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 2022

INTERIM RESULTS AND OPERATIONAL HIGHLIGHTS

- Contracted sales of the Group for the six months ended 30 June 2022 amounted to approximately RMB1,262.0 million, representing a decline of 49.2% as compared to the six months ended 30 June 2021; total contracted sales gross floor area ("**GFA**") was approximately 111,000 sq.m. for the six months ended 30 June 2022, which decreased by 43.7% as compared to the six months ended 30 June 2021.

- Revenue recognised for the six months ended 30 June 2022 was RMB308.2 million, representing a decrease of 70.4% as compared to RMB1,042.8 million for the six months ended 30 June 2021.

- Gross profit for the six months ended 30 June 2022 amounted to RMB61.4 million, representing a decrease of 85.1% as compared to RMB412.1 million for the six months ended 30 June 2021. Gross profit margin decreased to 19.9% from 39.5% during the corresponding period of 2021.

- Loss for the six months ended 30 June 2022 was RMB305.4 million as compared to profit for the six months ended 30 June 2021 of RMB168.4 million. Loss attributable to owners of the Company was RMB185.8 million, as compared to profit attributable to owners of the Company of RMB170.8 million for the six months ended 30 June 2021.

- Basic and diluted loss per share for the six months ended 30 June 2022 was RMB0.11, as compared to basic and diluted earnings per share of RMB0.10 for the six months ended 30 June 2021.

- As at 30 June 2022, net gearing ratio* was maintained at an industry-low level of 61.6%. Cash on hand amounted to RMB1,497.5 million.

- No interim dividend declared for the six months ended 30 June 2022.

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

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 2022 together with the comparative figures for the corresponding period of the preceding financial year as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Six months ended 30 June 2022 Unaudited** *RMB'000*	2021 Unaudited *RMB'000*
Revenue	*2*	**308,168**	1,042,796
Cost of sales	*3*	**(246,753)**	(630,669)
Gross profit		**61,415**	412,127
Selling and marketing expenses	*3*	**(37,769)**	(48,256)
Administrative expenses	*3*	**(55,928)**	(75,760)
Net impairment losses on financial assets		**(2,121)**	(1,779)
Net impairment losses on completed properties held for sale and properties under development		**(276,942)**	–
Other income		**1,798**	20,475
Other expenses		**(10,125)**	(457)
Other (losses)/gains – net	*4*	**(4,440)**	2,378
Operating (loss)/profit		**(324,112)**	308,728
Finance costs	*5*	**(17,228)**	(4,246)
Finance income	*5*	**3,850**	8,655
Finance (costs)/income – net	*5*	**(13,378)**	4,409
Share of profit of investments accounted for using the equity method		**4,008**	8,360
(Loss)/profit before income tax		**(333,482)**	321,497
Income tax expense	*6*	**28,094**	(153,099)
(Loss)/profit for the period		**(305,388)**	168,398
(Loss)/profit attributable to:			
Owners of the Company		**(185,787)**	170,804
Non-controlling interests		**(119,601)**	(2,406)
		(305,388)	168,398

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

	Notes	Six months ended 30 June **2022** **Unaudited** ***RMB'000***	2021 Unaudited *RMB'000*
Other comprehensive (loss)/income for the period			
Item that may be reclassified to profit or loss			
– Currency translation differences		**(61,081)**	5,621
Other comprehensive (loss)/income for the period, net of tax		**(61,081)**	5,621
Total comprehensive (loss)/income for the period		**(366,469)**	174,019
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(246,868)**	176,425
Non-controlling interests		**(119,601)**	(2,406)
		(366,469)	174,019
(Loss)/earnings per share (expressed in RMB per share)			
– Basic and diluted (loss)/earnings per share	*7*	**(0.11)**	0.10

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 2022 Unaudited** ***RMB'000***	As at 31 December 2021 Audited *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**269,718**	288,664
Right-of-use assets		**244,214**	248,953
Investment properties		**276,375**	280,044
Intangible assets		**4,203**	3,232
Other receivables and prepayments	*9*	**11,640**	11,634
Deferred income tax assets		**239,008**	176,033
Investments accounted for using the equity method		**115,239**	140,394
		1,160,397	1,148,954
Current assets			
Inventories		**1,407**	1,656
Contract costs		**87,435**	39,885
Properties under development		**7,850,814**	7,494,460
Completed properties held for sale		**1,519,826**	1,505,612
Trade and other receivables and prepayments	*9*	**1,345,793**	1,299,571
Prepaid taxes		**136,874**	136,467
Restricted cash		**1,038,431**	1,269,375
Cash and cash equivalents		**459,084**	1,030,394
		12,439,664	12,777,420
Total assets		**13,600,061**	13,926,374

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

	Notes	**As at 30 June 2022 Unaudited** *RMB'000*	As at 31 December 2021 Audited *RMB'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital	*10*	**14,746**	14,746
Other reserves		**1,610,302**	1,687,351
Retained earnings		**1,221,943**	1,407,730
		2,846,991	3,109,827
Non-controlling interests		**1,549,411**	1,669,012
Total equity		**4,396,402**	4,778,839
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**225,614**	198,269
Bank and other borrowings		**2,101,674**	2,256,776
Lease liabilities		**58,891**	60,203
		2,386,179	2,515,248
Current liabilities			
Bank and other borrowings		**2,106,149**	2,238,921
Trade and other payables	*11*	**4,312,983**	3,957,452
Lease liabilities		**3,998**	5,551
Current income tax liabilities		**394,350**	430,363
		6,817,480	6,632,287
Total liabilities		**9,203,659**	9,147,535
Total equity and liabilities		**13,600,061**	13,926,374

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 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

(a) Going concern basis

For the six months ended 30 June 2022, the Group's revenue amounted to RMB308 million, representing a decrease of 70% from RMB1,043 million for the six months ended 30 June 2021 and the Group recorded a net loss of RMB305 million. As at 30 June 2022, the Group had total bank and other borrowings of RMB4,208 million, of which RMB2,106 million were current bank and other borrowings repayable within 12 months, while the Group's cash and cash equivalents amounted to RMB459 million.

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

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

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

(i) Certain of the Group's bank and other borrowings are subject to certain financial covenant requirements and the Group will continue to monitor its compliance with these covenant requirements. Should the Group be unable to comply with any covenant requirements, the management of the Group will discuss and negotiate with the respective lenders and will seek to obtain a waiver of compliance with the covenant requirements from the lenders or to agree with the respective lenders to revise the terms and covenant requirements, if needed;

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

(iii) The Group had unutilised uncommitted project loan facilities and general facilities of RMB465 million as at 30 June 2022. The Group will also work with the banks to extend such facilities and to secure new facilities to provide sufficient funding for the Group's project related payments or other operating expenditures. The Directors are of the opinion that such banking facilities will be successfully renewed when they expire;

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

(v) As at 30 June 2022, the Group's restricted cash amounted to RMB1,038 million, which mainly represented the restricted pre-sale proceeds in designated bank accounts and can be used to settle certain construction payables or project loans subject to the approval of the local State-Owned Land and Resource Bureau. The Group will closely monitor the process of construction of its property development projects to ensure that construction and related payments are fulfilled, the relevant properties sold under pre-sale arrangement are completed and delivered to the customers on schedule as planned, such that the Group is able to release restricted cash to meet its other financial obligations; and

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

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2022. In the opinion of the Directors, in light of the above and taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2022. Accordingly, the Directors consider that it is appropriate to prepare the interim condensed consolidated financial information on a going concern basis.

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

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

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

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

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

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

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

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements, except the adoption of new and amended standards and interpretation as described below.

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

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements	Annual Improvements to HKFRS Standards 2018–2020
Accounting Guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

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

(ii) 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 2022 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	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 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate and joint venture	To be determined
Hong Kong Interpretation 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	Applied when an entity applies "Classification of Liabilities as Current or Non-current – Amendments to HKAS 1"

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 2022 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	259,853	–	32,658	19,101	311,612
Recognised at a point in time	259,853	–	–	–	259,853
Recognised over time	–	–	32,658	19,101	51,759
Revenue from other sources: rental income	–	9,796	–	–	9,796
Inter-segment revenue	–	(6,565)	(231)	(6,444)	(13,240)
Revenue from external customers	259,853	3,231	32,427	12,657	308,168
Gross profit	55,262	2,986	1,574	1,593	61,415
Selling and marketing expenses					(37,769)
Administrative expenses					(55,928)
Net impairment losses on financial assets					(2,121)
Net impairment losses on completed properties held for sale and properties under development	(276,942)	–	–	–	(276,942)
Other income					1,798
Other expenses					(10,125)
Other losses – net					(4,440)
Finance costs – net					(13,378)
Share of profit of investments accounted for using the equity method	4,008	–	–	–	4,008
Loss before income tax					(333,482)
Income tax expense					28,094
Loss for the period					(305,388)
Depreciation and amortisation	7,250	–	7,267	137	14,654
Fair value losses on investment properties – net	–	(3,669)	–	–	(3,669)

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 profit of investments accounted for using the equity method	8,360	–	–	–	8,360
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

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 interim condensed consolidated statement of comprehensive income.

The segment assets and liabilities provided to the executive directors for the reportable segments as at 30 June 2022 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	**12,803,067**	**276,375**	**260,798**	**20,813**	**13,361,053**
Segment assets include:					
Investments accounted for using the equity method	**115,239**	**–**	**–**	**–**	**115,239**
Addition to non-current assets (other than financial instruments and deferred income tax assets)	**2,376**	**–**	**621**	**27**	**3,024**
Segment liabilities	**4,299,215**	**30,312**	**17,390**	**28,955**	**4,375,872**

The segment assets and liabilities provided to the executive directors for the reportable segments as at 31 December 2021 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	13,180,743	280,044	279,917	9,637	13,750,341
Segment assets include:					
Investments accounted for using the equity method	140,394	–	–	–	140,394
Addition to non-current assets (other than financial instruments and deferred income tax assets)	5,459	–	1,745	741	7,945
Segment liabilities	3,967,252	7,142	22,615	26,197	4,023,206

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 2022 Unaudited ***RMB'000***	As at 31 December 2021 Audited *RMB'000*
Segment assets	**13,361,053**	13,750,341
Unallocated:		
– Deferred income tax assets	**239,008**	176,033
Total assets	**13,600,061**	13,926,374

(ii) Segment liabilities

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

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

Segment liabilities are reconciled to total liabilities as follows:

	As at 30 June 2022 Unaudited ***RMB'000***	As at 31 December 2021 Audited *RMB'000*
Segment liabilities	**4,375,872**	4,023,206
Unallocated:		
– Current income tax liabilities	**394,350**	430,363
– Deferred income tax liabilities	**225,614**	198,269
– Short-term borrowings and current portion of long-term borrowings	**2,106,149**	2,238,921
– Long-term borrowings	**2,101,674**	2,256,776
Total liabilities	**9,203,659**	9,147,535

3. EXPENSES BY NATURE

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

	Six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Provision for impairment of completed properties held for sale and properties under development	**276,942**	–
Cost of properties sold – including construction cost, land cost and interest cost	**194,271**	565,886
Employee benefit expenses (including directors' emoluments)	**55,036**	80,202
Employee benefit expenditure – including directors' emoluments	**61,663**	89,860
Less: capitalised in properties under development	**(6,627)**	(9,658)
Commission fees	**17,208**	17,194
Hotel operations expenses	**15,014**	17,978
Depreciation and amortisation of intangible assets and right-of-use assets	**14,654**	14,083
Advertising costs	**7,962**	17,853
Entertainment expenses	**6,735**	10,924
Taxes and other levies	**4,698**	9,064
Professional consulting fees	**5,884**	4,905
Property management fees	**5,833**	2,479
Office and travelling expenses	**2,934**	4,060
Auditor's remuneration	**900**	900
Others	**9,321**	9,157
Total	**617,392**	754,685

4. OTHER (LOSSES)/GAINS – NET

	Six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Interest on financial assets at fair value through profit or loss	**49**	2,489
Gains/(losses) on disposals of property, plant and equipment	**8,710**	(14)
Fair value (losses)/gains on investment properties	**(3,669)**	1,188
Net foreign exchange losses	**(9,530)**	(1,285)
	(4,440)	2,378

5. FINANCE COSTS/(INCOME) – NET

	Six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Finance costs		
– Interest expense on bank and other borrowings	**152,715**	120,987
– Interest expense on leases	**1,543**	1,624
Net exchange losses on foreign currency borrowings	**7,434**	1,462
Less:		
– Interest capitalised	**(144,464)**	(119,827)
	17,228	4,246
Finance income		
– Interest income from bank deposits	**(3,850)**	(8,655)
Finance costs/(income) – net	**13,378**	(4,409)

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Current income tax:		
– Corporate income tax	**5,648**	70,485
– Land appreciation tax	**1,888**	67,719
	7,536	138,204
Deferred income tax		
– Corporate income tax	**(35,630)**	14,895
	(28,094)	153,099

(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 2022 (six months ended 30 June 2021: nil).

7. (LOSS)/EARNINGS PER SHARE

(Loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
(Loss)/profit attribute to owners of the Company (RMB'000)	**(185,787)**	170,804
Weighted average number of ordinary shares in issue (in thousand)	**1,646,173**	1,646,173
(Loss)/earnings per share – basic (RMB per share)	**(0.11)**	0.10
(Loss)/earnings per share – diluted (RMB per share)	**(0.11)**	0.10

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

8. DIVIDEND

A final dividend in respect of the year ended 31 December 2021 of RMB0.97 cent per ordinary share, amounting to a total dividend of RMB15,968,000, was declared at the annual general meeting in June 2022 and subsequently paid in July 2022.

The Board has resolved not to declare the payment of interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: an interim dividend totalling RMB59,756,000 was declared).

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2022 Unaudited ***RMB'000***	As at 31 December 2021 Audited *RMB'000*
Included in current assets:		
Trade receivables – third parties *(Note (a))*	**47,819**	69,060
Trade receivables – related parties *(Note (a))*	**3,320**	3,505
Other receivables – third parties *(Note (b))*	**227,350**	166,407
Other receivables – non-controlling interests *(Note (b))*	**514,363**	450,247
Other receivables – related parties *(Note (b))*	**173,455**	68,207
Prepayments for acquisition of land use rights	**342,561**	500,101
Other prepayments	**58,278**	61,270
	1,367,146	1,318,797
Less: non-current portion	**(11,640)**	(11,634)
Less: impairment	**(9,713)**	(7,592)
	1,345,793	1,299,571

As at 30 June 2022 and 31 December 2021, the fair value of trade and other receivables approximated their carrying amounts.

As at 30 June 2022, trade receivables with net book value of RMB8,242,000 (31 December 2021: RMB2,154,000) were pledged as collateral for the Group's bank and other borrowings.

(a) Details of trade receivables are as follows:

	As at 30 June 2022 Unaudited ***RMB'000***	As at 31 December 2021 Audited *RMB'000*
Trade receivables – third parties	**47,819**	69,060
Trade receivables – related parties	**3,320**	3,505
Less: allowance for impairment	**(1,610)**	(1,724)
Trade receivables – net	**49,529**	70,841

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

	As at 30 June 2022 Unaudited *RMB'000*	As at 31 December 2021 Audited *RMB'000*
Within one year	**49,690**	71,678
Over 1 year	**1,449**	887
	51,139	72,565

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 2022 Unaudited *RMB'000*	As at 31 December 2021 Audited *RMB'000*
Deposits for acquisition of land use rights	**156,258**	91,258
Other receivables due from non-controlling interests	**514,363**	450,247
Other receivables due from related parties	**173,455**	68,207
Others	**71,092**	75,149
	915,168	684,861
Less: allowance for impairment	**(8,103)**	(5,868)
Other receivables – net	**907,065**	678,993

10. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Total
Authorised				
As at 30 June 2022 (Unaudited)	2,500,000,000			
Issued and fully paid				
Six months ended 30 June 2022 (Unaudited)				
As at 1 January 2022 and 30 June 2022	1,646,173,000	HK$16,462,000	RMB14,746,000	RMB14,746,000
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

11. TRADE AND OTHER PAYABLES

	As at 30 June 2022 Unaudited ***RMB'000***	As at 31 December 2021 Audited *RMB'000*
Trade payables *(Note (a))*	**778,560**	902,718
Notes payable	**96,664**	184,247
Amounts due to non-controlling interests and their related parties	**609,233**	945,212
Amounts due to a related party	**19,939**	–
Outstanding consideration payables for acquisitions	**35,195**	35,195
Contract liabilities	**2,334,017**	1,565,203
Deposits payables	**62,996**	39,041
Accrued expenses	**32,716**	53,539
Salaries payable	**7,017**	16,115
Other taxes payable	**187,689**	133,457
Interest payable	**9,664**	9,234
Dividends payable	**15,968**	–
Other payables	**123,325**	73,491
	4,312,983	3,957,452

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

	As at 30 June 2022 Unaudited ***RMB'000***	As at 31 December 2021 Audited *RMB'000*
Within 90 days	**261,647**	460,983
Over 90 days and within 365 days	**412,852**	332,455
Over 365 days	**104,061**	109,280
	778,560	902,718

CHAIRMAN'S STATEMENT

Dear Shareholders,

I wish 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 2022 (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 RMB1,262.0 million, representing a year-on-year decrease of 49.2% as compared with RMB2,486.4 million for the six months ended 30 June 2021. The contracted sales GFA was approximately 111,000 sq.m., representing a year-on-year decrease of 43.7% as compared to approximately 197,000 sq.m. for the six months ended 30 June 2021.

During the Period under Review, the Group's recognised revenue was RMB308.2 million, representing a year-on-year decrease of 70.4%. Loss for the period was RMB305.4 million, as compared to profit for the six months ended 30 June 2021 of RMB168.4 million. Loss attributable to owners of the Company was RMB185.8 million, as compared to profit attributable to owners of the Company of RMB170.8 million for the same period of 2021.

As at 30 June 2022, the Group had a total of 38 property projects in 12 cities. 35 of these properties were developed and owned by the Group, and 3 were developed by the Group's joint ventures and associates. As at 30 June 2022, the Group had a land bank of approximately 4 million sq.m. in Guangdong, Hunan, Jiangsu, Yunnan and Hainan on an attributable basis.

The Board has resolved not to declare payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB3.63 cents per share (equivalent to HK$4.36 cents per share)).

BUSINESS REVIEW FOR THE FIRST HALF OF 2022

Forward-looking and accurate market positioning, enabling the Group's projects to break through against the trend

Under the keynote of "houses are for living in, not for speculation", the central government of the PRC has successively issued policies in finance, land, market supervision, etc., while local governments have also made strict regulation continuously for long-term development. The real estate industry is undergoing profound changes. Affected by the overall downturn of the global economy and the market, the Group's performance fell short of expectations in the first half of 2022 while outperformed our peers. Thanks to some of our projects with forward-looking and accurate market positioning, which have been recognised by the market and boosted our overall sales performance, we achieved a breakthrough against the trend.

Guangzhou JY Uniworld is a key project of the Group in core area of the Greater Bay Area and has been well recognised by the market for its convenient transportation, complete supporting facilities and ingenious quality. In the first half of 2022, despite the downturn in the market, Guangzhou JY Uniworld has made breakthrough against the trend and become a popular property in eastern Guangzhou, demonstrating that sound positioning and quality stand the test of market.

Maintaining a stable financial position by optimising organizational structure, cost reduction and enhancing efficiency

Under the severe market conditions, the Group adjusted its organizational structure. The Group improved its work-to-person ratio and reduced corporate costs by optimising its operational structure and reducing personnel, with an aim to drive steady development with efficiency.

The Group going all out to guarantee delivery and fulfill commitments

In the first half of 2022, despite the severe control due to pandemic, the Group ensured the delivery of three projects (i.e. Yingde Grand Garden, Zhaoqing Uniworld and Yunnan Gaoligong Town) as scheduled by 30 June 2022 through managing construction progress, maintaining sound reserve fund for construction and actively deploying the delivery work.

The Group strictly implemented the standardization of project quality, and conducted repeated inspections through 10 key processes, 71 inspections and 165 risk control. Through individual inspection model and making commitments to solve all problems found, the Group delivered the houses in high-quality condition, demonstrating the brand strengths of the Group.

Achieving both revenue and brand enhancement in property management business

In the first half of 2022, the property management system implemented information systematization to improve the efficiency of property services. By continuously improving the efficiency of information processing and improving the overall service level, Zhuodu Property achieved a good brand reputation in the first half of 2022, with record high customer satisfaction and a steady improvement in reputation in terms of safety service, engineering service and environmental service, etc. Meanwhile, the Group completed the delivery of three projects (i.e. Yingde Grand Garden, Zhaoqing Uniworld and Yunnan Gaoligong Town). The whole process of inspection and delivery reflected the sound service of Zhuodu Property, thus enhancing customer satisfaction and establishing the brand reputation of Zhuodu Property.

One more resort being launched under the hotel brand, which strengthened the Group's diversified strategic layout

The Just Stay Maofengshan Cultural Tourism Resort (卓思道帽峰山文旅度假酒店) of the Group obtained the operating license in the first half of 2022 and successfully completed the preparation and construction. It is currently in the trial operation stage. Maofengshan Cultural Tourism Resort is a key ecological area planned by the Guangzhou Municipal Government as a forest health homestay development area in Guangzhou. It is a demonstration model for the Group to explore rural revitalization, and in the future, it will be built into a popular tourist resort hotel in the Greater Bay Area.

Significant progress in the urban renewal business

The Zhujiang Village Redevelopment Project (珠江村舊改項目) under the urban renewal business is listed in the "Guangzhou City 2022 Urban Renewal Project Implementation Plan", and significant progress has been made in the promotion and implementation of Zhujiang Village's redevelopment. The Group will rely on its product advantages of "eco-friendly and people-oriented property" as its driving force, and aims at building the Zhujiang Village project into a waterway behind Zhujiang, a riverside high-end humanistic community that inherits Lingnan culture and innovates with high-quality craftsmanship.

Summary

Facing the severe external situation and the impact of the epidemic, the Group has conducted a comprehensive review of existing projects focusing on the start of construction and sales, business improvement, asset activation, cash flow management and other aspects, to maintain the stable operation of the Company.

During the Period under Review, the Group's cash flow remained stable and various operations were carried out in an orderly manner.

STRATEGIES AND PROSPECTS FOR THE SECOND HALF OF 2022

Under the keynote of "houses are for living in, not for speculation", the central government and various ministries and commissions continued to release positive signals for maintaining stability, and local governments implemented city-specific policies to support the demand for rigid and improved housing. Meanwhile, the government is actively promoting the "guarantee of property delivery" and providing financial support to bail out real estate companies. It is expected that the credit environment will continue to improve.

As the real estate market enters the era of stock, real estate companies have shifted their focus from high-speed growth to high-quality development and high-quality growth, making refined and differentiated operations the key. Real estate companies with stable finances, excellent product capabilities and strong operational management and control capabilities will gain more market opportunities. The Group will adhere to a prudent and steady development approach in selecting business strategies. In the core areas of core cities, the Group will consolidate and guarantee the advancement of high-quality projects; In terms of urban renewal, construction of the Zhujiang Village project located in the Binjiang Business District, a core area along the Financial City of Guangzhou, will be actively promoted, which will be a high-quality business growth point for the Group's urban development and will help boost the sustainable development of this development business.

Looking forward to the future, the Group will further optimise and improve its business strategy, make better macroeconomic analysis and judgments, closely focus on the adaptation needs of customers at the market level, and make predictions to facilitate the stable development of operations. In the face of market uncertainty, the Group will strengthen risk control and contingency planning.

In terms of finance, the Group will adhere to a stable strategy, strengthen cost efficiency control, reduce the Group's operating costs, enhance cash flow management, and focus on ensuring delivery and completion filing, so as to achieve the operating effectiveness of reducing costs and increasing efficiency.

At the same time, focusing on the operation quality of core urban assets, the Group will improve its product competitiveness, service capacity and sales power, ensure high-quality project delivery, establish a good brand reputation, and drive stable operation with excellent quality.

The Group has always been upholding the concept of developing "eco-friendly and people-oriented property". Looking into the future, it will focus on prime cities, and be more determined to gain premium capability with high-quality and high-value-added works, thereby fulfilling the development strategy of JY Grandmark for stable operation, and creating greater value for the Shareholders.

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

Guangzhou, the PRC, 31 August 2022

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 RMB1,262.0 million, representing a decrease of 49.2% as compared to RMB2,486.4 million for the six months ended 30 June 2021. The total contracted sales GFA was approximately 111,000 sq.m., representing a decrease of 43.7% as compared to approximately 197,000 sq.m. for the six months ended 30 June 2021.

During the Period under Review, the Group's recognised revenue was RMB308.2 million, representing a year-on-year decrease of 70.4% as compared to RMB1,042.8 million in the corresponding period of 2021. The operating loss was RMB324.1 million, as compared to operating profit of RMB308.7 million in the first half of 2021. Loss for the period was RMB305.4 million, as compared to profit for the six months ended 30 June 2021 of RMB168.4 million.

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 RMB308.2 million (1H2021: RMB1,042.8 million), representing a year-on-year decrease of 70.4%.

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 RMB259.9 million, representing a decrease of 73.8% from RMB992.4 million for the same period of 2021, accounting for 84.3% of the Group's total revenue. The decrease in revenue recognised was primarily due to decline in the aggregate GFA completed and delivered. Recognised average selling price was RMB7,113 per sq.m. during the Period under Review (1H2021: RMB8,864 per sq.m.).

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 2022 and 2021.

	Six months ended 30 June 2022				Six months ended 30 June 2021			
City	**Recognised revenue from sales of properties** *RMB'000*	**% of recognised revenue from sales 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 sales of properties *%*	Total GFA delivered *sq.m.*	Recognised average selling price *RMB/sq.m.*
Guangzhou	**32,573**	**12.4%**	**1,910**	**17,054**	120,307	12.1%	7,180	16,756
Zhaoqing	**74,220**	**28.6%**	**9,517**	**7,799**	7,761	0.8%	434	17,882
Qingyuan	**60,040**	**23.1%**	**11,393**	**5,270**	303,239	30.6%	53,294	5,690
Lingshui	**–**	**–**	**–**	**–**	17,361	1.7%	642	27,040
Lingao	**32,875**	**12.7%**	**5,187**	**6,338**	47,316	4.8%	6,602	7,167
Tengchong	**23,259**	**9.0%**	**1,794**	**12,965**	385,297	38.8%	26,958	14,293
Zhuzhou	**25,303**	**9.7%**	**5,105**	**4,957**	54,201	5.5%	10,427	5,198
Others *(Note)*	**11,584**	**4.5%**	**N/A**	**N/A**	56,953	5.7%	N/A	N/A
Total/overall	**259,854**	**100.0%**	**34,906**	**7,113**	992,435	100.0%	105,537	8,864

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 RMB32.4 million, which decreased by 6.1% from RMB34.5 million for the same period of 2021. The slight decrease was primarily due to sporadic outbreak of COVID-19 pandemic and the corresponding lockdown policy implemented in Guangzhou.

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 RMB12.7 million, representing an increase of 19.8% as compared with RMB10.6 million for the same period of 2021, 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 RMB3.2 million, representing a decrease of 38.5% as compared with RMB5.2 million in the corresponding period of 2021. The decrease was due to less GFA leased by the Group in the first half of 2022.

Cost of sales

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

During the Period under Review, cost of sales of the Group amounted to RMB246.8 million, representing a decrease of 60.9% as compared with RMB630.7 million for the same period of 2021. The decrease in cost of sales was primarily due to decline in the aggregate GFA completed and delivered.

Gross profit and gross profit margin

During the Period under Review, the Group's gross profit amounted to RMB61.4 million, representing a decrease of 85.1% as compared with RMB412.1 million in the corresponding period of 2021. The Group's gross profit margin decreased to 19.9% from 39.5% for the same period of 2021.

During the Period under Review, the Group's gross profit margin from our property development and sales decreased to 21.3% from 40.9% in the corresponding period of 2021. Such decrease was largely resulted from lower recognised average selling price as well as the increase in average land costs. The properties delivered in the first half of 2022 were mainly residential properties that cater for the need of first home buyers in cities such as Qingyuan and Zhaoqing, of which the average selling price was relatively lower. Selling price of certain existing projects were also adjusted to accelerate the pace of sales. In the meanwhile, the average land costs of properties delivered in the first half of 2022 increased to RMB1,668 per sq.m. from RMB824 per sq.m. for the same period of 2021.

Analysing based on the gross profit margin by city, top three cities ranked by revenue including Zhaoqing, Qingyuan and Lingao which attained an average gross profit margin of approximately 18.9%, and the revenue of these three cities accounted for 64.4% of our total revenue from property development and sales during the Period under Review.

Selling and marketing expenses

Our selling and marketing expenses consist primarily of advertising costs, commission fees, employee benefit expenses and other miscellaneous expenses. During the Period under Review, selling and marketing expenses of the Group amounted to RMB37.8 million, representing a decrease of 21.7% as compared with RMB48.3 million in the same period of 2021, accounting for 12.3% of total revenue (1H2021: accounting for 4.6% of total revenue). The decrease was mainly attributable to the efforts on relevant cost control measures over marketing expenses throughout the period.

Administrative expenses

Administrative expenses primarily comprised of employee benefit expenses, entertainment expenses for our business, office expenses, travelling expenses and other miscellaneous expenses. During the Period under Review, the Group's administrative expenses amounted to RMB55.9 million, representing a decrease by 26.3% as compared with RMB75.8 million in the corresponding period of 2021, accounting for 18.1% of total revenue (1H2021: accounting for 7.3% of total revenue). The decrease was primarily resulted from continuous cost control measures imposed.

Other (losses)/gains – net

During the Period under Review, our other (losses)/gains – net primarily consisted of fair value gains or losses on investment properties, gains or losses on disposals of property, plant and equipment, 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 changed from gains of RMB2.4 million in the first half of 2021 to loss of RMB4.4 million in the first half of 2022, mainly attributable to the increase in net foreign exchange losses by RMB8.2 million and increase in fair value losses on investment properties by RMB4.9 million, which was partially offset by the increase in gains on disposals of property, plant and equipment by RMB8.7 million.

Finance costs/(income) – net

Finance costs/(income) – net comprised mainly interest expenses on bank borrowings, senior notes and leases net of capitalised interest expenses, net exchange gains or losses on foreign currency borrowings and interest income from bank deposits. The Group's finance costs/(income) – net changed from finance income of RMB4.4 million in the first half of 2021 to finance costs of RMB13.4 million in the first half of 2022, mainly due to the increase in interest expenses charged to finance costs by RMB7.0 million, as well as increase in net exchange losses on foreign currency borrowings by RMB6.0 million.

Share of profit of investments accounted for using the equity method

The Group's share of profit of investments accounted for using the equity method decreased from RMB8.4 million in the first half of 2021 to RMB4.0 million in the first half of 2022, mainly caused by less GFA delivered from the Group's associate during the Period under Review.

Income tax expense

Income tax expense changed from tax expense of RMB153.1 million in the first half of 2021 to tax credit of RMB28.1 million in the same period of 2022, mainly due to the loss position for the six months ended 30 June 2022.

(Loss)/profit for the period

As a result of the aforementioned, the Group recorded a net loss of RMB305.4 million for the six months ended 30 June 2022, as compared to a net profit of RMB168.4 million for the six months ended 30 June 2021. Loss attributable to owners of the Company amounted to RMB185.8 million, as compared to profit attributable to owners of the Company amounted to RMB170.8 million in the corresponding period of 2021.

Basic and diluted loss per share for the Period under Review was RMB0.11, as compared to basic and diluted earnings per share of RMB0.10 for the six months ended 30 June 2021.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

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

Cash positions and fund available

As at 30 June 2022, the total cash and bank balances of the Group were RMB1,497.5 million (31 December 2021: RMB2,299.8 million), of which RMB459.1 million (31 December 2021: RMB1,030.4 million) was cash and cash equivalents and RMB1,038.4 million (31 December 2021: RMB1,269.4 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 2022, the Group had placed cash deposits of approximately RMB96.0 million (31 December 2021: RMB70.0 million) with designated banks as security for bank borrowings.

As at 30 June 2022, the Group’s undrawn borrowing facilities were approximately RMB465.2 million (31 December 2021: RMB782.7 million).

Borrowings

As at 30 June 2022, the total interest-bearing bank borrowings and senior notes of the Group were RMB4,207.8 million (31 December 2021: RMB4,495.7 million), of which RMB2,101.7 million (31 December 2021: RMB2,256.8 million) was included in non-current liabilities and RMB2,106.1 million (31 December 2021: RMB2,238.9 million) was included in current liabilities of the Group, respectively.

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

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

(b) As at 30 June 2022, the Group's borrowings are denominated in following currencies:

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
RMB	**2,702,043**	2,960,725
HK$	**463,581**	523,363
US$	**1,042,199**	1,011,609
	4,207,823	4,495,697

(c) As at 30 June 2022, bank borrowings totalling RMB2,624.0 million (31 December 2021: RMB2,881.7 million) of the Group were secured by the following assets together with the Group's shares of certain subsidiaries:

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
Lands	**12,448**	12,720
Property, plant and equipment	**242,854**	248,843
Investment properties	**182,365**	179,484
Properties under development	**2,121,115**	2,328,613
Completed properties held for sale	**584,776**	623,748
Trade receivables	**8,242**	2,154
Restricted cash	**96,000**	70,000
	3,247,800	3,465,562

Cost of borrowings

For the six months ended 30 June 2022, total cost of borrowings of the Group amounted to RMB152.7 million, representing an increase of 26.2% from RMB121.0 million in the corresponding period of 2021, mainly attributable to higher average balance of borrowings during the Period under Review. The Group's annual weighted average effective interest rate decreased by 31 basis points from 6.87% in the first half of 2021 to 6.56% in the same period of 2022.

Net gearing ratio

As at 30 June 2022, net gearing ratio was maintained at an industry-low level of 61.6%. 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 at the end of the reporting period.

Contingent liabilities

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate, which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

    As at 30 June 2022, the outstanding guarantees were RMB2,047.1 million (31 December 2021: RMB1,636.6 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The Directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

(b) As at 30 June 2022, the Group had provided guarantees for borrowings of the Group's joint venture amounting to RMB387.5 million (31 December 2021: RMB387.5 million).

Commitments

As at 30 June 2022, the commitments of the Group for property development expenditure amounted to RMB1,420.9 million (31 December 2021: RMB1,984.2 million).

Currency risks

The Group's businesses are principally conducted in Renminbi ("**RMB**"). The monetary assets and liabilities of the Group's subsidiaries in the PRC are mainly denominated in RMB and the foreign exchange risk is immaterial. The non-PRC subsidiaries' functional currency is HK Dollar ("**HK$**"). As at 30 June 2022, major non-HK$ assets and liabilities of the non-PRC subsidiaries are cash and cash equivalents and borrowings, which are denominated in RMB or US Dollar ("**US$**"). Fluctuation of the exchange rate of HK$ against RMB or US$ could affect the Group's results of operations.

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2022, the Group did not have 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.

EVENTS AFTER THE PERIOD UNDER REVIEW

No significant events affecting the Group had occurred during the period from 30 June 2022 to the date of this announcement.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of interim dividend for the six months ended 30 June 2022.

REVIEW OF ACCOUNTS

The Company's audit committee has reviewed the interim results of the Group for the six months ended 30 June 2022.

The interim results of the Group for the six months ended 30 June 2022 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 (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 2022.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct regarding the securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the six months ended 30 June 2022.

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 2022.

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 2022 will be despatched to the Shareholders and made available on the above websites in September 2022.

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

Guangzhou, the PRC, 31 August 2022

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