	6,282
Other payables	41,270	50,462
	2,311,458	2,553,385

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

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Within one year	654,391	788,893
Over one year	83,547	99,971
	737,938	888,864

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the business review and prospects of JY Grandmark Holdings Limited (“**JY Grandmark**” or the “**Company**”) and its subsidiaries (together with the Company, the “**Group**”) for the six months ended 30 June 2020 (the “**Period under Review**”) to the shareholders of the Company (the “**Shareholders**”).

RESULTS AND DIVIDENDS

During the Period under Review, the contracted sales of the Group was approximately RMB1,089.5 million, representing a period-on-period decrease of 9.8%. The sales area was approximately 100,000 sq.m., representing an increase of 1.0% as compared to the six months ended 30 June 2019.

During the Period under Review, the Group's recognised revenue was RMB924.7 million, representing a period-on-period increase of 21.3%. Profit for the period was RMB194.1 million, representing an increase of 7.1% as compared to the six months ended 30 June 2019. Core net profit was RMB193.8 million, representing a period-on-period growth of 43.9%. Profit attributable to owners of the Company was RMB196.9 million, representing an increase of 6.4% as compared to the corresponding period of 2019.

The board of directors of the Company (the “**Board**”) declared payment of an interim dividend of RMB3.59 cents per share (equivalent to HK\$4.01 cents per share) for the six months ended 30 June 2020 (six months ended 30 June 2019: nil), and the dividend payout ratio is approximately 30% of the profit attributable to owners of the Company.

BUSINESS REVIEW FOR THE FIRST HALF OF 2020

1) Macro market conditions

In the first half of 2020, the national property market was affected by the outbreak of COVID-19, but as the epidemic got under control relatively quickly in Mainland China, the property market has shown a significant recovery trend: in February to June, the number of cities where prices of new home recorded month-on-month increase continued to grow; in June, the national investments in real estate development increased, reversing the trend of the slight year-on-year decline in the first five months, and both transaction volumes and prices of the property markets in the cities where the Group operates have also begun to rebound significantly. The stable and fast recovery of the market reflects that the real estate market is still in sound basic conditions: there is objective demand for purchasing as well as vibrancy for squeezing and outbreak in the market; and under the principles of “no speculation of residential properties” and “one city, one policy (因城施策)”, policies have also provided certain support to the market and enterprises, including, among others, moderately loose local policies and smooth adjustment of the loan prime rate in the PRC.

Under such macro background, the Group operated well in the first half of the year. The Group actively ensured the quality and quantity of constructions, and ensured the punctuality and effectiveness at the node for projects all over Mainland China. The Group expanded sales channels and achieved our basic operating indicators. Among the nine property projects for sale, certain have, driven by market and as a result of effective transfer, recorded substantial increase in results.

2) Market opportunities arise for “Eco-friendly and People-oriented Property”

We believe that the COVID-19 epidemic outbreak in around the first half of the year has brought a change to the supply side of the property market – “health” has gradually become a reference indicator with growing concern for the housing consumption preference. The demand for home purchasing and for home upgrade continues to rise, and tends to gradually exceed the rigid demand for home purchasing. Besides, environment and health are the major concern of purchasers looking for home upgrade under the epidemic.

The Group has been focusing on segmented markets and targeting at purchasers looking for a home upgrade and multi-house ownership. With “Eco-friendly and People-oriented Property” serving as our product development concept, we attach great importance to the health value that the internal and external living environment brings when selecting project sites, which helps our products get increasing popular in the market, and brings opportunities for the Group to further penetrate the market. Taking JY Hot Spring Villas (景業瓏泉灣) under the segment of Conghua hot spring restore which has superior ecological environment as an example, the project recorded a number of transactions of hot spring courtyard products and achieved a breakthrough in sales during the first half of 2020. In addition, Qingyuan residential project JY Grand Garden (景業雍景園), which is near to a national 4A-level tourist attraction and also has good ecological environment and is equipped with school supporting facilities, was in the leading position in terms of sales volume and sales among the local projects for sale during the first half of the year.

3) Increase reserve of developing areas by approximately 1.1 million sq.m. through tenders, auctions or listing-for-sale

As to the PRC land market, in the first half of the year, the government continued to launch land parcels for sales to ease the supply-demand relationship. We therefore believe that it is an appropriate timing for enterprises with good capital reserve to moderately increase their land reserve.

With good funding conditions, the Group also actively participated in tenders, auctions or listing-for-sale: in March 2020, it once again obtained nine land parcels in Tengchong, Yunnan province, increasing developing areas by approximately 1.006 million sq.m. Located in the Qushi resort area in Tengchong, Yunnan province where JY Gaoligong Town (景業高黎貢小鎮), a project of the Group for sale, was located, those land parcels have iconic landscapes and landforms and will be developed into projects under two different product lines. In July 2020, the Group formed a project company with Jinke Properties (金科地產) with shareholding of 51%: 49% and obtained a high-quality land parcel at the top of the metro in Kengbei Village, Zengcheng District, Guangzhou (廣州增城區坑貝村地鐵上蓋) with developing areas of approximately 100,000 sq.m. It is a new area under the Group’s deployment in the Guangdong-Hong Kong-Macao Greater Bay Area.

“Economic zone of top level” and “entrance city of population flows” serve as the land selection standards of the Group, and are also important indicators ensuring land turnover and land premium. In addition to the Guangdong-Hong Kong-Macao Greater Bay Area that we regard as the core area of our expansion, the Group also pays great attention to lands in markets with high-growth potential, such as the Yangtze River Delta and Shaanxi province, to actively expand our presence in high-quality areas.

4) Funding conditions

With sound operating data, the Group gained recognition in the capital market. In March 2020, the 7.5% senior notes in the amount of US Dollar (“US\$”) 150 million issued by the Company were over-subscribed by institutional and individual investors. In May 2020, the Company was included as a constituent of the MSCI China Small Cap Index by Morgan Stanley Capital International. In July 2020, the Company was on the list of “Top 20 Guangdong Property Enterprises with High Credit (廣東地產資信20強)” organised by the Guangzhou Province branches of the four state-owned banks, being Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China and Construction Bank of China. The recognition by the capital market provides stronger support for the development of the Group.

During the Period under Review, the Group was improving financial structure and broadened funding channels. The sound financial conditions and diversified funding channels enabled the Group to achieve sustainable and high-quality development under the background of tightening funding in the industry. As at 30 June 2020, net gearing ratio of the Group was at a healthy level of 67.2%.

FUTURE STRATEGIES AND PROSPECTS

1) Business strategies and prospects for the second half of the year

With accumulated market demands in the first half of the year, we expect that there will be a significant increase in sales in the property market of the PRC as the market gradually recovers, especially in key cities. As such, the Group will capture the market opportunities in the second half of the year to actively promote the sales of projects in the Guangdong-Hong Kong-Macao Greater Bay Area which is the focus of the Group and accelerate the process of price adjustment to boost sales. At the same time, the Group will continue to pay attention to the land market in popular cities, with a view to seeking opportunities to acquire more quality land with high potentials for future development and supply.

From the perspective of supply and demand, we believe that the real estate consumption in the PRC has entered the “1 Plus Era” (that is, every family has at least one house on average), during which purchasers looking for a home upgrade will replace purchasers with fundamental demand as the major purchasing power in the market. As a result, the Group’s market strategy in the second half of the year is to continue to create properties with high quality, high premiums and increasing demand for middle and high-end consumption markets, and fully meet the focus and demands of customers in the growing market through capturing the hot spots and future trend of the market. With “health”

and “living experience” at its core, the Group will put more efforts on highlighting its product advantage featuring “Eco-friendly and People-oriented Properties” from site selection, planning to product research and development. Meanwhile, the Group will diversify its product lines, develop products with more styles and categories and expand its market share and brand influence in the market segment.

It was mentioned in the 2020 development direction of the property market in the PRC which was stressed at the Central Economic Work Conference that “more efforts should be put on urban renewal and inventory renovation and upgrading” and more support would be provided to encourage property developers to participate in urban construction and development from policy and credit levels. Therefore, the Group has taken the deployment of urban renewal business as one of its business focus in the second half of the year. It will actively participate in the urban renewal projects in key cities in core areas, such as Guangzhou and Foshan in the Guangdong-Hong Kong-Macao Greater Bay Area, acquire and organise valuable land, integrate its own industrial resources and cooperate with professional industrial operation institutions and platforms to accelerate the deployment and project development of urban renewal business, thus creating a new fast growth point for the Group in the second half of the year.

In addition, the Group will also continue to diversify its business strategies. Focusing on property development, the Group will accelerate the brand promotion and business expansion of its property service, improve the sales strategies and operating profits of its hotel operation and achieve the transformation of commercial property investment as soon as possible through the interconnection of all business segments, so as to enhance the overall profitability of the Group in a comprehensive way.

2) Deepen the building of “Eco-friendly and People-oriented” product line

The Group will adhere to the development concept of “Eco-friendly and People-oriented Property Developer”, seize the rising demand of customers for improving their living environment and space, and deepen the building of a diversified “Eco-friendly and People-oriented” product line, thereby further enhancing our brand’s market competitiveness.

In respect of projects that are about to enter the sales stage, the existing product line will be further deepened to highlight the “Eco-friendly and People-oriented” feature of the products. Based on landscape features and the living habits of different groups of people and taking into account the current market pursuit of “health”, breakthroughs in styles and customisation of differentiated apartment types will be realised and more efforts will be put into quality and details.

Among the projects that are about to enter the market, the Group’s JY Jiangshan Shili (景業江山十里) and JY Yunshan Xigu (景業雲山溪谷) in Tengchong, Yunnan province will be developed into stacked house residential products; the Maofeng Mountain project in Guangzhou will bring properties with both residential and commercial functions and Lingnan new Chinese style, with the aim of building eco-friendly and people-oriented properties worth expecting by the market.

It is the Group's product strategy to realise both good reputation and high profits by building quality properties that meet the market needs and lead market trends and transferring higher added value into premium while ensuring the cost of projects developed under control.

3) Make efforts to deploy urban renewal and accelerate business growth

Real estate development has come to the stock building age, and urban renewal becomes the blue ocean for real estate enterprises to actively deploy. Since the beginning of its establishment, the Group has taken urban renewal as one of its development businesses. Therefore, in its business plan, urban renewal will be a core business growth point of the Group.

At present, the Group is actively considering the possibility of a number of urban renewal projects, such as the core areas of Guangzhou and Foshan. The overall planning area is approximately 4 million sq.m., which is planned to be transferred in the next three years and will bring rapid growth to the land reserve and results for the Group.

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 during the Period under Review. 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, 20 August 2020

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Overall performance

During the Period under Review, the aggregated contracted sales of the Group, including those of the Group's associate, was approximately RMB1,089.5 million, representing a period-on-period decrease of 9.8% as compared to RMB1,208.1 million for the six months ended 30 June 2019. The aggregated sales area was approximately 100,000 sq.m., which increased by 1.0% period-on-period as compared to approximately 99,000 sq.m. for the six months ended 30 June 2019.

During the Period under Review, the Group's recognised revenue was RMB924.7 million (1H2019: RMB762.4 million), representing a period-on-period increase of 21.3%. The operating profit was RMB290.1 million (1H2019: RMB345.0 million), representing a decrease of 15.9% over the same period of 2019. Profit for the period was RMB194.1 million (1H2019: RMB181.2 million), representing an increase of 7.1% as compared with the same period in 2019. Core net profit amounted to RMB193.8 million, representing an increase of 43.9% as compared with RMB134.7 million in the first half of 2019.

Revenue

Our revenue represents consolidated revenue from (i) property development and sales; (ii) hotel operations; (iii) commercial property investment; and (iv) property management which are all derived in the PRC. During the Period under Review, revenue of the Group amounted to RMB924.7 million (1H2019: RMB762.4 million), representing an increase of 21.3% as compared with the corresponding period of 2019.

Property development and sales

We focus on the development of quality residential properties with comfortable and convenient living environment. During the Period under Review, revenue from recognised sales of property development of the Group amounted to RMB884.7 million, representing an increase of 24.2% from RMB712.5 million for the same period of 2019, accounting for 95.7% of the Group's total revenue. The increase in revenue recognised was primarily due to an increase in the aggregate GFA completed and delivered as a result of the Group's continuing expansion.

The following table sets forth the breakdown of our revenue from property development and sales by geographical location for the six months ended 30 June 2020 and 2019.

City	Six months ended 30 June 2020				Six months ended 30 June 2019			
	Recognised revenue from sales of properties RMB'000	% of recognised revenue from sale of properties %	Total GFA delivered Sq.m.	Recognised average selling price RMB/Sq.m.	Recognised revenue from sales of properties RMB'000	% of recognised revenue from sale of properties %	Total GFA delivered Sq.m.	Recognised average selling price RMB/Sq.m.
Guangzhou	279,503	31.6%	17,062	16,382	395,292	55.5%	35,886	11,015
Lingshui	185,146	20.9%	8,146	22,728	301,440	42.3%	15,493	19,457
Zhongshan	16,780	1.9%	735	22,830	7,438	1.0%	336	22,137
Tengchong	365,059	41.3%	37,947	9,620	–	–	–	–
Others (Note)	38,214	4.3%	N/A	N/A	8,365	1.2%	N/A	N/A
Total/overall	<u>884,702</u>	<u>100.0%</u>	<u>63,890</u>	<u>13,249</u>	<u>712,535</u>	<u>100.0%</u>	<u>51,715</u>	<u>13,616</u>

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

Hotel operations

Apart from property development and sales, we also operate Just Stay Hotel and Just Stay Resort under our hotel operations business. During the Period under Review, revenue from hotel operations of the Group amounted to RMB21.4 million, representing a period-on-period decline by 41.5% from RMB36.6 million in the corresponding period of 2019, which was primarily owe to the impact of the outbreak of COVID-19. As the restaurants reopened and travels started to resume, revenue from hotel operations has been demonstrating a healthy recovery since the second quarter.

Commercial property investment

Other than holding properties for development and sales, we also own commercial properties for leasing purpose. During the Period under Review, revenue from commercial property investment of the Group amounted to RMB11.0 million, representing an increase of 42.9% as compared with RMB7.7 million in the corresponding period of 2019. The increase was mainly due to increase in total GFA leased in the first half of 2020.

Property management

We also derived income from our property management service provided to purchasers of the residential properties. During the Period under Review, revenue from property management service of the Group amounted to RMB7.7 million, representing an increase of 37.5% as compared with RMB5.6 million in the corresponding period of 2019, mainly due to increase in GFA of the properties under management.

Cost of sales

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

During the Period under Review, cost of sales of the Group amounted to RMB520.1 million, representing an increase of 42.1% as compared with that of RMB366.0 million for the corresponding period of 2019. The increase in cost of sales was primarily due to increase in recognised revenue in line with the development of the Group's businesses.

Gross profit and gross profit margin

During the Period under Review, the Group's gross profit amounted to RMB404.5 million, representing a period-on-period growth of 2.0% as compared with that of RMB396.4 million in the first half of 2019. The Group's gross profit margin decreased to 43.7% from 52.0% in the corresponding period of 2019.

During the Period under Review, the Group's gross profit margin from our property development and sales decreased by 9.5 percentage points to 45.3% from 54.8% in the corresponding period of 2019. Such decrease was primarily due to sales of JY Gaoligong Town Phase I and JY Hot Spring Villas, which attained gross profit margin ranging from approximately 40.4% to 41.8% and the revenue contribution of these two projects accounted for 63.4%, in aggregate, of our total revenue from property development and sales in the first half of 2020.

Selling and marketing expenses

Our selling and marketing expenses consist primarily of advertising costs, commission fees, employee benefit expenses and other selling expenses. During the Period under Review, selling and marketing expenses of the Group amounted to RMB39.7 million, representing a slight decrease of 2.7% as compared with RMB40.8 million in the corresponding period of 2019, accounting for 4.3% of total revenue (1H2019: accounting for 5.4% of total revenue). The decrease was mainly due to less marketing activities in the first half of 2020.

Administrative expenses

Administrative expenses primarily comprised of employee benefit expenses, entertainment expenses for our business, office expenses and travelling expenses. During the Period under Review, the Group's administrative expenses amounted to RMB62.9 million, representing a decline of 12.6% as compared with that of RMB72.0 million in the corresponding period of 2019, accounting for 6.8% of total revenue (1H2019: accounting for 9.4% of total revenue), primarily resulted from the non-recurring listing expenses of RMB10.6 million recorded in the first half of 2019.

Other income and other expenses

Our other income primarily represented forfeited deposits from our customers in relation to the sales of properties and penalty income from our suppliers. Other expenses primarily represented donations to charitable organisations and regulatory penalties. During the Period under Review, the Group's other income increased to RMB1.6 million from RMB0.6 million in the corresponding period of 2019, primarily resulted from increase in penalty income from our suppliers. The Group's other expenses increased to RMB3.7 million from RMB1.2 million in the corresponding period of 2019, mainly due to increase in donations in response to COVID-19, as well as donation to Po Leung Kuk.

Other (losses)/gains – net

Our other (losses)/gains – net primarily consisted of gains or losses from changes of fair value on investment properties, disposal of subsidiaries, interest on financial assets at fair value through profit or loss and net foreign exchange gains or losses. The Group's other (losses)/gains – net decreased from net gains of RMB61.9 million in the first half of 2019 to net losses of RMB9.1 million in the first half of 2020, mainly attributable to gains on disposal of Guangzhou Jinghong Investment Co., Ltd. for the six months ended 30 June 2019 amounting to RMB59.7 million.

Finance costs/(income) – net

Finance costs/(income) – net comprise mainly interest expenses on our bank and other borrowings and leases net of capitalised interest expenses and interest income from bank deposits. The Group's finance costs/(income) – net increased from income of RMB0.5 million in the first half of 2019 to costs of RMB0.8 million in the first half of 2020, mainly due to increase in interest expense charged to finance costs amounting to RMB15.1 million for the six months ended 30 June 2020.

Share of results of an associate

The Group's share of profit of an associate during the Period under Review amounted to RMB39.6 million, while the Group recognised share of loss of the associate amounted to RMB0.7 million in the same period of 2019. The increase was mainly due to recognition of revenue and the corresponding share of profit from the associate during the first half of 2020.

Income tax expense

Income tax expense decreased to RMB134.9 million during the Period under Review from RMB163.4 million in the corresponding period of 2019, which was mainly due to decrease in land appreciation tax by RMB29.9 million. Our effective tax rate remained relatively stable at 27.2% and 28.2%, respectively, for the six months ended 30 June 2020 and 2019.

Profit for the period

As a result of the aforementioned, profit for the period of the Group increased from RMB181.2 million for the six months ended 30 June 2019 to RMB194.1 million for the six months ended 30 June 2020, representing a period-on-period increase of 7.1%. Core net profit amounted to RMB193.8 million, representing an increase of 43.9% as compared with RMB134.7 million in the corresponding period of 2019.

Profit attributable to owners of the Company amounted to RMB196.9 million, representing an increase of 6.4% as compared with that of RMB185.0 million in the corresponding period of 2019.

The basic and diluted earnings per share amounted to RMB0.12 Yuan (1H2019: RMB0.15 Yuan).

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

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

Cash positions and fund available

As at 30 June 2020, the total cash and bank balances of the Group were RMB2,168.2 million (31 December 2019: RMB1,976.1 million), of which RMB1,136.1 million (31 December 2019: RMB957.0 million) was cash and cash equivalents and RMB1,032.1 million (31 December 2019: RMB1,019.1 million) was restricted cash.

Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. As at 30 June 2020, the Group had placed cash deposits of RMB936.1 million (31 December 2019: RMB930.6 million) with designated banks as security for bank borrowings.

As at 30 June 2020, the Group’s undrawn borrowing facilities were approximately RMB1,827.5 million (31 December 2019: RMB2,828.3 million).

Borrowings

As at 30 June 2020, the total interest-bearing bank and other borrowings of the Group were RMB4,088.5 million (as at 31 December 2019: RMB3,303.0 million), of which RMB1,841.1 million (31 December 2019: RMB1,379.9 million) was included in non-current liabilities and RMB2,247.4 million (31 December 2019: RMB1,923.1 million) was included in current liabilities of the Group, respectively.

- (1) As at 30 June 2020, the Group's borrowings are denominated in following currencies:

	As at 30 June 2020 <i>RMB'000</i>	As at 31 December 2019 <i>RMB'000</i>
RMB	2,523,926	1,807,071
HK\$	511,527	1,495,953
US\$	1,053,010	—
	4,088,463	3,303,024

- (2) As at 30 June 2020, bank and other borrowings totalling RMB2,889,303,000 (31 December 2019: RMB2,299,750,000) of the Group were secured by the following assets together with the Group's shares of certain subsidiaries:

	As at 30 June 2020 <i>RMB'000</i>	As at 31 December 2019 <i>RMB'000</i>
Lands	13,594	13,865
Property, plant and equipment	293,982	300,091
Investment properties	188,033	187,703
Properties under development	1,390,752	1,016,776
Completed properties held for sale	996,734	1,095,440
Trade receivables	1,134	1,190
Restricted cash	936,127	930,558
	3,820,356	3,545,623

Cost of borrowings

For the six months ended 30 June 2020, total cost of borrowings of the Group amounted to RMB127.0 million, representing an increase of 124.8% from RMB56.5 million in the corresponding period of 2019, mainly attributable to higher average balance of banking borrowings during the Period under Review. The Group's weighted average effective interest rates for the six months ended 30 June 2020 was 6.35% (1H2019: 7.45%).

Net gearing ratio

The Group's net gearing ratio increased from 47.1% as at 31 December 2019 to 67.2% as at 30 June 2020, primarily due to increase in total borrowings of RMB785.4 million.

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

Contingent liabilities

- (1) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate, which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties. As at 30 June 2020, the outstanding guarantees were RMB1,209.0 million (31 December 2019: RMB1,075.9 million).

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

- (2) As at 30 June 2020, the Group had provided guarantees for borrowings of the Group's associate amounting to RMB133.0 million (31 December 2019: nil).

Commitments

As at 30 June 2020, the commitments of the Group for property development expenditure amounted to RMB2,017.8 million (31 December 2019: RMB1,897.0 million).

Currency risks

The Group's businesses are principally conducted in Renminbi. As at 30 June 2020, major non-RMB assets and liabilities are cash and cash equivalent, restricted cash, trade and other payables and borrowings, which are denominated in HK\$ or US\$. Fluctuation of the exchange rate of RMB against HK\$ or US\$ could affect the Group's results of operations.

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the six months ended 30 June 2020, save as disclosed in the prospectus of the Company dated 25 November 2019 (the “**Prospectus**”) and in this announcement, the Group currently has no other plan for material investments and capital assets.

SIGNIFICANT INVESTMENTS, MAJOR ACQUISITIONS AND DISPOSALS

During the Period under Review, save as disclosed in this announcement, the Group did not hold other significant investments in, or conduct material acquisitions and disposals of subsidiaries, associates or joint ventures.

USE OF PROCEEDS FROM THE IPO

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 5 December 2019. Net proceeds from the IPO and partially exercising the over-allotment option received by the Company (the “**Net Proceeds**”) were approximately RMB1,201.1 million after deducting the underwriting commission and relevant expenses. The Net Proceeds have been applied for the purpose in accordance with the future plans and use of proceeds as set out in the Prospectus. As at 30 June 2020, the unutilised Net Proceeds were deposited in licensed banks in Hong Kong and PRC.

As at 30 June 2020, an analysis of the utilisation of Net Proceeds of the Group is as follows:

Intended use of Net Proceeds as stated in the Prospectus	Percentage of total amount	Net Proceeds RMB in million	Utilised amount RMB in million	Unutilised amount RMB in million
– development costs for certain projects	60%	720.7	450.9 (132.1 used in JY Grand Garden, 77.3 used in JY Mountain Lake Gulf, 94.6 used in JY Uniworld (previously known as Zhaoqing International Technology and Innovation Centre (Zone B)) and 146.9 used in JY Gaoligong Town, as stated in the Prospectus)	269.8
– acquisition of land parcels	30%	360.3	360.3 (325.8 used for acquiring nine land parcels in Tengchong, Yunnan province, 34.5 used for prepayments of acquisition of land use rights in Guangdong province)	–
– general working capital	10%	120.1	51.4 (used as intended)	68.7
Total	100%	1,201.1	862.6	338.5

The Company expects to utilise the balance of the Net Proceeds of approximately RMB338.5 million by the end of 2020. Detailed schedule depends on the construction schedule of individual projects and market situation. As of the date of this announcement, save for the delay due to the lockdown measures in early 2020 to contain the spread of COVID-19 in the PRC, there is no material delay in the development and construction of the projects disclosed in the Prospectus to which the relevant portion of the unutilised Net Proceeds shall be applied.

Save as disclosed above, it is expected that the remaining portion of the unutilised Net Proceeds will be applied in a manner consistent with the disclosure in the Prospectus.

EVENTS AFTER THE PERIOD UNDER REVIEW

No significant events affecting the Group had occurred during the period from 30 June 2020 to the date of this announcement.

INTERIM DIVIDEND

The Board declared payment of an interim dividend (the “**Interim Dividend**”) for the six months ended 30 June 2020 of RMB3.59 cents per share (equivalent to HK\$4.01 cents per share, which is based on the average middle rate of RMB to HK\$ as announced by the People’s Bank of China for the five business days preceding the date of declaration of such dividend). The Interim Dividend will be paid in HK\$ on or around Friday, 18 September 2020 to the shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 10 September 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 8 September 2020 to 10 September 2020 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the Interim Dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 7 September 2020.

REVIEW OF ACCOUNTS

The Company’s audit committee has reviewed the interim results of the Group for the six months ended 30 June 2020.

The interim results of the Group for the six months ended 30 June 2020 has not been audited but has been reviewed by PricewaterhouseCoopers, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 during the six months ended 30 June 2020.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding the securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the six months ended 30 June 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any member of the Group has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2020.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.jygrandmark.com) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2020 will be despatched to the Shareholders and made available on the above websites in September 2020.

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

Hong Kong, 20 August 2020

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