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 2021

INTERIM RESULTS AND OPERATIONAL HIGHLIGHTS

- Contracted sales of the Group for the six months ended 30 June 2021 amounted to approximately RMB2,486.4 million, representing a substantial growth of 128.2% as compared to the six months ended 30 June 2020; total contracted sales gross floor area ("**GFA**") was approximately 197,000 sq.m. for the six months ended 30 June 2021, which increased considerably by 97.0% as compared to the six months ended 30 June 2020.

- Revenue for the six months ended 30 June 2021 was RMB1,042.8 million, representing an increase of 12.8% as compared to RMB924.7 million for the six months ended 30 June 2020.

- Gross profit for the six months ended 30 June 2021 amounted to RMB412.1 million, representing an increase of 1.9% as compared to RMB404.5 million for the six months ended 30 June 2020. Gross profit margin decreased to 39.5% from 43.7% during the corresponding period of 2020.

- Profit for the six months ended 30 June 2021 was RMB168.4 million, representing a decrease of 13.2% as compared to RMB194.1 million for the six months ended 30 June 2020. Core net profit* for the six months ended 30 June 2021 amounted to RMB167.5 million, representing a decrease of 13.6% as compared to RMB193.8 million during the corresponding period of 2020. Profit attributable to owners of the Company was RMB170.8 million, representing a decrease of 13.3% as compared to RMB196.9 million for the six months ended 30 June 2020.

- Basic and diluted earnings per share for the period amounted to RMB0.10, representing a decrease of 16.7% as compared to RMB0.12 for the six months ended 30 June 2020.

- As at 30 June 2021, net gearing ratio** was 20.3% and cash on hand was RMB2,245.1 million.

- Interim dividend declared for the six months ended 30 June 2021 was RMB3.63 cents per ordinary share (equivalent to HK$4.36 cents per ordinary share).

- During the six months ended 30 June 2021, the Group was selected as the qualified cooperative enterprises for the redevelopment project of Zhujiang Village, Huangpu District, Guangzhou, Guangdong province with total estimated GFA of 785,800 sq.m.. The project represents a successful implementation of the Group's development strategy on urban renewal, thus forging a new business driver for the Group.

- During the six months ended 30 June 2021, the Group has acquired one parcel of land in Zengcheng District, Guangzhou, Guangdong province with the aggregated estimated GFA of 123,000 sq.m.. As at 30 June 2021, the Group had a total land bank of nearly 4.1 million sq.m.. The average cost of land was approximately RMB1,711 per 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.

*** Excluding Zhongshan JY Yarra New Street (the completed property held for sale acquired by the Group).

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 2021 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	
		2021	2020
		Unaudited	Unaudited
	Notes	***RMB'000***	*RMB'000*
Revenue	*2*	**1,042,796**	924,694
Cost of sales	*3*	**(630,669)**	(520,145)
Gross profit		**412,127**	404,549
Selling and marketing expenses	*3*	**(48,256)**	(39,689)
Administrative expenses	*3*	**(75,760)**	(62,909)
Net impairment losses on financial assets		**(1,779)**	(569)
Other income	*4*	**20,475**	1,590
Other expenses		**(457)**	(3,729)
Other gains/(losses) – net	*5*	**2,378**	(9,131)
Operating profit		**308,728**	290,112
Finance costs	*6*	**(4,246)**	(15,086)
Finance income	*6*	**8,655**	14,305
Finance income/(costs) – net	*6*	**4,409**	(781)
Share of results of joint ventures		**(3,565)**	–
Share of results of associates		**11,925**	39,645
Profit before income tax		**321,497**	328,976
Income tax expense	*7*	**(153,099)**	(134,881)
Profit for the period		**168,398**	194,095
Profit attributable to:			
Owners of the Company		**170,804**	196,906
Non-controlling interests		**(2,406)**	(2,811)
		168,398	194,095

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

		Six months ended 30 June	
		2021	2020
		Unaudited	Unaudited
	Notes	***RMB'000***	*RMB'000*
Other comprehensive income/(loss) for the period			
Item that may be reclassified to profit or loss			
– Currency translation differences		**5,621**	(7,206)
Other comprehensive income/(loss) for the period, net of tax		**5,621**	(7,206)
Total comprehensive income for the period		**174,019**	186,889
Total comprehensive income attributable to:			
Owners of the Company		**176,425**	189,700
Non-controlling interests		**(2,406)**	(2,811)
		174,019	186,889
Earnings per share (expressed in RMB per share)			
– Basic and diluted earnings per share	8	**0.10**	0.12

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

	Notes	**As at 30 June 2021 Unaudited** *RMB'000*	As at 31 December 2020 Audited *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**295,427**	301,807
Right-of-use assets		**255,133**	258,196
Investment properties		**290,440**	289,252
Intangible assets		**2,835**	2,443
Other receivables and prepayments	*10*	**15,929**	13,805
Deferred income tax assets		**108,257**	100,234
Investment in joint ventures		**20,978**	24,543
Investment in associates		**107,721**	84,200
		1,096,720	1,074,480
Current assets			
Inventories		**1,774**	1,510
Contract costs		**34,230**	18,746
Properties under development		**5,618,112**	3,714,538
Completed properties held for sale		**1,484,814**	1,680,252
Trade and other receivables and prepayments	*10*	**1,198,184**	1,831,304
Prepaid taxes		**91,161**	81,040
Restricted cash		**107,706**	323,779
Cash and cash equivalents		**2,137,368**	2,037,665
Amounts due from related parties		**65,200**	123,123
		10,738,549	9,811,957
Total assets		**11,835,269**	10,886,437

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

	Notes	As at 30 June 2021 Unaudited *RMB'000*	As at 31 December 2020 Audited *RMB'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital	*11*	**14,746**	14,746
Other reserves		**1,841,884**	1,836,263
Retained earnings		**1,244,251**	1,184,234
		3,100,881	3,035,243
Non-controlling interests		**1,458,225**	1,417,808
Total equity		**4,559,106**	4,453,051
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**147,689**	124,769
Bank and other borrowings		**1,603,956**	1,568,978
Lease liabilities		**61,187**	63,608
		1,812,832	1,757,355
Current liabilities			
Bank and other borrowings		**1,568,488**	1,542,827
Trade and other payables	*12*	**3,454,999**	2,779,260
Lease liabilities		**5,537**	5,122
Current income tax liabilities		**434,307**	348,822
		5,463,331	4,676,031
Total liabilities		**7,276,163**	6,433,386
Total equity and liabilities		**11,835,269**	10,886,437

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 2020, 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 2020, 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 HKFRS 16	COVID-19-related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of new and amended standards and interpretation did not have any material impact on the 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 2021 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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

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

2. REVENUE AND SEGMENT INFORMATION

(a) Description of segments and principal activities

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

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

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

(b) Segment performance

The segment information provided to the executive directors for the reportable segments for the six months ended 30 June 2021 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	992,435	–	34,595	16,946	1,043,976
Recognised at a point in time	992,435	–	–	–	992,435
Recognised over time	–	–	34,595	16,946	51,541
Revenue from other sources: rental income	–	9,705	–	–	9,705
Inter-segment revenue	–	(4,471)	(56)	(6,358)	(10,885)
Revenue from external customers	992,435	5,234	34,539	10,588	1,042,796
Gross profit	406,222	4,666	(2,071)	3,310	412,127
Selling and marketing expenses					(48,256)
Administrative expenses					(75,760)
Net impairment losses on financial assets					(1,779)
Other income					20,475
Other expenses					(457)
Other gains – net					2,378
Finance income – net					4,409
Share of results of joint ventures	(3,565)	–	–	–	(3,565)
Share of results of associates	11,925	–	–	–	11,925
Profit before income tax					321,497
Income tax expense					(153,099)
Profit for the period					168,398
Depreciation and amortisation	6,303	–	7,700	80	14,083
Fair value gains on investment properties – net	–	1,188	–	–	1,188

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

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 2021 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	**11,130,794**	**290,440**	**273,578**	**32,200**	**11,727,012**
Segment assets include:					
Investment in joint ventures	**20,978**	**–**	**–**	**–**	**20,978**
Investment in associates	**107,721**	**–**	**–**	**–**	**107,721**
Addition to non-current assets (other than deferred income tax assets)	**5,147**	**–**	**493**	**151**	**5,791**
Segment liabilities	**3,485,635**	**6,191**	**19,285**	**10,612**	**3,521,723**

The segment assets and liabilities provided to the executive directors for the reportable segments as at 31 December 2020 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	10,126,260	289,252	363,964	6,727	10,786,203
Segment assets include:					
Investment in joint ventures	24,543	–	–	–	24,543
Investment in an associate	84,200	–	–	–	84,200
Addition to non-current assets (other than deferred income tax assets)	14,560	–	2,799	246	17,605
Segment liabilities	2,811,114	6,912	20,124	9,840	2,847,990

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 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 2021 Unaudited *RMB'000*	As at 31 December 2020 Audited *RMB'000*
Segment assets	**11,727,012**	10,786,203
Unallocated:		
– Deferred income tax assets	**108,257**	100,234
Total assets	**11,835,269**	10,886,437

(ii) ***Segment liabilities***

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

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

Segment liabilities are reconciled to total liabilities as follows:

	As at 30 June 2021 Unaudited *RMB'000*	As at 31 December 2020 Audited *RMB'000*
Segment liabilities	**3,521,723**	2,847,990
Unallocated:		
– Current income tax liabilities	**434,307**	348,822
– Deferred income tax liabilities	**147,689**	124,769
– Short-term borrowings and current portion of long-term borrowings	**1,568,488**	1,542,827
– Long-term borrowings	**1,603,956**	1,568,978
Total liabilities	**7,276,163**	6,433,386

3. EXPENSES BY NATURE

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

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Cost of properties sold – including construction cost, land cost and interest cost	**565,886**	469,592
Employee benefit expenses (including directors' emoluments)	**80,202**	58,727
Employee benefit expenditure – including directors' emoluments	**89,860**	67,095
Less: capitalised in properties under development	**(9,658)**	(8,368)
Commission fees	**17,194**	20,624
Hotel operations expenses	**17,978**	12,178
Taxes and other levies	**9,064**	8,750
Advertising costs	**17,853**	11,063
Entertainment expenses	**10,924**	8,906
Depreciation and amortisation of intangible assets and right-of-use assets	**14,083**	13,793
Office and travelling expenses	**4,060**	3,252
Auditor's remuneration	**900**	900
Property management fees	**2,479**	2,512
Professional consulting fees	**4,905**	3,008
Others	**9,157**	9,438
Total	**754,685**	622,743

4. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Government grants	**17,500**	–
Forfeited customer deposits	**816**	637
Others	**2,159**	953
	20,475	1,590

5. OTHER GAINS/(LOSSES) – NET

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Interest on financial assets at fair value through profit or loss	**2,489**	2,613
(Losses)/gains on disposals of property, plant and equipment	**(14)**	1
Fair value gains on investment properties	**1,188**	330
Net foreign exchange losses	**(1,285)**	(12,075)
	2,378	(9,131)

6. FINANCE (INCOME)/COSTS – NET

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Finance costs		
– Interest expense on bank and other borrowings	**120,987**	126,956
– Interest expense on leases	**1,624**	1,600
Net exchange losses/(gains) on foreign currency borrowings	**1,462**	(835)
Less:		
– Interest capitalised	**(119,827)**	(112,635)
	4,246	15,086
Finance income		
– Interest income from bank deposits	**(8,655)**	(14,305)
Finance (income)/costs – net	**(4,409)**	781

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Current income tax:		
– Corporate income tax	**70,485**	62,094
– Land appreciation tax	**67,719**	63,455
	138,204	125,549
Deferred income tax		
– Corporate income tax	**14,895**	10,398
– Land appreciation tax	**–**	(1,066)
	14,895	9,332
	153,099	134,881

(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 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 2021 (six months ended 30 June 2020: nil).

8. EARNINGS PER SHARE

In determining the weighted average number of ordinary shares in issue during six months ended 30 June 2021 and 2020, 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 2018 as if the Company had been incorporated by then.

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
Profit attribute to owners of the Company (RMB'000)	**170,804**	196,906
Weighted average number of ordinary shares in issue (in thousand)	**1,646,173**	1,646,173
Earnings per share – basic (RMB per share)	**0.10**	0.12
Earnings per share – diluted (RMB per share)	**0.10**	0.12

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

9. DIVIDEND

A final dividend in respect of 2020 of RMB6.73 cents per ordinary share, totalling RMB110,787,000 (equivalent to HK Dollar ("**HK$**")134,328,000) was declared at the annual general meeting of the Company on 27 May 2021 and was subsequently distributed in June 2021.

An interim dividend in respect of the six months ended 30 June 2021 of RMB3.63 cents per ordinary share (equivalent to HK$4.36 cents per ordinary share), totalling RMB59,756,000 was declared by the board of directors of the Company (six months ended 30 June 2020: RMB59,098,000). This interim dividend has not been recognised as liabilities in this interim financial information.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2021 Unaudited *RMB'000*	As at 31 December 2020 Audited *RMB'000*
Included in current assets:		
Trade receivables – third parties *(Note (a))*	**33,647**	6,224
Other receivables – third parties *(Note (b))*	**159,658**	165,728
Prepayments for acquisition of land use rights	**959,101**	1,625,200
Other prepayments	**65,242**	49,713
	1,217,648	1,846,865
Less: non-current portion	**(15,929)**	(13,805)
Less: impairment	**(3,535)**	(1,756)
	1,198,184	1,831,304

As at 30 June 2021 and 31 December 2020, the fair value of trade and other receivables approximated their carrying amounts.

As at 30 June 2021, trade receivables with net book value of RMB2,375,000 (31 December 2020: RMB1,206,000) were pledged as collateral for the Group's bank and other borrowings.

(a) Details of trade receivables are as follows:

	As at 30 June 2021 Unaudited *RMB'000*	As at 31 December 2020 Audited *RMB'000*
Trade receivables – third parties	**33,647**	6,224
Less: allowance for impairment	**(1,016)**	–
Trade receivables – net	**32,631**	6,224

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

	As at 30 June 2021 Unaudited *RMB'000*	As at 31 December 2020 Audited *RMB'000*
Within one year	**32,528**	6,224
Over 1 year	**1,119**	–
	33,647	6,224

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

(b) **Details of other receivables are as follows:**

	As at 30 June 2021 Unaudited ***RMB'000***	As at 31 December 2020 Audited *RMB'000*
Deposits for acquisition of land use rights	**97,429**	95,305
Others	**62,229**	70,423
	159,658	165,728
Less: allowance for impairment	**(2,519)**	(1,756)
Other receivables – net	**157,139**	163,972

11. SHARE CAPITAL

	Number of ordinary shares	**Nominal value of ordinary shares**	**Equivalent nominal value of ordinary shares**	**Total**
Authorised				
As at 30 June 2021 (Unaudited)	2,500,000,000			
Issued and fully paid				
Six months ended 30 June 2021 (Unaudited)				
As at 1 January 2021 and 30 June 2021	1,646,173,000	HK$16,462,000	RMB14,746,000	RMB14,746,000
Six months ended 30 June 2020 (Unaudited)				
As at 1 January 2020 and 30 June 2020	1,646,173,000	HK$16,462,000	RMB14,746,000	RMB14,746,000

12. TRADE AND OTHER PAYABLES

	As at 30 June 2021 Unaudited *RMB'000*	As at 31 December 2020 Audited *RMB'000*
Trade payables *(Note (a))*	**1,135,642**	810,620
Notes payable	**46,200**	105,171
Amounts due to non-controlling interests	**541,735**	422,575
Outstanding consideration payables for acquisitions	**35,195**	46,995
Contract liabilities	**984,501**	1,036,001
Deposits payables	**45,431**	43,928
Accrued expenses	**24,923**	40,223
Salaries payable	**17,126**	43,467
Other taxes payable	**156,834**	129,091
Interest payable	**34,093**	27,242
Other payables	**433,319**	73,947
	3,454,999	2,779,260

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

	As at 30 June 2021 Unaudited *RMB'000*	As at 31 December 2020 Audited *RMB'000*
Within 90 days	**683,791**	438,381
Over 90 days and within 365 days	**363,961**	208,556
Over 365 days	**87,890**	163,683
	1,135,642	810,620

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 2021 (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 RMB2,486.4 million, representing a substantial year-on-year increase of 128.2% as compared with RMB1,089.5 million for the six months ended 30 June 2020. The contracted sales GFA was approximately 197,000 sq.m., representing a substantial year-on-year increase of 97.0% as compared to approximately 100,000 sq.m. for the six months ended 30 June 2020.

During the Period under Review, the Group's recognised revenue was RMB1,042.8 million (1H2020: RMB924.7 million), representing a year-on-year increase of 12.8%. Profit for the period was RMB168.4 million (1H2020: RMB194.1 million), representing a year-on-year decrease of 13.2%. Core net profit was RMB167.5 million (1H2020: RMB193.8 million), representing a year-on-year decrease of 13.6%. Profit attributable to owners of the Company was RMB170.8 million (1H2020: RMB196.9 million), representing a decrease of 13.3% as compared to the corresponding period of 2020.

The board of directors of the Company (the "**Board**") declared payment of an interim dividend of RMB3.63 cents per ordinary share (equivalent to HK$4.36 cents per ordinary share) for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB3.59 cents per ordinary share (equivalent to HK$4.01 cents per ordinary share)), and the dividend payout ratio is approximately 35% of the profit attributable to owners of the Company.

BUSINESS REVIEW FOR THE FIRST HALF OF 2021

Macro market: to seek business breakthrough under the new long-term mechanism

As a series of policies including "three red lines" and "centralised land supply" have been introduced in China with the aim of achieving stable land prices, stable housing prices and stable expectations, a new long-term property market mechanism has gradually taken shape, that regulates the supply side, the demand side and the financing side, maintains stability in the market and at the same time raises the requirements of the financing, development and capital position of real estate companies.

Under the new market mechanism, real estate investment and development still showed a growing trend. Data of the National Bureau of Statistics of China showed that from January to June 2021, nationwide real estate development and investment was increased by 15.0% year-on-year. At the market level, new housing prices of 100 cities nationwide rose cumulatively by 1.7% in the first half of 2021; from January to June 2021, the nationwide commercial property sales area was increased by 27.7% year-on-year, reaching a record high. The increase of both quantity and price suggested that the market had sound fundamentals. In the land market, data of the National Bureau of Statistics of China showed that the nationwide land supply decreased in the first half of 2021 due to the "two centralisations" policy. Regional imbalance arose, and hot markets experienced fierce competition in land acquisition, which forced real estate companies to adopt more prudent approaches.

In such market environment, while sticking to the principle of "stability and progress", the Group continued to meet the requirements of "three red lines" in the first half of 2021, promoted targeted marketing actions in different markets, and accelerated the sales conversion of existing land reserves. It further expanded the reserve of quality lands through diversified channels, actively sought business breakthrough, enhanced the brand effect by cooperating with strong enterprises, took effective measures to advance the upgrading of all business segments on the basis of improving the property business, and ultimately achieved the objective of quality improvement and speed boost.

1) **Property development and sales:** During the Period under Review, the Group's properties across China recorded approximately 197,000 sq.m. of contracted sales GFA and approximately RMB2,486.4 million of contracted sales, representing a significant year-on-year growth of 128.2%. These figures included two new projects the Group launched in the market in the first half of 2021, which the Group acquired in Zengcheng District of Guangzhou and Liuhe District of Nanjing respectively in 2020. First phase of both projects received warmly response from the market and boosted the overall sales performance.

   As to the new projects, Jinke JY Grand Garden (金科景業雍景園) located in Zengcheng was the first key project for the Group's layout in eastern Guangzhou. The project highlighted transit-oriented development and houses of high utilisation rate, and targeted urban residents of rigid demand. On the opening day of the first phase, all the units of the project were sold out, with the single-day order amount reaching RMB350 million. Another new project, JY Logan Jiuyun Mansion (景業龍光玖雲府) in Liuhe District of Nanjing, also had the superior location of core area in the downtown and enjoyed comprehensive facilities of metro, parks, commercial centers and medical services. In the first phase of launch, the project offered fine decoration residence of 115 to 140 sq.m. floor area per unit to first-time home buyers and up-graders, and recorded satisfactory sales performance, with the single-day order amount reaching RMB454 million.

In the meantime, JY Grandmark further developed its long-term advantages in home upgrading, vacation property sectors and market segments. In the first half of 2021, the Company further developed target markets by seizing the right marketing opportunities, applying the strategy of "internal consolidation and external expansion" and promoting projects to "go out", and stimulated the sales of home upgrading and vacation property projects in Guangdong, Hainan and Yunnan provinces by improving the community experience and the added value of products with the in-depth research of residents' demands and the innovative idea of creating the community culture. In particular, JY Uniworld in Zhaoqing and JY Gaoligong Town in Yunnan province achieved improvement in both sales and brand reputation, and brought strong branding effect to the Group.

Basing on the development concept of "Eco-friendly and People-oriented Property", the Group expanded the layout of core regions and urban projects in 2021, enriched the product portfolio and offered the market diversified choices. It also broadened the horizon and further developed the market to improve the capital turnover efficiency.

2) **Property management:** Zhuodu Property, the property management arm of the Group, recorded great performance in revenue, service improvement and brand recognition in the first half of 2021. Zhuodu Property earned approximately RMB10.6 million of revenue in the first half of 2021, representing a year-on-year increase of 37.7%, booked increasing revenue from the area under management as the Group's properties across China achieved a large-scale repossession, and achieved ideal repossession rate and customer satisfaction.

In the first half of 2021, Zhuodu Property adopted multiple measures to improve the service quality and the team, which included further adjusting the service system and establishing normalised and standardised procedures to improve efficiency and customer experience, launching the property ERP system to improve property management efficiency and quality through the application of intelligence system, establishing Zhuodu Property Course Sharing Centre (卓都物業課程共享中心) to help employees to improve their professional capabilities by providing course materials, trainings offered by instructors and examinations. During the times of pandemic, while offering great care to customers, Zhuodu Property actively participated in the community epidemic prevention work organised by the government, fulfilling its social responsibilities and improving the service quality and team reputation.

In 2021, Zhuodu Property unveiled the curtain of "Brand Year" campaign, promoted the overall upgrading of property management business from dimensions of team, service system and customer satisfaction, and was recognised by customers. In April 2021, Zhuodu Property passed the annual review of ISO Quality, Environment and Occupational Health System.

3) **Hotel operations:** The operation of hospitality industry was still affected by the pandemic in the first half of 2021. Under such context, the Group's Just Stay hotels promoted service improvement, resource development and business innovation to maintain steady business growth: in the first half of 2021, two Just Stay hotels of the Group, Just Stay Hotel and Just Stay Resort, recorded overall revenue of RMB34.5 million, representing a substantial year-on-year increase of 61.2%.

   To relieve the pressure the pandemic brought to the hospitality industry, Just Stay Hotel focused on developing online channels and launched more packages that met the mainstream customer demands. Just Stay Resort, located at Conghua Hot Spring Resort, seized the opportunity of tourism recovery in the first half of 2021 and achieved 69.5% of significant year-on-year revenue growth in the first half of 2021 by improving hotel facilities, expanding marketing channels, optimising channel cooperation and launching promotional activities. In over 200 Ctrip licensed hotels in Guangzhou, Just Stay Resort ranked among the top 10 in terms of traffic occupancy and won the honor of the most favored hotel of 2020.

4) **Urban renewal business:** The urban renewal business based on city planning and redevelopment will stay in the up trend period, and the Group will develop the urban renewal business as an important driver of land bank expansion and business growth. Currently, the Group takes the Guangdong-Hong Kong-Macao Greater Bay Area as the core region to actively explore the development of quality urban renewal projects.

   In April 2021, the first urban renewal project the Group participated in, Zhujiang Village Redevelopment Project in Huangpu District of Guangzhou, was inaugurated. Located in Huangpu District of Guangzhou, a district where the government offered strong policy support to the urban renewal, the project is at the core position of the eastern Guangzhou's urban development, has a total of approximate 785,800 sq.m. floor area and approximate 265,000 sq.m. financing area within the overall redevelopment scope, and, expectedly, will stimulate the Group's business.

   While acquiring the land of core position in the Group's first urban renewal project of smooth progress, the Group will actively promote the materialisation of the other ten projects under research, further leverage its local advantages, consolidate the professional advantages of cooperation partners, and acquire property projects in core areas within reasonable costs, so as to boost the balanced growth of sales volume and operating profit in the future.

STRATEGIES AND PROSPECTS OF THE SECOND HALF OF 2021

Improve strategic layout and adhere to the development roadmap of "high growth, high quality and high profit"

The introduction of policies including "three red lines", "management of real estate loan concentration of financial institutions" accelerates the process of selecting the superior and eliminating the inferior, and subjects enterprises to certain operation challenges. However, we believe that a stable, regulated and orderly industry environment also provides a good platform for the operation and development of enterprises. In addition, trend of the first half of 2021 shows that supplies, demands and sales are still active in the property market and there is an obvious upward trend, indicating that there still exists great room for development in the market.

Based on the above, the Group will further adjust and improve operation strategies, and ensure reasonable economic trend prediction and market forecast from the macro perspective; from its own perspective, it will stick to the prudent financial strategy, focus on cash flow management, improve the capital turnover efficiency and lower the leverage. In the meantime, the Group will refine the land strategy, improve the product strategy and innovate the business strategy, to build a good brand reputation and maintain the long-term development objective of "high growth, high quality and high profit".

1) **Land strategy:** The Group will maintain the "high growth" land acquisition standard: One is to acquire lands in economic zones of top level and cities with population inflows; the other is to acquire lands of attractive premium and profitability. In the layout, the Group will continue to expand the land reserves in existing core markets to improve the market share and strengthen the scale advantage; in addition, it will actively develop more new potential markets and further expand the land reserves in hot markets to support the profit advantage of projects.

   Regarding the land acquisition pattern, the Group will acquire lands through diversified channels, including tenders, auctions or listing-for-sale, mergers and acquisitions, urban renewal, under the policy of "two centralisations". On the one hand, it will ensure the balance between the land acquisition cost and the revenue; on the other hand, it will acquire more high-quality projects of high returns to enhance the flexibility under the implementation of "centralised land supply".

In the stage of accelerating development, the Group will focus more on the sales cycle, capital recovery speed and profitability of projects while implementing the land strategy. Since 2020, the Group has been enlarging the land reserves of high turnover markets and projects, to improve the investment efficiency of capitals and achieve a balance between efficiency and profit. The Guangdong-Hong Kong-Macao Greater Bay Area is the core of the Group's strategic layout. The Group has acquired land reserves of certain scale in Huangpu District and Zengcheng District under the "Look East" strategy of Guangzhou, including Jinke JY Grand Garden (金科景業雍景園) in Zengcheng, which has been available in the market, Shitan Project in Zengcheng District, Zhongxin Town Project in Zengcheng District and Redevelopment Project of Zhujiang Village in Huangpu District, all of which will be launched to the market successively in the future; therefore, the Group will achieve rapid business growth and capital recovery. Further, the Group is optimistic about hot markets in East China, and will devote greater effort to develop more cities in addition to Nanjing, Jiangsu Province, where the Group has achieved some success.

2) **Business strategy:** On the basis of property development, the Group will continue to implement the business strategy of diversification. It will advance the parallel development of property management, hotel operations and commercial property investment, and combine these segments with property development to embed more added values in products, offer diversified customer experience and cultivate its own integrated advantage.

   Meanwhile, under the background of intense competition for land, diversified capabilities of overall planning, resource integration and effective operation are essential conditions for real estate companies to acquire more high-quality projects. In building a diversified business structure and improving the integrated operation capability, the Group will also adopt the business strategy of cooperating with strong enterprises.

   In property development, the Group has established cooperation relationship with certain "top 100 real estate companies" to explore more opportunities of acquiring lands of core areas and projects of high quality under the implementation of "centralised land supply". With the cooperation, the Group will also lower the operating leverage, help projects achieve high conversion, and improve the brand recognition. In addition, the Group will cooperate with renowned enterprises of different sectors in terms of capital, platform, brand and channel to enhance its comprehensive competitiveness.

3) **Product strategy:** Upholding the development concept of "Eco-friendly and People-oriented Property", the Group will capitalise on the creation experience and operation advantage in high-end cultural tourism property and vacation property sectors, further develop the established product lines and enrich them with new products. For instance, in Tengchong, Yunnan province, the Group will launch JY Jiangshan Shili and other new projects following the success of JY Gaoligong Town, to offer more diversified choices to vacationers with design and facilities that distinguish themselves from JY Gaoligong Town.

With the change of land strategy and the increase of urban property projects, the Group will pursue designs conforming to the lifestyle of citizens and integrate them with the concept of "Eco-friendly and People-oriented Property", to create products that are ideal residence for elite groups. For the financing land of Zhujiang Village Redevelopment Project, the Group will invite international masters to create the design with an aim of building the Group's first masterpiece of high-end property.

In the meantime, the Group will follow the trend of market demands and develop products that better meet demands of the market. For the requirements of old-age support, the Group will explore elderly-friendly dwellings; considering the "third-child" policy, it will design flexible dwellings that are adaptive to different growth stages of families.

4) **Development prospects:** In the first half of 2021, the Group continued to meet the requirements of "three red lines", achieved significant growth in all business segments, among which property development and sales even recorded a greater improvement, and maintained a sound financial and business position.

The Group is still optimistic about the industry environment. Based on the current operation expectations of land and project reserves, the Group will enter the stage of accelerated development; under the new long-term property market mechanism, it will conduct investments more prudently and acquire lands with a more targeted approach, to expand the reserve of quality lands, improve the capital turnover efficiency and realise the balance between scale and quality development.

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

Zhuhai, the PRC, 19 August 2021

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 joint ventures and associates, was approximately RMB2,486.4 million, representing a substantial year-on-year growth of 128.2% as compared to RMB1,089.5 million for the six months ended 30 June 2020. The total contracted sales GFA was approximately 197,000 sq.m., representing a substantial year-on-year increase of 97.0% as compared to approximately 100,000 sq.m. for the six months ended 30 June 2020.

During the Period under Review, the Group's recognised revenue was RMB1,042.8 million (1H2020: RMB924.7 million), representing a year-on-year increase of 12.8%. The operating profit was RMB308.7 million (1H2020: RMB290.1 million), representing an increase of 6.4% over the same period of 2020. Profit for the period was RMB168.4 million (1H2020: RMB194.1 million), representing a decrease of 13.2% as compared with the same period of 2020. Core net profit amounted to RMB167.5 million (1H2020: RMB193.8 million), representing a decrease of 13.6% as compared with the same period of 2020.

Revenue

Our revenue represents consolidated revenue from (i) property development and sales; (ii) hotel operations; (iii) property management; and (iv) commercial property investment which are all derived in the PRC. During the Period under Review, revenue of the Group amounted to RMB1,042.8 million (1H2020: RMB924.7 million), representing an increase of 12.8% as compared with the corresponding period of 2020.

Property development and sales

We focus on the development of quality residential properties with comfortable and convenient living environment. During the Period under Review, revenue from recognised sales of property development of the Group amounted to RMB992.4 million, representing an increase of 12.2% from RMB884.7 million for the same period of 2020, accounting for 95.2% of the Group's total revenue. The increase in revenue recognised was primarily due to the growth 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 2021 and 2020.

	Six months ended 30 June 2021				Six months ended 30 June 2020			
City	**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	**120,307**	**12.1%**	**7,180**	**16,756**	279,503	31.6%	17,062	16,382
Zhongshan	**–**	**–**	**–**	**–**	16,780	1.9%	735	22,830
Zhaoqing	**7,761**	**0.8%**	**434**	**17,882**	–	–	–	–
Qingyuan	**303,239**	**30.6%**	**53,294**	**5,690**	–	–	–	–
Lingshui	**17,361**	**1.7%**	**642**	**27,040**	185,146	20.9%	8,146	22,728
Lingao	**47,316**	**4.8%**	**6,602**	**7,167**	–	–	–	–
Tengchong	**385,297**	**38.8%**	**26,958**	**14,293**	365,059	41.3%	37,947	9,620
Zhuzhou	**54,201**	**5.5%**	**10,427**	**5,198**	–	–	–	–
Others *(Note)*	**56,953**	**5.7%**	**N/A**	**N/A**	38,214	4.3%	N/A	N/A
Total/overall	**992,435**	**100.0%**	**105,537**	**8,864**	884,702	100.0%	63,890	13,249

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 RMB34.5 million, which increased considerably by 61.2% from RMB21.4 million in the corresponding period of 2020. Despite the bleak performance in the first half of 2020 due to the outbreak of COVID-19 pandemic, the operation of the two Just Stay hotels had recovered since the second quarter of 2020 and maintained a strong growth in the first half of 2021.

Property management

We also derived income from our property management services provided to purchasers of the residential properties. During the Period under Review, revenue from property management services of the Group amounted to RMB10.6 million, representing an increase of 37.7% as compared with RMB7.7 million in the corresponding period of 2020, mainly due to increase in GFA of the properties under management.

Commercial property investment

Other than holding properties for development and sales, we also own commercial properties for leasing purpose. During the Period under Review, revenue from commercial property investment of the Group amounted to RMB5.2 million, representing a decrease of 52.7% as compared with RMB11.0 million in the corresponding period of 2020. The decrease was due to less GFA leased by the Group in the first half of 2021 mainly as a result of the disposal of a commercial project located in Zhongshan city in December 2020.

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 directly attributable to the provision of property management; and (iv) costs in relation to commercial property investment which are directly associated with rental income derived from our investment properties.

During the Period under Review, cost of sales of the Group amounted to RMB630.7 million, representing an increase of 21.3% as compared with RMB520.1 million for the same period of 2020. The increase in cost of sales was primarily due to increase in the aggregate GFA completed and delivered in line with the development of the Group's business.

Gross profit and gross profit margin

During the Period under Review, the Group's gross profit amounted to RMB412.1 million, representing an increase of 1.9% as compared with RMB404.5 million in the corresponding period of 2020. The Group's gross profit margin decreased to 39.5% from 43.7% in the corresponding period of 2020.

During the Period under Review, the Group's gross profit margin from property development and sales decreased by 4.4 percentage points to 40.9% from 45.3% in the corresponding period of 2020. Such decrease was mainly due to change in mix of properties delivered. Analysing based on the gross profit margin by city, major cities including Guangzhou, Qingyuan and Tengchong which attained gross profit margin ranging from approximately 30.2% to 41.9% and together cast a significant influence to overall gross profit margin as the revenue of the three major cities accounted for 81.5% of our total revenue from property development and sales in the first half of 2021.

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 RMB48.3 million, representing an increase of 21.7% as compared with RMB39.7 million in the corresponding period of 2020, accounting for 4.6% of total revenue (1H2020: accounting for 4.3% of total revenue), mainly attributable to the Group's business expansion in the scale of sales and increasing marketing expenses to strengthen its brand influence. The Group will continue to exercise effective control over measures whilst striving to continue with the Group's business expansion.

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 RMB75.8 million, representing an increase of 20.5% as compared with RMB62.9 million in the corresponding period of 2020, accounting for 7.3% of total revenue (1H2020: accounting for 6.8% of total revenue), mainly resulted from the Group's business expansion.

Other income and other expenses

During the Period under Review, our other income primarily represented government grants and forfeited deposits from our customers in relation to the sales of properties. Other expenses primarily represented donations to charitable organisations.

Other gains/(losses) – net

Our other gains/(losses) – net primarily consisted of gains or losses from changes of fair value on investment properties, interest on financial assets at fair value through profit or loss and net foreign exchange gains or losses. The Group's other gains/(losses) – net increased from net losses of RMB9.1 million in the first half of 2020 to net gains of RMB2.4 million in the first half of 2021, mainly attributable to decrease in net foreign exchange losses by RMB10.8 million.

Finance (income)/costs – net

Finance (income)/costs – net comprised mainly interest expenses on bank and other borrowings and leases net of capitalised interest expenses, net exchange losses on foreign currency borrowings and interest income from bank deposits. The Group's finance (income)/costs – net increased from finance costs of RMB0.8 million in the first half of 2020 to finance income of RMB4.4 million in the first half of 2021, mainly due to decrease in interest expenses charged to finance costs by RMB10.9 million.

Share of results of joint ventures

During the Period under Review, the Group's share of losses of joint ventures amounted to RMB3.6 million, as major projects of the joint ventures are in the development stage before contributing profits to the Group.

Share of results of associates

The Group's share of profits of associates decreased from RMB39.6 million in the first half of 2020 to RMB11.9 million in the first half of 2021, mainly caused by less GFA delivered from the associates during the Period under Review.

Income tax expense

Income tax expense increased to RMB153.1 million in the first half of 2021 from RMB134.9 million in the same period of 2020, which was mainly due to increase in land appreciation tax by RMB5.3 million.

Profit for the period

As a result of the aforementioned, profit for the period of the Group decreased from RMB194.1 million for the six months ended 30 June 2020 to RMB168.4 million for the six months ended 30 June 2021, representing a year-on-year decrease of 13.2%. Core net profit amounted to RMB167.5 million, representing a decrease of 13.6% as compared with RMB193.8 million in the corresponding period of 2020. Profit attributable to owners of the Company amounted to RMB170.8 million, representing a decrease of 13.3% as compared with RMB196.9 million in the corresponding period of 2020.

The basic and diluted earnings per share amounted to RMB0.10 (1H2020: RMB0.12).

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, 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 2021, the total cash and bank balances of the Group were RMB2,245.1 million (31 December 2020: RMB2,361.4 million), of which RMB2,137.4 million (31 December 2020: RMB2,037.6 million) was cash and cash equivalents and RMB107.7 million (31 December 2020: RMB323.8 million) was restricted cash.

Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. Such guarantee deposits will only be released after full repayment of relevant borrowings. As at 30 June 2021, the Group had not placed any cash deposits (31 December 2020: RMB197.3 million) with designated banks as security for bank borrowings.

As at 30 June 2021, the Group's undrawn borrowing facilities were approximately RMB1,615.9 million (31 December 2020: RMB1,055.4 million).

Borrowings

As at 30 June 2021, the total interest-bearing bank and other borrowings of the Group were RMB3,172.4 million (as at 31 December 2020: RMB3,111.8 million), of which RMB1,604.0 million (31 December 2020: RMB1,569.0 million) was included in non-current liabilities and RMB1,568.5 million (31 December 2020: RMB1,542.8 million) was included in current liabilities of the Group, respectively.

(a) On 8 February 2021, the Company issued 7.5% senior notes in an aggregate principal amount of US Dollar ("**US$**")155,000,000 in Hong Kong (the "**2021 Notes**"). The issue of the 2021 Notes comprised of the exchange offer of the existing senior notes due 9 March 2021 amounting to US$137,500,000 and completion of concurrent new money issuance amounting to US$17,500,000. The 2021 Notes will mature on 7 February 2022, and are puttable for early redemption at the principal amount at any time prior to 7 February 2022. The 2021 Notes were listed on the Stock Exchange on 9 February 2021.

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

(b) As at 30 June 2021, the Group's borrowings are denominated in following currencies:

	As at 30 June 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
RMB	**1,587,537**	1,550,014
HK$	**587,712**	588,567
US$	**997,195**	973,224
	3,172,444	3,111,805

(c) As at 30 June 2021, bank and other borrowings totalling RMB1,505.5 million (31 December 2020: RMB1,548.0 million) of the Group were secured by the following assets together with the Group's shares of certain subsidiaries:

	As at 30 June 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
Lands	**12,992**	13,263
Property, plant and equipment	**254,880**	260,917
Investment properties	**199,440**	197,902
Properties under development	**1,382,172**	965,675
Completed properties held for sale	**959,177**	927,913
Trade receivables	**2,375**	1,206
Restricted cash	**–**	197,276
	2,811,036	2,564,152

Cost of borrowings

For the six months ended 30 June 2021, total cost of borrowings of the Group amounted to RMB121.0 million, representing a decrease of 4.7% from RMB127.0 million in the corresponding period of 2020, mainly attributable to lower average balance of borrowings during the Period under Review. The Group's annual weighted average effective interest rate for the six months ended 30 June 2021 was 6.87% (1H2020: 6.35%).

Net gearing ratio

As of 30 June 2021, net gearing ratio was maintained at an industry-low level of 20.3%, increased slightly by 3.4 percentage points from 16.9% as of 31 December 2020. The Group will continue to optimise the asset-debt structure and maintain adequate liquidity in the long run.

Net gearing ratio represents the ratio of net debts (total borrowings net of cash and cash equivalents and restricted cash) divided by total equity as of the end of the respective 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 2021, the outstanding guarantees were RMB1,458.0 million (31 December 2020: RMB1,341.6 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The Directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

(2) As at 30 June 2021, the Group had provided guarantees for borrowings of the Group's joint ventures amounting to RMB494.7 million (31 December 2020: RMB422.5 million).

Commitments

As at 30 June 2021, the commitments of the Group for property development expenditure amounted to RMB1,595.7 million (31 December 2020: RMB2,375.2 million).

Currency risks

The Group's businesses are principally conducted in Renminbi ("**RMB**"). As at 30 June 2021, major non-RMB assets and liabilities are cash and cash equivalent 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

As of 30 June 2021, the Group did not have plan for material investments and capital assets.

SIGNIFICANT INVESTMENTS, MAJOR ACQUISITIONS AND DISPOSALS

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

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

Save as disclosed above, the Group did not hold other significant investments in, or conduct material acquisitions and disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2021.

EVENTS AFTER THE PERIOD UNDER REVIEW

No significant events affecting the Group had occurred during the period from 30 June 2021 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 2021 of RMB3.63 cents per ordinary share (equivalent to HK$4.36 cents per ordinary share, which is based on the average middle rate of RMB to HK$ 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 about Friday, 17 September 2021 to the shareholders whose names appear on the register of members of the Company at the close of business on Friday, 10 September 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 8 September 2021 to Friday, 10 September 2021 (both days inclusive), during which period 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 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 no later than 4:30 p.m. on Tuesday, 7 September 2021.

REVIEW OF ACCOUNTS

The Company's audit committee has reviewed the interim results of the Group for the six months ended 30 June 2021.

The interim results of the Group for the six months ended 30 June 2021 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 2021.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct regarding the securities transactions by the Directors. The Model Code was not applicable to the Directors until the shares were listed on the Stock Exchange on the Listing Date. 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 2021.

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 2021.

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 2021 will be despatched to the Shareholders and made available on the above websites in September 2021.

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

Zhuhai, the PRC, 19 August 2021

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

* *For identification purpose only*