Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2023

INTERIM RESULTS AND OPERATIONAL HIGHLIGHTS

- Contracted sales of the Group for the six months ended 30 June 2023 amounted to approximately RMB905.1 million, representing a decrease of 28.3% as compared to the six months ended 30 June 2022; total contracted sales gross floor area ("**GFA**") was approximately 93,000 sq.m. for the six months ended 30 June 2023, which decreased by 16.2% as compared to the six months ended 30 June 2022.

- Revenue recognised for the six months ended 30 June 2023 was RMB325.8 million, representing an increase of 5.7% as compared to RMB308.2 million for the six months ended 30 June 2022.

- Gross profit before impairment losses on completed properties held for sale and properties under development for the six months ended 30 June 2023 amounted to RMB48.8 million, representing a decrease of 20.5% as compared to RMB61.4 million for the six months ended 30 June 2022. Gross profit margin before impairment losses on completed properties held for sale and properties under development decreased to 15.0% from 19.9% during the corresponding period of 2022.

- Loss for the six months ended 30 June 2023 was RMB421.5 million, as compared to loss for the six months ended 30 June 2022 of RMB305.4 million. Loss attributable to owners of the Company was RMB377.3 million, as compared to loss attributable to owners of the Company of RMB185.8 million for the six months ended 30 June 2022.

- Basic and diluted loss per share for the six months ended 30 June 2023 was RMB0.23, as compared to basic and diluted loss per share of RMB0.11 for the six months ended 30 June 2022.

- As at 30 June 2023, net gearing ratio* was 84.8%. Cash and bank balances amounted to RMB718.0 million.

- Total borrowings was RMB3,470.7 million, and the weighted average effective interest rate was 8.02% per annum.

- No interim dividend declared for the six months ended 30 June 2023.

* 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 2023 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	
	Notes	**2023**	2022
		Unaudited	Unaudited
		RMB'000	*RMB'000*
Revenue	*2*	**325,841**	308,168
Cost of sales	*3*	**(277,018)**	(246,753)
Gross profit before impairment losses on completed properties held for sale and properties under development		**48,823**	61,415
Net impairment losses on completed properties held for sale and properties under development	*3*	**(341,524)**	(276,942)
Gross loss after impairment losses on completed properties held for sale and properties under development		**(292,701)**	(215,527)
Selling and marketing expenses	*3*	**(31,746)**	(37,769)
Administrative expenses	*3*	**(40,548)**	(55,928)
Net impairment reversal/(losses) on financial assets		**23,419**	(2,121)
Other income		**8,755**	1,798
Other expenses		**(139)**	(10,125)
Other losses – net	*4*	**(27,590)**	(4,440)
Operating loss		**(360,550)**	(324,112)
Finance costs	*5*	**(15,717)**	(17,228)
Finance income	*5*	**2,514**	3,850
Finance costs – net	*5*	**(13,203)**	(13,378)
Share of (loss)/profit of investments accounted for using the equity method		**(7,550)**	4,008
Loss before income tax		**(381,303)**	(333,482)
Income tax expense	*6*	**(40,169)**	28,094
Loss for the period		**(421,472)**	(305,388)
Loss attributable to:			
Owners of the Company		**(377,280)**	(185,787)
Non-controlling interests		**(44,192)**	(119,601)
		(421,472)	(305,388)

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

	Notes	**Six months ended 30 June**	
		2023	2022
		Unaudited	Unaudited
		RMB'000	*RMB'000*
Other comprehensive loss for the period			
Item that may be reclassified to profit or loss			
– Currency translation differences		**(51,513)**	(61,081)
Other comprehensive loss for the period, net of tax		**(51,513)**	(61,081)
Total comprehensive loss for the period		**(472,985)**	(366,469)
Total comprehensive loss attributable to:			
Owners of the Company		**(428,793)**	(246,868)
Non-controlling interests		**(44,192)**	(119,601)
		(472,985)	(366,469)
Loss per share (expressed in RMB per share)			
– Basic and diluted loss per share	*7*	**(0.23)**	(0.11)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2023 Unaudited** ***RMB'000***	As at 31 December 2022 Audited *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**277,155**	285,510
Right-of-use assets		**212,683**	214,143
Investment properties		**227,260**	264,124
Intangible assets		**3,213**	3,748
Other receivables	*9*	**11,554**	11,563
Deferred income tax assets		**344,957**	349,805
Investments accounted for using the equity method		**328**	43,671
		1,077,150	1,172,564
Current assets			
Inventories		**921**	1,173
Contract costs		**130,402**	120,468
Properties under development		**7,197,531**	7,330,809
Completed properties held for sale		**1,250,129**	1,347,186
Trade and other receivables and prepayments	*9*	**1,397,598**	1,481,623
Prepaid taxes		**151,860**	148,781
Restricted cash		**526,248**	697,625
Cash and cash equivalents		**191,714**	187,025
		10,846,403	11,314,690
Assets classified as held for sale		**35,793**	–
		10,882,196	11,314,690
Total assets		**11,959,346**	12,487,254

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

	Notes	**As at 30 June 2023 Unaudited** *RMB'000*	As at 31 December 2022 Audited *RMB'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital	*10*	**14,746**	14,746
Other reserves		**1,495,470**	1,546,983
Retained earnings		**308,101**	685,381
		1,818,317	2,247,110
Non-controlling interests		**1,426,721**	1,470,913
Total equity		**3,245,038**	3,718,023
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**229,242**	200,280
Bank and other borrowings		**767,675**	1,831,420
Lease liabilities		**67,502**	58,073
		1,064,419	2,089,773
Current liabilities			
Bank and other borrowings		**2,702,983**	1,797,073
Trade and other payables	*11*	**1,430,430**	1,647,784
Contract liabilities		**3,126,315**	2,837,108
Lease liabilities		**5,573**	4,186
Current income tax liabilities		**384,588**	393,307
		7,649,889	6,679,458
Total liabilities		**8,714,308**	8,769,231
Total equity and liabilities		**11,959,346**	12,487,254

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 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

(a) Going concern basis

For the six months ended 30 June 2023, the Group recorded a net loss of RMB421 million. As at 30 June 2023, the Group had total bank and other borrowings of RMB3,471 million, of which RMB2,703 million were current bank and other borrowings repayable within 12 months, while the Group's cash and cash equivalents amounted to RMB192 million.

The Group did not fulfill one of the financial covenants as required by the agreement of a syndicated loan (the "**Syndicated Loan**") amounting to RMB475 million as at 30 June 2023, which constituted an event of default and resulted in the Syndicated Loan becoming immediately repayable if requested by the lenders. Consequently, the non-current portion of the Syndicated Loan amounting to RMB387 million with the original contractual repayment dates beyond 30 June 2024 was reclassified and presented as current liabilities.

Due to the slow down of Mainland China property market in first half of 2023, the Group's operations had experienced a decline in the business of property development and sales. The pre-sales and sales volumes, amounts and collection of pre-sale and sales proceeds continue to decrease which failed to meet management's expectation for the six months ended 30 June 2023.

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) Subsequent to 30 June 2023, the Group successfully obtained written waiver from the lenders of the Syndicated Loan to waive the requirement from compliance with the relevant financial covenant for the year ending 31 December 2023. The Group will continue to monitor its compliance with these covenant requirements before the expiry, which is 29 December 2025, of the Syndicated Loan. Should the Group be unable to comply with any covenant requirements, management of the Group will discuss and negotiate with the respective lenders and will seek to obtain a waiver of compliance with the covenant requirements from the lenders or to agree with the respective lenders to revise the terms and covenant requirements, if needed;

(ii) In January 2023, the Group successfully exchanged its senior notes with an aggregate principal amount of US$152 million (equivalent to RMB1,024 million) due on 26 January 2023 with a newly issued senior note of the same amount due on 11 January 2024 (the "**New Senior Notes**"). The Group will closely monitor its liquidity position to satisfy the repayment of the New Senior Notes by the due date and will also negotiate with the lenders to seek their agreement for further extended maturity, if needed;

(iii) The Group had unutilised uncommitted project loan facilities of RMB256 million as at 30 June 2023. The Group will also negotiate with the banks to extend such facilities and to secure new facilities to provide sufficient funding for the Group's project related payments or other operating expenditures. The Directors are of the opinion that such banking facilities will be successfully renewed when they expire;

(iv) The Group will continue to actively adjust pre-sales and sales activities to better respond to market needs, and make efforts to achieve the latest budgeted pre-sales and sales volumes and amounts. The Group will also 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 2023, the Group's restricted cash amounted to RMB526 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, so that the Group is able to release restricted cash to meet its other financial obligations; and

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

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2023. In the opinion of the Directors, in light of the above and taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2023. 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 the terms and conditions of the bank and other borrowings and, where applicable, successful negotiation with the lenders to obtain wavier or to revise the terms and conditions of the borrowings for the continuous compliance thereof as and when needed;

(ii) Successful and timely extension and renewal of its banking facilities and its bank and other borrowings, including project loans and the Group's senior notes, upon maturity as well as obtaining new financing from financial institutions; in particular the successful negotiation with the lenders to secure their agreement to exchange the Group's New Senior Notes maturing in January 2024 with new senior notes with further extended maturity. The Group's ability to obtain these financing depends on (1) current and ongoing regulatory environments and how the relevant policies and measures might affect the Group and/or the relevant financial institutions; (2) whether the lenders of existing borrowings agree the terms and conditions for such extension or renewal; and (3) the Group's ability to continuously comply with the relevant terms and conditions of its bank and other borrowings including the senior notes;

(iii) Successfully adjust pre-sales and sales activities to achieve budgeted pre-sales and sales volumes and amounts, and 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 2022, 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

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

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 2023 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 2024 by the HKICPA
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKFRS 16	Lease liability in sale and leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)	1 January 2024
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"

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 2023 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	271,420	–	35,671	20,674	327,765
Recognised at a point in time	271,420	–	–	–	271,420
Recognised over time	–	–	35,671	20,674	56,345
Revenue from other sources: rental income	–	7,230	–	–	7,230
Inter-segment revenue	–	(4,038)	(82)	(5,034)	(9,154)
Revenue from external customers	271,420	3,192	35,589	15,640	325,841
Gross profit/(loss) before impairment losses on completed properties held for sale and properties under development	46,892	3,019	(1,509)	421	48,823
Net impairment losses on completed properties held for sale and properties under development	(341,524)	–	–	–	(341,524)
Gross (loss)/profit after impairment losses on completed properties held for sale and properties under development	(294,632)	3,019	(1,509)	421	(292,701)
Selling and marketing expenses					(31,746)
Administrative expenses					(40,548)
Net impairment reversal on financial assets					23,419
Other income					8,755
Other expenses					(139)
Other losses – net					(27,590)
Finance costs – net					(13,203)
Share of loss of investments accounted for using the equity method	(7,550)	–	–	–	(7,550)
Loss before income tax					(381,303)
Income tax expense					(40,169)
Loss for the period					(421,472)
Depreciation and amortisation recognised as expenses	7,373	–	6,965	126	14,464
Fair value losses on investment properties – net	–	(3,977)	–	–	(3,977)

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 before impairment losses on completed properties held for sale and properties under development	55,262	2,986	1,574	1,593	61,415
Net impairment losses on completed properties held for sale and properties under development	(276,942)	–	–	–	(276,942)
Gross (loss)/profit after impairment losses on completed properties held for sale and properties under development	(221,680)	2,986	1,574	1,593	(215,527)
Selling and marketing expenses					(37,769)
Administrative expenses					(55,928)
Net impairment losses on financial assets					(2,121)
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 recognised as expenses	7,250	–	7,267	137	14,654
Fair value losses on investment properties – net	–	(3,669)	–	–	(3,669)

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 2023 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	**11,130,925**	**227,260**	**244,672**	**11,532**	**11,614,389**
Segment assets include:					
Investments accounted for using the equity method	**328**	**–**	**–**	**–**	**328**
Addition to non-current assets (other than financial assets and deferred income tax assets)	**15,635**	**–**	**430**	**19**	**16,084**
Segment liabilities	**4,574,094**	**1,229**	**19,410**	**35,087**	**4,629,820**

The segment assets and liabilities provided to the executive directors for the reportable segments as at 31 December 2022 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	11,607,873	264,124	252,525	12,927	12,137,449
Segment assets include:					
Investments accounted for using the equity method	43,671	–	–	–	43,671
Addition to non-current assets (other than financial assets and deferred income tax assets)	2,448	–	26,055	70	28,573
Segment liabilities	4,472,569	21,021	19,145	34,416	4,547,151

For the six months ended 30 June 2023 and 2022, no single external customer's transaction generated revenue accounting for 10% or more of the Group's total revenue.

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 2023 Unaudited ***RMB'000***	As at 31 December 2022 Audited *RMB'000*
Segment assets	**11,614,389**	12,137,449
Unallocated:		
– Deferred income tax assets	**344,957**	349,805
Total assets	**11,959,346**	12,487,254

(ii) Segment liabilities

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

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

Segment liabilities are reconciled to total liabilities as follows:

	As at 30 June 2023 Unaudited ***RMB'000***	As at 31 December 2022 Audited *RMB'000*
Segment liabilities	**4,629,820**	4,547,151
Unallocated:		
– Current income tax liabilities	**384,588**	393,307
– Deferred income tax liabilities	**229,242**	200,280
– Short-term borrowings and current portion of long-term borrowings	**2,702,983**	1,797,073
– Long-term borrowings	**767,675**	1,831,420
Total liabilities	**8,714,308**	8,769,231

3. EXPENSES BY NATURE

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

	Six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Net impairment losses on completed properties held for sale and properties under development	**341,524**	276,942
Cost of properties sold – including construction cost, land cost and interest cost	**224,431**	194,271
Employee benefit expenses (including directors' emoluments)	**42,927**	55,036
Employee benefit expenditure – including directors' emoluments	**49,481**	61,663
Less: capitalised in properties under development	**(6,554)**	(6,627)
Commission fees	**14,082**	17,208
Hotel operations expenses	**16,381**	15,014
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	**14,464**	14,654
Advertising costs	**10,212**	7,962
Entertainment expenses	**3,738**	6,735
Taxes and other levies	**5,566**	4,698
Professional consulting fees	**1,232**	5,884
Office and travelling expenses	**2,159**	2,934
Auditor's remuneration	**900**	900
Others	**13,220**	15,154
Total	**690,836**	617,392

4. OTHER LOSSES – NET

	Six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Interest on financial assets at fair value through profit or loss	**11**	49
(Losses)/gains on disposals of investment properties and property, plant and equipment	**(16,053)**	8,710
Fair value losses on investment properties	**(3,977)**	(3,669)
Net impairment losses on right-of-use assets	**(8,584)**	–
Gains on termination of leases	**627**	–
Net foreign exchange gains/(losses)	**386**	(9,530)
	(27,590)	(4,440)

5. FINANCE COSTS – NET

	Six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Finance costs		
– Interest expense on bank and other borrowings	**158,291**	152,715
– Interest expense on leases	**1,516**	1,543
– Net exchange losses on foreign currency borrowings	**907**	7,434
Less:		
– Interest capitalised	**(144,997)**	(144,464)
	15,717	17,228
Finance income		
– Interest income from bank deposits	**(2,514)**	(3,850)
Finance costs – net	**13,203**	13,378

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Current income tax		
– Corporate income tax	**5,607**	5,648
– Land appreciation tax	**752**	1,888
	6,359	7,536
Deferred income tax		
– Corporate income tax	**33,810**	(35,630)
	40,169	(28,094)

(a) PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to the Group's entities located in Mainland China is 25%.

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate can be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for the undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings out of the Mainland China in the foreseeable future.

(b) PRC land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate, except for certain group companies which calculate the LAT based on deemed tax rates in accordance with the approved taxation method obtained from tax authorities.

(c) Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries in the British Virgin Islands were incorporated under the BVI Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

(d) Hong Kong profits tax

No provision for Hong Kong profits tax has been made in this interim condensed consolidated financial information as the Group's companies did not have assessable profit in Hong Kong for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

7. LOSS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
Loss attribute to owners of the Company (RMB'000)	**(377,280)**	(185,787)
Weighted average number of ordinary shares in issue (in thousand)	**1,646,173**	1,646,173
Loss per share – basic (RMB per share)	**(0.23)**	(0.11)
Loss per share – diluted (RMB per share)	**(0.23)**	(0.11)

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

8. DIVIDEND

The board of directors of the Company has resolved not to declare the payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2023 Unaudited ***RMB'000***	As at 31 December 2022 Audited *RMB'000*
Included in current assets:		
Trade receivables – third parties *(Note (a))*	**45,476**	46,855
Trade receivables – related parties *(Note (a))*	**157**	371
Other receivables – third parties *(Note (b))*	**167,111**	331,611
Other receivables – non-controlling interests *(Note (b))*	**578,129**	543,180
Other receivables – related parties *(Note (b))*	**254,203**	197,943
Prepayments for acquisition of land use rights	**313,061**	342,561
Other prepayments	**62,909**	73,678
	1,421,046	1,536,199
Less: impairment	**(11,894)**	(43,013)
Total	**1,409,152**	1,493,186
Less: non-current portion	**(11,554)**	(11,563)
Current portion	**1,397,598**	1,481,623

As at 30 June 2023 and 31 December 2022, the fair value of trade and other receivables approximated their carrying amounts.

As at 30 June 2023, trade receivables with net book value of RMB1,882,000 (31 December 2022: RMB1,600,000) were pledged as collateral for the Group's bank and other borrowings.

(a) Details of trade receivables are as follows:

	As at 30 June 2023 Unaudited ***RMB'000***	As at 31 December 2022 Audited *RMB'000*
Trade receivables – third parties	**45,476**	46,855
Trade receivables – related parties	**157**	371
Less: allowance for impairment	**(471)**	(426)
Trade receivables – net	**45,162**	46,800

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

	As at 30 June 2023 Unaudited ***RMB'000***	As at 31 December 2022 Audited *RMB'000*
Within one year	**45,279**	46,646
Over one year	**354**	580
	45,633	47,226

Trade receivables mainly arise from rental income, provision of construction services, hotel operations and property management services.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2023, a provision of RMB471,000 was made against the gross amounts of trade receivables (31 December 2022: RMB426,000).

(b) Details of other receivables are as follows:

	As at 30 June 2023 Unaudited ***RMB'000***	As at 31 December 2022 Audited *RMB'000*
Deposits for acquisition of land use rights	**94,758**	210,258
Other receivables due from non-controlling interests	**578,129**	543,180
Other receivables due from related parties	**254,203**	197,943
Outstanding consideration receivables for disposal of an associate	**–**	30,000
Others	**72,353**	91,353
	999,443	1,072,734
Less: allowance for impairment	**(11,423)**	(42,587)
Other receivables – net	**988,020**	1,030,147

10. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Total
Authorised				
As at 30 June 2023 and 30 June 2022 (Unaudited)	2,500,000,000			
Issued and fully paid				
As at 30 June 2023 and 30 June 2022 (Unaudited)	1,646,173,000	HK$16,462,000	RMB14,746,000	RMB14,746,000

11. TRADE AND OTHER PAYABLES

	As at 30 June 2023 Unaudited ***RMB'000***	As at 31 December 2022 Audited *RMB'000*
Trade payables *(Note (a))*	**770,170**	832,347
Amounts due to non-controlling interests	**167,349**	315,224
Outstanding consideration payables for acquisitions	**22,440**	35,195
Deposits payable	**8,002**	10,641
Factoring of trade payables	**120,284**	156,825
Accrued expenses	**40,172**	47,928
Salaries payable	**8,054**	12,125
Other taxes payable	**217,579**	188,207
Other payables	**76,380**	49,292
	1,430,430	1,647,784

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

	As at 30 June 2023 Unaudited ***RMB'000***	As at 31 December 2022 Audited *RMB'000*
Within 90 days	**114,056**	290,056
Over 90 days and within 365 days	**188,470**	235,994
Over 365 days	**467,644**	306,297
	770,170	832,347

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of JY Grandmark Holdings Limited ("**JY Grandmark**" or the "**Company**") and its subsidiaries (together with the Company, the "**Group**"), I wish to present the business review and prospects of the Group for the half year ended 30 June 2023 to the shareholders of the Company (the "**Shareholders**").

RESULTS REVIEW

In the first half of 2023, constrained by the scarring effects from the COVID-19 pandemic, geopolitical conflicts, high inflation, supply chain disturbance and other factors, the global economy has been facing high inflation, high interest rates, high debt, and low growth. The growth momentum of major economies in the world has weakened, and the process of economic recovery is uncertain.

Under such a complex international situation, China's economy was under pressure both domestically and internationally. With the end of the COVID-19 pandemic and the return of the economic order in China, under the combined effect of the release of the previous pent-up demand, the support of the government's economic stability policy and the low base effect, China's economy has experienced a fluctuating recovery growth, and the GDP growth rate in the first half of the year was generally good.

China's property market policies are stable and even loose. However, affected by complex factors such as low market sentiment, weak property prices, and the risk of default of some property enterprises, the property market is still in a phase of intensive adjustment. According to the National Bureau of Statistics, the basic data of the national property market shows that, in the first half of the year, China's property development investment amounted to RMB5.9 trillion, representing a year-on-year decrease of 7.9%; the sales area of commercial housing nationwide was 595 million sq.m., representing a year-on-year decrease of 5.3%; and the national sales of commercial housing reached RMB6.31 trillion, representing a year-on-year increase of 1.1%.

The industry is moving forward amidst weak recovery and volatility, and JY Grandmark is determined to forge ahead in the face of challenges, opportunities, and uncertainties, striving to overcome difficulties and endeavoring to survive and grow. During the period under review, the contracted sales of the Group was approximately RMB905.1 million, representing a year-on-year decrease of 28.3%; the contracted sales GFA was approximately 93,000 sq.m., representing a year-on-year decrease of 16.2%; and the recognised revenue was RMB325.8 million, representing a year-on-year increase of 5.7%. Loss for the period was RMB421.5 million, and the loss attributable to owners of the Company was RMB377.3 million.

The board of directors of the Company has resolved not to declare payment of an interim dividend for the six months ended 30 June 2023.

JY Grandmark regards "seeking survival through stability" as its current development priority, always maintaining strategic focus and operational resilience, adhering to its developing position as an "Eco-friendly and People-oriented Comprehensive Operator", firmly implementing a diversified and integrated development strategy. By strengthening management, reducing costs and enhancing efficiency, and improving operational capabilities, we strive to cope with severe market challenges and profound industry changes, as well as lay the foundation for long-term development in the future.

JY Grandmark has adopted the "one strategy for one project" precise sales policy and marketing strategy in the first half of the year; at the same time, the Company rapidly and repeatedly adjusted marketing tactics and techniques, thoroughly sorted out and studied customers' needs, and effectively enhanced its overall customer acquisition and conversion capability through the linkage chain of "fully releasing the value of the project through online new media communication, and improving the living experience of the project community to expand targeted customers offline". In addition, the Company insisted on exploring the marketing model of "internal consolidation and external expansion". Internally, we continued to implement the marketing policy of "all staff, all people, all aspects" to enhance the marketing efficiency of each project team; externally, we promoted the targeted recreational vacation residence and health care projects including JY Gaoligong Town in Yunnan and JY Jiangshan Shili. By expanding the market through marketing, the Company has launched marketing campaigns in first-tier cities such as Xi'an, Beijing, and Guangzhou for recreational vacation residence and health care projects, further opening up the market and achieving a double harvest in both reputation and performance. During the period under review, we vigorously explored the large volume sales to increase cash inflow and optimise financial management.

In terms of further subdivided business fundamentals, JY Grandmark accurately captured the trend of health care and recreational vacation residence after the peak of the pandemic, grasped the release of long-term pent-up demand for health care resorts and recreational vacation residence in the market after the reversal of anti-epidemic policies, and timely launched new cultural tourism projects, such as JY Jiangshan Shili and JY Egret Bay Phase II, which effectively helped the sales results.

During the period under review, the Group consolidated its responsibilities to overcome difficulties and resolutely implemented the work of "safeguarding people's livelihood and ensuring delivery and quality" by controlling the housing design and construction quality at all levels and strictly minimising risks. Prior to delivery, the Group strictly carried out simulated acceptance process and continuously optimised and improved the delivery process and experience; throughout the delivery process, professional home inspectors accompanied the owners and provided them with the inspection services.

As of the first half of 2023, there were 9,252 households and 1,582,500 sq.m. of area under the management of the Group's Zhuodu Property.

In the first half of the year, Zhuodu Property was committed to stabilising its revenue comprehensively, while further improving its service system by refining its business service regulations and standard operating details; it also made efforts to enhance various customer application service functions of its property ERP (enterprise resource planning) intelligent system to enhance the efficiency of its service response, and to effectively consolidate its brand reputation in terms of the quality and efficiency of its property management services.

At the level of real estate operations and management, with the continuous recovery and improvement of public consumption after the influences of pandemic wearing off, the Group actively promoted its hotels and commercial entities to take the opportunity of market recovery to strengthen profitability. In terms of hotel operations, we adopted both "innovative operations" and "cost reduction and efficiency enhancement" measures to continuously improve the cost-expense efficiency of the hotel; meanwhile, we promoted the well-coordination and interconnection of cultural and tourism residential hotel, new business forms of homestay and sales of properties to explore a new business model of project rental and sales driven by trial living experience; as for the management and operations of commercial entities, which were self-owned and rent-collection properties, the Company adhered to the principle of long-term development, actively adjusted the rental policy, continuously improved the leasing rate and optimised the tenant structure, so as to share common prosperity with tenants for mutual benefit and win-win.

A sound financial position is the mainstay of the Group's survival and development. In response to the current challenging market conditions, the Group actively adopted measures, including enhancing sales efforts, strictly controlling costs, enhancing management of cash flows, effectively using and disposing of non-core and high-quality assets when appropriate, extending financing period and conducting special financing, to accelerate capital return, and actively eliminated risks, reduced debt and was committed to a reasonable capital structure to provide support and foundation for survival and sustainable development in the future.

The Group achieved management efficiency by making adjustments to its organisational structure in a timely manner in accordance with market changes. On one hand, we stimulated the vitality of the organisation and improved the efficiency of the organisation's personnel and management by promoting the integration and consolidation of urban companies and projects. On the other hand, we promoted the conscious transmission and strategic feedback between the strategic decision-making level and the front-line employees by implementing power and responsibility system reform in marketing, business management, capital and other business modules, so as to effectively improve the efficiency and quality of decision-making.

In the first half of 2023, JY Grandmark firmly practised the social responsibility of corporate citizenship and promoted green sustainable development: we actively promoted anti-corruption and advocated integrity, and attached great importance to the occupational safety and health of employees. In terms of business operations, we attached great importance to the national "dual carbon" strategy, and actively carried out the national requirements for energy conservation and emission reduction by vigorously developing green buildings. Meanwhile, in terms of social benefits, we actively contributed to the construction and development of urban development, rural revitalisation, green environmental protection, poverty alleviation and disaster relief and other public welfare charities.

PROSPECTS AND EXPECTATION

The 2023 Second Quarter Report released by the National Institution for Finance & Development pointed out that in the second half of 2023, most of the real estate enterprises are still under great debt pressure, and the financing recovery and sales recovery are not as expected, the risk of default by real estate enterprises is still severe, and there may still be real estate enterprises defaulting on their debts in the future. Although local governments have launched a large number of "stimulus" policies, the effect of the policies is not obvious from the market's response, which is because that the core issues on both the supply and demand sides of the market have yet to be effectively resolved.

From this, JY Grandmark will continue to maintain a prudent attitude of research and judgment, take stability as the first and foremost, reduce leverage, seek survival, and eliminate risks. We will adhere to a sound financial strategy, take the management of cash flows as a core task, enhance the fund collection, control cost efficiency to continuously improve our own profitability.

From the perspective of business operations, JY Grandmark will vigorously and continuously improving our capabilities in products and services, which is the constant theme of JY Grandmark's survival and development strategies. We pay great attention to the changes in market demand. Combined with the elderly care, three-child policy and other living needs, we will develop the health care product housing types that are more in line with market demand, and provide multiple choices for urban elite groups and health care and recreational vacation groups to adapt to a better life.

We firmly believe that time will not disappoint everyone sticking to the future. We are even more convinced that the persistence in long-termism will make it through the cycle.

APPRECIATION

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

CHAN Sze Ming Michael
Chairman of the Board

Hong Kong, 30 August 2023

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 venture and associates, was approximately RMB905.1 million, representing a decrease of 28.3% as compared to RMB1,262.0 million for the six months ended 30 June 2022. The corresponding contracted GFA was approximately 93,000 sq.m., representing a decrease of 16.2% as compared to approximately 111,000 sq.m. for the six months ended 30 June 2022.

During the Period under Review, the Group's recognised revenue was RMB325.8 million, representing a year-on-year increase of 5.7% as compared to RMB308.2 million in the corresponding period of 2022. The operating loss was RMB360.6 million, as compared to operating loss of RMB324.1 million in the first half of 2022. Loss for the period was RMB421.5 million, as compared to loss for the six months ended 30 June 2022 of RMB305.4 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 RMB325.8 million (1H2022: RMB308.2 million), representing a year-on-year increase of 5.7%.

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 property development and sales business of the Group amounted to RMB271.4 million, representing an increase of 4.4% as compared to RMB259.9 million for the same period of 2022, accounting for 83.3% of the Group's total revenue. The increase in revenue was mainly as a result of the growth in aggregate GFA of properties delivered.

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 2023 and 2022.

City	**Six months ended 30 June 2023**				Six months ended 30 June 2022			
	Recognised revenue from sales of properties	**% of recognised revenue from sales of properties**	**Total GFA delivered**	**Recognised average selling price**	Recognised revenue from sales of properties	% of recognised revenue from sales of properties	Total GFA delivered	Recognised average selling price
	RMB'000	**%**	***sq.m.***	***RMB/sq.m.***	*RMB'000*	%	*sq.m.*	*RMB/sq.m.*
Guangzhou	**5,979**	**2.2%**	**457**	**13,083**	32,573	12.4%	1,910	17,054
Zhaoqing	**15,683**	**5.8%**	**2,016**	**7,779**	74,220	28.6%	9,517	7,799
Qingyuan	**186,579**	**68.7%**	**43,472**	**4,292**	60,040	23.1%	11,393	5,270
Lingao	**8,065**	**3.0%**	**1,279**	**6,306**	32,875	12.7%	5,187	6,338
Tengchong	**42,137**	**15.5%**	**4,625**	**9,111**	23,259	9.0%	1,794	12,965
Zhuzhou	**9,955**	**3.7%**	**2,315**	**4,300**	25,303	9.7%	5,105	4,957
Other revenue *(Note)*	**3,022**	**1.1%**	**N/A**	**N/A**	11,584	4.5%	N/A	N/A
Total/overall	**271,420**	**100.0%**	**54,164**	**4,955**	259,854	100.0%	34,906	7,113

Note: Other revenue represented service income from property development and management.

Hotel operations

Apart from property development and sales, we also operate Just Stay Hotel, Just Stay Resort and Just Stay Inn under our hotel operations business. During the Period under Review, revenue from hotel operations of the Group amounted to RMB35.6 million, representing a growth by 9.9% from RMB32.4 million in the same period of 2022. The upward sales performance was primarily as a result of the recovery in pent-up demand for travels in the post-pandemic era, leading to a recovery in demand for resort hotels.

Property management

We also derived income from our property management services provided to purchasers of the residential properties. During the Period under Review, revenue from property management services of the Group reached RMB15.6 million, representing an increase of 22.8% as compared with RMB12.7 million for the same period of 2022, mainly driven by stable growth in GFA of the properties under management.

Commercial property investment

During the Period under Review, revenue from commercial property investment of the Group remained stable at RMB3.2 million.

Cost of sales

Cost of sales of the Group primarily represents costs of properties sold which are directly associated with the Group's property development activities, as well as costs incurred in relation to other businesses. During the Period under Review, cost of sales of the Group amounted to RMB277.0 million, representing an increase of 12.2% as compared with RMB246.8 million in the first half of 2022. The increase in cost of sales was in line with more properties delivered during the Period under Review.

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

During the Period under Review, the Group's gross profit before impairment losses on completed properties held for sale and properties under development amounted to RMB48.8 million, representing a decrease of 20.5% as compared with RMB61.4 million in the corresponding period of 2022. The Group's gross profit margin before impairment losses on completed properties held for sale and properties under development decreased to 15.0% from 19.9% for the same period of 2022.

During the Period under Review, the Group's gross profit margin before impairment losses on completed properties held for sale and properties under development from our property development and sales decreased to 17.3% from 21.3% in the first half of 2022. Such decrease was mainly due to lower recognised average selling price in the first half of 2023 in order to accelerate the pace of sales in view of the weakening sales trend in PRC property sector.

Analysing based on the gross profit margin before impairment losses on completed properties held for sale and properties under development by city, top three cities ranked by revenue including Qingyuan, Tengchong and Zhaoqing attained an average gross profit margin before impairment losses on completed properties held for sale and properties under development of 17.5%, and the revenue of these three cities accounted for 90.0% of our total revenue from property development and sales during the Period under Review.

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

During the Period under Review, net impairment losses on completed properties held for sale and properties under development amounting to RMB341.5 million (1H2022: RMB276.9 million) was provided for in accordance with the remeasurement of net realisable value of the property projects based on the prevailing selling prices as well as other related market conditions.

Selling and marketing expenses

Our selling and marketing expenses consist primarily of commission fees, advertising costs, employee benefit expenses and other miscellaneous expenses. During the Period under Review, selling and marketing expenses of the Group amounted to RMB31.7 million, representing a decrease of 16.1% as compared with RMB37.8 million in the same period of 2022, accounting for 3.5% of total contracted sales (1H2022: accounting for 3.0% of total contracted sales). The decrease was mainly attributable to the efforts on cost control measures over marketing activities throughout the period.

Administrative expenses

Administrative expenses primarily comprised of employee benefit expenses, depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets, tax and other levies and other miscellaneous expenses. During the Period under Review, the Group's administrative expenses amounted to RMB40.5 million, representing a decrease of 27.5% as compared with RMB55.9 million in the first half of 2022, accounting for 4.5% of total contracted sales (1H2022: accounting for 4.4% of total contracted sales). The decrease was also resulted from continuous cost control measures imposed.

Other losses – net

During the Period under Review, our other losses – net primarily consisted of losses on disposals of investment properties and property, plant and equipment, net impairment losses on right-of-use assets and fair value losses on investment properties. The Group's other losses – net increased from RMB4.4 million in the first half of 2022 to RMB27.6 million in the same period of 2023, mainly due to the non-recurring losses on disposal of investment properties amounted to RMB16.1 million. Net impairment losses on right-of-use assets also increased by RMB8.6 million year-on-year.

Finance costs – net

Finance costs – net comprised mainly interest expense on borrowings and leases net of capitalised interest expense, net exchange losses on foreign currency borrowings and interest income from bank deposits. The Group's finance costs – net decreased slightly from RMB13.4 million in the first half of 2022 to RMB13.2 million in the same period of 2023, mainly due to the decrease in net exchange losses on foreign currency borrowings by RMB6.5 million.

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

The Group's share of (loss)/profit of investments accounted for using the equity method were mainly derived from the Group's interests in JY Donghuzhou Haoyuan and Zhujiang Village Project. The change from share of profit of RMB4.0 million in the first half of 2022 to share of loss of RMB7.6 million in the same period of 2023 was mainly due to the disposal of the Group's equity interests in JY Donghuzhou Haoyuan in December 2022.

Income tax expense

Income tax expense included corporate income tax and LAT. During the Period under Review, corporate income tax expense amounted to RMB39.4 million (1H2022: tax credit of RMB30.0 million), mainly due to increase in effect of losses not recognised as deferred income tax assets during the Period under Review. LAT amounted to RMB0.8 million (1H2022: RMB1.9 million).

Loss for the period

As a result of the aforementioned, the Group recorded a net loss of RMB421.5 million for the six months ended 30 June 2023, as compared to loss of RMB305.4 million for the six months ended 30 June 2022. Loss attributable to owners of the Company amounted to RMB377.3 million, as compared to loss attributable to owners of the Company of RMB185.8 million for the six months ended 30 June 2022.

Basic and diluted loss per share for the Period under Review was RMB0.23, as compared to basic and diluted loss per share of RMB0.11 in the first half of 2022.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

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

Overall financial position

As at 30 June 2023, total assets of the Group amounted to RMB11,959.3 million and total liabilities amounted to RMB8,714.3 million, representing a decrease of 4.2% and 0.6% respectively as compared to 31 December 2022.

As at 30 June 2023, the Group's liabilities to assets ratio (excluding contract liabilities)* was 63.3% (31 December 2022: 61.5%). Net gearing ratio** was 84.8% (31 December 2022: 73.8%). The Group will continue to optimise the asset-debt structure and maintain adequate liquidity in the long-run.

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

** 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.

Cash positions and fund available

As at 30 June 2023, the total cash and bank balances of the Group were RMB718.0 million (31 December 2022: RMB884.7 million), of which RMB191.7 million (31 December 2022: RMB187.0 million) was cash and cash equivalents and RMB526.3 million (31 December 2022: RMB697.7 million) was restricted cash.

As at 30 June 2023, the Group had placed at designated bank accounts the pre-sale proceeds of properties received of RMB466.0 million (31 December 2022: RMB615.1 million) as the guarantee deposits for the constructions of related properties. The Group also placed cash deposits of approximately RMB26.0 million (31 December 2022: RMB26.0 million) with designated banks as security for bank borrowings.

As at 30 June 2023, the Group's undrawn banking facilities were approximately RMB255.5 million (31 December 2022: RMB255.5 million).

Borrowings

As at 30 June 2023, the total interest-bearing borrowings and senior notes of the Group were RMB3,470.7 million (31 December 2022: RMB3,628.5 million), of which RMB767.7 million (31 December 2022: RMB1,831.4 million) was included in non-current liabilities and RMB2,703.0 million (31 December 2022: RMB1,797.1 million) was included in current liabilities of the Group, respectively.

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

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

(b) As at 30 June 2023, the Group's borrowings are denominated in following currencies:

	As at 30 June 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
RMB	**1,822,480**	2,043,737
HK$	**514,125**	500,109
US$	**1,134,053**	1,084,647
	3,470,658	3,628,493

(c) As at 30 June 2023, bank and other borrowings totalling RMB2,211.6 million (31 December 2022: RMB2,429.0 million) of the Group were secured by the following assets together with the Group's shares of certain subsidiaries:

	As at 30 June 2023 ***RMB'000***	As at 31 December 2022 *RMB'000*
Lands	**11,905**	12,177
Property, plant and equipment	**230,875**	236,865
Investment properties	**172,714**	173,124
Properties under development	**1,753,778**	1,763,960
Completed properties held for sale	**811,455**	871,823
Trade receivables	**1,882**	1,600
Restricted cash	**26,000**	26,000
	3,008,609	3,085,549

Cost of borrowings

For the six months ended 30 June 2023, total cost of borrowings of the Group amounted to RMB158.3 million, representing an increase of 3.7% from RMB152.7 million in the same period of 2022. The weighted average effective interest rate was 8.02% per annum during the Period under Review (1H2022: 6.56% per annum).

Contingent liabilities

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

As at 30 June 2023, the outstanding guarantees were RMB2,121.3 million (31 December 2022: RMB2,084.5 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages.

The Group considers that in case of default in payments by purchasers, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

(b) As at 30 June 2023, the Group had provided guarantees for borrowings of the Group's joint venture amounting to RMB358.0 million (31 December 2022: RMB361.9 million), with a provision amounting to RMB7.7 million has been made in the financial statements for the guarantee.

(c) As at 30 June 2023, the Group had provided guarantees for other payables of the Group's associate amounting to RMB302.9 million (31 December 2022: RMB310.7 million). The Group's investment in the associate was classified as assets held for sale as at 30 June 2023.

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

Commitments

As at 30 June 2023, the commitments of the Group for property development expenditure amounted to RMB1,274.7 million (31 December 2022: RMB1,319.3 million).

Currency risks

The Group's businesses are principally conducted in Renminbi ("**RMB**"). The monetary assets and liabilities of the Group's subsidiaries in the PRC are mainly denominated in RMB and the foreign exchange risk is immaterial. The non-PRC subsidiaries' functional currency is Hong Kong Dollar ("**HK$**"). As at 30 June 2023 and 31 December 2022, major non-HK$ assets and liabilities of the non-PRC subsidiaries are cash and cash equivalents, restricted cash, other receivables 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 2023, the Group did not have plan for material investments and capital assets.

SIGNIFICANT INVESTMENTS, MAJOR ACQUISITIONS AND DISPOSALS

On 21 June 2023, Guangzhou Yinong Enterprise Co., Ltd.* (廣州意濃實業有限公司) ("**Guangzhou Yinong**") (an indirect wholly-owned subsidiary of the Company) entered into a transfer contract with Guangzhou Tianhan Investment Co., Ltd.* (廣州天瀚投資有限公司) ("**Guangzhou Tianhan**"), Shenzhen Zhongzhou Land Co., Ltd.* (深圳市中洲置地有限公司) ("**Shenzhen Zhongzhou**", together with Guangzhou Yinong and Guangzhou Tianhan, the "**Transferors**") and Guangzhou Kejun Enterprise Management Partnership (Limited Partnership)* (廣州科峻企業管理合夥企業(有限合夥)) (the "**Transferee**") pursuant to which, among others, the Transferors have conditionally agreed to transfer to the Transferee 49% of the equity interest in the Guangzhou Zhujing Real Estate Co., Ltd.* (廣州珠景房地產有限公司) (the "**Target Company**"), at an aggregate consideration of approximately RMB166.01 million, and the shareholder's loans owed by the Target Company to the Transferors of the aggregate amount of approximately RMB274.25 million (subject to adjustment based on the amount outstanding on the actual payment date) shall be repaid, in accordance with the terms and subject to the conditions of the transfer contract. Upon completion of the transaction, the Company will no longer hold any interest in the Target Company. For further details, please refer to the announcement of the Company dated 21 June 2023.

Save as disclosed above, the Group did not hold other significant investments in, or conduct material acquisitions and disposals of subsidiaries, associates or joint ventures during the Period under Review.

EVENTS AFTER THE PERIOD UNDER REVIEW

No significant events affecting the Group had occurred during the period from 30 June 2023 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 2023.

REVIEW OF ACCOUNTS

The Company's audit committee has reviewed the interim results of the Group for the six months ended 30 June 2023.

The interim results of the Group for the six months ended 30 June 2023 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.

EXTRACT OF REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The following is an extract of the report on review of interim condensed consolidated financial information for the six months ended 30 June 2023 from the external auditor of the Company:

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) to this interim condensed consolidated financial information, which indicates that, for the six months ended 30 June 2023, the Group recorded a net loss of RMB421 million. As at 30 June 2023, the Group had total bank and other borrowings of RMB3,471 million, of which RMB2,703 million were current bank and other borrowings repayable within 12 months, while the Group's cash and cash equivalents amounted to RMB192 million. These events or conditions, along with other matters as set forth in Note 2(a) to this interim financial information, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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 2023.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 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 2023.

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 2023.

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

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

Hong Kong, 30 August 2023

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