景業名邦
JY GRANDMARK

JY GRANDMARK HOLDINGS LIMITED
景業名邦集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2231)
(Debt stock code: 4300)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 2024 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** **2024** **Unaudited** ***RMB'000***	2023 Unaudited *RMB'000*
Revenue	*2*	**2,304,025**	325,841
Cost of sales	*3*	**(2,090,320)**	(277,018)
Gross profit before impairment losses on completed properties held for sale and properties under development		**213,705**	48,823
Net impairment losses on completed properties held for sale and properties under development	*3*	**(165,805)**	(341,524)
Gross profit/(loss) after impairment losses on completed properties held for sale and properties under development		**47,900**	(292,701)
Selling and marketing expenses	*3*	**(110,093)**	(31,746)
Administrative expenses	*3*	**(36,677)**	(40,548)
Net impairment (losses)/reversal on financial assets		**(64,556)**	23,419
Other income		**499**	8,755
Other expenses		**(414)**	(139)
Other losses – net	*4*	**(10,764)**	(27,590)

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

	Notes	**Six months ended 30 June**	
		2024	2023
		Unaudited	Unaudited
		RMB'000	*RMB'000*
Operating loss		**(174,105)**	(360,550)
Finance costs	*5*	**(17,736)**	(15,717)
Finance income	*5*	**767**	2,514
Finance costs – net	*5*	**(16,969)**	(13,203)
Share of profit/(loss) of investments accounted for using the equity method		**434**	(7,550)
Loss before income tax		**(190,640)**	(381,303)
Income tax credit/(expense)	*6*	**8,262**	(40,169)
Loss for the period		**(182,378)**	(421,472)
(Loss)/profit attributable to:			
Owners of the Company		**(262,941)**	(377,280)
Non-controlling interests		**80,563**	(44,192)
		(182,378)	(421,472)
Other comprehensive loss for the period			
Item that may be reclassified to profit or loss			
– Currency translation differences		**(13,268)**	(51,513)
Other comprehensive loss for the period, net of tax		**(13,268)**	(51,513)
Total comprehensive loss for the period		**(195,646)**	(472,985)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(276,209)**	(428,793)
Non-controlling interests		**80,563**	(44,192)
		(195,646)	(472,985)
Loss per share (expressed in RMB per share)			
– Basic and diluted loss per share	*7*	**(0.16)**	(0.23)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2024 Unaudited** ***RMB'000***	As at 31 December 2023 Audited *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**278,652**	289,448
Right-of-use assets		**84,441**	89,503
Investment properties		**147,841**	156,151
Intangible assets		**2,378**	2,774
Other receivables	*9*	**15,865**	11,578
Deferred income tax assets		**284,630**	261,917
Investments accounted for using the equity method		**1,079**	645
		814,886	812,016
Current assets			
Inventories		**1,648**	914
Contract costs		**54,519**	150,899
Properties under development		**3,589,761**	5,375,845
Completed properties held for sale		**2,324,748**	2,150,865
Trade and other receivables and prepayments	*9*	**1,146,634**	1,183,343
Prepaid taxes		**160,279**	165,973
Restricted cash		**235,632**	339,242
Cash and cash equivalents		**32,249**	125,006
		7,545,470	9,492,087
Total assets		**8,360,356**	10,304,103
EQUITY			
Equity attributable to owners of the Company			
Share capital	*10*	**14,746**	14,746
Other reserves		**1,515,273**	1,528,541
Accumulated losses		**(1,413,814)**	(1,150,873)
		116,205	392,414
Non-controlling interests		**1,244,275**	1,163,712
Total equity		**1,360,480**	1,556,126

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

	Notes	**As at 30 June 2024 Unaudited** ***RMB'000***	As at 31 December 2023 Audited *RMB'000*
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**247,693**	239,045
Bank and other borrowings		**33,108**	29,000
Lease liabilities		**64,813**	66,111
		345,614	334,156
Current liabilities			
Bank and other borrowings		**3,175,505**	3,173,236
Trade and other payables	*11*	**1,596,750**	1,520,889
Contract liabilities		**1,490,947**	3,330,169
Lease liabilities		**7,497**	4,639
Current income tax liabilities		**383,563**	384,888
		6,654,262	8,413,821
Total liabilities		**6,999,876**	8,747,977
Total equity and liabilities		**8,360,356**	10,304,103

NOTES TO THE INTERIM FINANCIAL INFORMATION

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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

(a) Going concern basis

For the six months ended 30 June 2024, the Group recorded a net loss of RMB182 million. As at 30 June 2024, the Group had total bank and other borrowings of RMB3,209 million, of which RMB3,176 million were current bank and other borrowings repayable within 12 months, while the Group's cash and cash equivalents amounted to RMB32 million.

As at 30 June 2024, certain borrowings whose principal amounts of RMB56 million, relating to borrowings with a total principal amount of RMB716 million, were overdue (the "**Defaulted Borrowings**"). As a result of such default, the principal amount of borrowings of RMB109 million were considered as cross-default. The aggregate principal amount of the aforesaid borrowings of RMB825 million would be immediately repayable if requested by the lenders.

Due to the slow down of Mainland China property market in first half of 2024, 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 2024.

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. In addition, the Group has committed construction cost payable for the projects which have properties sold under pre-sale arrangement that is scheduled to delivery to the customers within next twelve months.

All of the above 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 of the Company (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) In respect of borrowings, the Group has been actively negotiating with all the lenders for renewal and extension for repayments of the borrowings. Out of the borrowings, the Group has successfully extended or modified the repayment terms of loans with aggregated principal amount of RMB2,916 million. The Directors are confident that the lenders will likely not exercise their rights to demand the Group's immediate repayment of the borrowings and the Group will reach final agreements and waiver with lenders in due course for any default borrowings;

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

(iii) In January 2024, the Group successfully exchanged its senior notes with an aggregate principal amount of US$152 million (equivalent to RMB1,077 million) due 11 January 2024 with a newly issued senior note amounted to US$159 million due on 9 January 2025 (the "**New Senior Notes**"). During the six months ended 30 June 2024, the Group successfully obtained written waiver from the lenders of New Senior Notes to waive the section of defaults and/or events of default of the New Senior Notes;

(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 2024, the Group's restricted cash amounted to RMB236 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 2024. 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 2024. 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) Successful negotiations with the Group's existing lenders in respect of the borrowings, including the syndicated loan, that were either in default or otherwise in cross default, so that the relevant lenders will not exercise their contractual rights to demand immediate repayment of the relevant defaulted borrowings or cross-defaulted borrowings and grant the relevant waiver to the Group;

(ii) 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;

(iii) Successful and timely extension and renewal of its bank and other borrowings and the New Senior Notes, upon maturity as well as obtaining new financing from financial institutions as and when needed. The Group's ability to obtain these financing depends on (1) current and ongoing regulatory environments and how the relevant policies and measures might affect the Group and/or the relevant financial institutions; (2) whether the lenders of existing borrowings agree the terms and conditions for such extension or renewal; and (3) the Group's ability to continuously comply with the relevant terms and conditions of its bank and other borrowings including the senior notes;

(iv) 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;

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

(vi) 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 2023, 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 1	Classification of Liabilities as Current or Non-current (amendments)
Amendments to HKAS 1	Non-current Liabilities with Covenants (amendments)
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)
Hong Kong Interpretation 5 (Revised)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)

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 no mandatory for the six months ended 30 June 2024 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 21 and HKFRS 1	Lack of Exchangeability (amendments)	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretation 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

2. REVENUE AND SEGMENT INFORMATION

(a) Description of segments and principal activities

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

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

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

(b) Segment performance

The segment information provided to the executive Directors for the reportable segments for the six months ended 30 June 2024 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	**2,250,430**	**–**	**33,698**	**31,481**	**2,315,609**
Recognised at a point in time	**2,250,430**	**–**	**–**	**–**	**2,250,430**
Recognised over time	**–**	**–**	**33,698**	**31,481**	**65,179**
Revenue from other sources: rental income	**–**	**5,483**	**–**	**–**	**5,483**
Inter-segment revenue	**–**	**(2,553)**	**(139)**	**(14,375)**	**(17,067)**
Revenue from external customers	**2,250,430**	**2,930**	**33,559**	**17,106**	**2,304,025**
Gross profit before impairment losses on completed properties held for sale and properties under development	**204,212**	**2,709**	**3,258**	**3,526**	**213,705**
Net impairment losses on completed properties held for sale and properties under development	**(165,805)**	**–**	**–**	**–**	**(165,805)**
Gross profit after impairment losses on completed properties held for sale and properties under development	**38,407**	**2,709**	**3,258**	**3,526**	**47,900**
Selling and marketing expenses					**(110,093)**
Administrative expenses					**(36,677)**
Net impairment losses on financial assets					**(64,556)**
Other income					**499**
Other expenses					**(414)**
Other losses – net					**(10,764)**
Finance costs – net					**(16,969)**
Share of profit of investments accounted for using the equity method	**434**	**–**	**–**	**–**	**434**
Loss before income tax					**(190,640)**
Income tax credit					**8,262**
Loss for the period					**(182,378)**
Depreciation and amortisation recognised as expenses	**8,021**	**–**	**7,752**	**139**	**15,912**
Fair value losses on investment properties – net	**–**	**(8,310)**	**–**	**–**	**(8,310)**

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)

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 2024 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	**7,729,897**	**124,678**	**201,705**	**19,446**	**8,075,726**
Segment assets include:					
Investments accounted for using the equity method	**1,079**	**–**	**–**	**–**	**1,079**
Addition to non-current assets (other than financial assets and deferred income tax assets)	**–**	**–**	**66**	**–**	**66**
Segment liabilities	**3,118,363**	**849**	**16,139**	**24,656**	**3,160,007**

The segment assets and liabilities provided to the executive Directors for the reportable segments as at 31 December 2023 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	9,623,293	156,151	239,675	23,067	10,042,186
Segment assets include:					
Investments accounted for using the equity method	645	–	–	–	645
Addition to non-current assets (other than financial assets and deferred income tax assets)	54,878	–	404	45	55,327
Segment liabilities	4,858,068	1,135	24,577	38,028	4,921,808

For the six months ended 30 June 2024 and 2023, 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 2024 Unaudited *RMB'000*	As at 31 December 2023 Audited *RMB'000*
Segment assets	**8,075,726**	10,042,186
Unallocated:		
– Deferred income tax assets	**284,630**	261,917
Total assets	**8,360,356**	10,304,103

(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 2024 Unaudited *RMB'000*	As at 31 December 2023 Audited *RMB'000*
Segment liabilities	**3,160,007**	4,921,80
Unallocated:		
– Current income tax liabilities	**383,563**	384,888
– Deferred income tax liabilities	**247,693**	239,045
– Short-term borrowings and current portion of long-term borrowings	**3,175,505**	3,173,236
– Long-term borrowings	**33,108**	29,000
Total liabilities	**6,999,876**	8,747,977

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	
	2024	2023
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Net impairment losses on completed properties held for sale and properties under development	**165,805**	341,524
Cost of properties sold – including construction cost, land cost and interest cost	**2,014,827**	224,431
Employee benefit expenses (including directors' emoluments)	**43,656**	42,927
Employee benefit expenditure – including directors' emoluments	**48,895**	49,481
Less: capitalised in properties under development	**(5,239)**	(6,554)
Commission fees	**96,380**	14,082
Hotel operations expenses	**21,291**	16,381
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	**15,912**	14,464
Advertising costs	**5,034**	10,212
Entertainment expenses	**1,936**	3,738
Taxes and levies	**26,605**	5,566
Professional consulting fees	**356**	1,232
Office and travelling expenses	**2,082**	2,159
Auditor's remuneration	**518**	900
Others	**8,493**	13,220
Total	**2,402,895**	690,836

4. OTHER LOSSES – NET

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Interest on financial assets at fair value through profit or loss	**–**	11
Gains/(losses) on disposals of investment properties and property, plant and equipment	**163**	(16,053)
Fair value losses on investment properties	**(8,310)**	(3,977)
Net impairment losses on right-of-use assets	**–**	(8,584)
Gain on termination of leases	**–**	627
Net foreign exchange (losses)/gains	**(2,617)**	386
	(10,764)	(27,590)

5. FINANCE COSTS – NET

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Finance costs		
– Interest expense on bank and other borrowings	**134,231**	158,291
– Interest expense on leases	**3,266**	1,516
– Net exchange (gains)/losses on foreign currency borrowings	**(2,169)**	907
Less:		
– Interest capitalised	**(117,592)**	(144,997)
	17,736	15,717
Finance income		
– Interest income from bank deposits	**(767)**	(2,514)
Finance costs – net	**16,969**	13,203

6. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Current income tax:		
– Corporate income tax	**1,182**	5,607
– Land appreciation tax	**4,620**	752
	5,802	6,359
Deferred income tax:		
– Corporate income tax	**(14,064)**	33,810
	(8,262)	40,169

(a) PRC corporate income tax

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

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

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

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

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

(c) Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies 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 2024 (six months ended 30 June 2023: nil).

7. LOSS PER SHARE

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Loss attribute to owners of the Company (RMB'000)	**(262,941)**	(377,280)
Weighted average number of ordinary shares in issue (in thousand)	**1,646,173**	1,646,173
Loss per share – basic (RMB per share)	**(0.16)**	(0.23)
Loss per share – diluted (RMB per share)	**(0.16)**	(0.23)

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 has resolved not to declare the payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2024 Unaudited ***RMB'000***	As at 31 December 2023 Audited *RMB'000*
Included in current assets:		
Trade receivables – third parties *(Note (a))*	**27,289**	41,996
Trade receivables – related parties *(Note (a))*	**474**	110
Other receivables – third parties *(Note (b))*	**284,036**	272,161
Other receivables – non-controlling interests *(Note (b))*	**636,596**	609,641
Other receivables – related parties *(Note (b))*	**51,943**	51,943
Prepayments for acquisition of land use rights	**202,561**	202,561
Other prepayments	**89,201**	97,554
	1,292,100	1,275,966
Less: impairment	**(129,601)**	(81,045)
Total	**1,162,499**	1,194,921
Less: non-current portion	**(15,865)**	(11,578)
Current portion	**1,146,634**	1,183,343

As at 30 June 2024 and 31 December 2023, the fair value of trade and other receivables approximated their carrying amounts.

As at 30 June 2024, trade receivables with net book value of RMB524,000 (31 December 2023: RMB1,097,000) were pledged as collateral for the Group's bank and other borrowings.

(a) Details of trade receivables are as follows:

	As at 30 June 2024 Unaudited ***RMB'000***	As at 31 December 2023 Audited *RMB'000*
Trade receivables – third parties	**27,289**	41,996
Trade receivables – related parties	**474**	110
Less: allowance for impairment	**(16,813)**	(13,357)
Trade receivables – net	**10,950**	28,749

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

	As at 30 June 2024 Unaudited ***RMB'000***	As at 31 December 2023 Audited *RMB'000*
Within 1 year	**15,526**	20,383
Over 1 year	**12,237**	21,723
	27,763	42,106

Trade receivables mainly arise from rental income, provision of construction services and hotel operations. Proceeds from sale of properties are generally received in accordance with the terms stipulated in the sale and purchase agreements.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2024, a provision of RMB16,813,000 was made against the gross amounts of trade receivables (31 December 2023: RMB13,357,000).

(b) Details of other receivables are as follows:

	As at 30 June 2024 Unaudited ***RMB'000***	As at 31 December 2023 Audited *RMB'000*
Deposits for acquisition of land use rights	**203,366**	104,958
Other receivables due from non-controlling interests	**636,596**	609,641
Other receivables due from related parties	**51,943**	51,943
Others	**80,670**	167,203
	972,575	933,745
Less: allowance for impairment	**(112,788)**	(67,688)
Other receivables – net	**859,787**	866,057

10. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Total
Authorised				
As at 30 June 2024 and 30 June 2023 (Unaudited)	2,500,000,000			
Issued and fully paid				
As at 30 June 2024 and 30 June 2023 (Unaudited)	1,646,173,000	HK$16,462,000	RMB14,746,000	RMB14,746,000

11. TRADE AND OTHER PAYABLES

	As at 30 June 2024 Unaudited ***RMB'000***	As at 31 December 2023 Audited *RMB'000*
Trade payables *(Note (a))*	**968,834**	901,025
Amounts due to non-controlling interests and their related parties	**72,534**	73,208
Outstanding consideration payables for acquisitions	**22,440**	22,440
Deposits payable	**14,554**	10,623
Factoring of trade payables	**50,333**	105,656
Accrued expenses	**30,725**	32,566
Salaries payable	**10,467**	8,929
Other taxes payable	**201,727**	199,979
Other payable due to a related party	**5,811**	–
Other payables	**219,325**	166,463
	1,596,750	1,520,889

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

	As at 30 June 2024 Unaudited ***RMB'000***	As at 31 December 2023 Audited *RMB'000*
Within 90 days	**382,551**	330,013
Over 90 days and within 365 days	**164,215**	131,047
Over 365 days	**422,068**	439,965
	968,834	901,025

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 unaudited consolidated results review and prospects of the Group for the half year ended 30 June 2024 to the shareholders of the Company (the "**Shareholders**").

RESULTS REVIEW

In the first half of 2024, due to the combined effects of multiple cyclical factors such as sticky inflation, geopolitical conflicts, the divergence of monetary policies among major central banks, and the surge of debt and political risks in the year of international election, the resilience of global economic growth exceeded expectations, but the growth momentum was weak, and the international situation remained severe and complex. The external environment is characterised by rising instability and uncertainty. Domestically, China is also faced with many challenges posed by insufficient effective demand, weak social expectations, a multitude of hidden risks in key areas, and continued deepening of structural adjustments.

The central government continued to adopt loose policies for the domestic property market. A package of new policies for rescuing the market continued to provide favorable stimulus to both the supply and demand sides, and the decline in various indicators of the property market has narrowed. However, as there was no significant improvement in the residents' expectation of employment stability and income prospects, "exchanging price for volume leveraging on policy dividends" became the main feature of the property market under the influence of the current round of new policies. Weak market sentiment and confidence have constrained and dragged down the overall restoration process of the property market.

In the face of adversity, JY Grandmark has maintained its strategic stability and operational resilience, and has made "stabilising operation, ensuring delivery, preventing risks" as the primary business objective of the Group at the present stage, has proactively responded to the challenges and changes in the industry and the market, taken the initiative to create opportunities and space for survival and development, and made every effort to preserve the value of all its stakeholders.

The hardship of the industry's operation is evidenced by the fact that the depth and duration of its adjustment have exceeded expectations. In order to cope with the operating pressure and challenges arising from internal and external factors such as the macro environment and industry fluctuations, and to avoid falling into a more passive operating predicament, during the period under review, the Group was more committed to optimising its debt management. Through the implementation of a variety of flexible measures, including the securing of new sources of financing, strengthening of the liquidation of funds, the extension of financing debts and the disposal of non-core assets, the Group took the initiative to improve its debt structure, revitalise its assets, alleviate the Group's liquidity pressure, and actively resolve operational risks.

For some financing that needs to be extended due to the market downturn, the Group has actively negotiated with financial institutions for corresponding solutions and strived for a reduction in the cost of existing financing to alleviate the interest burden. In response to the current debt problems and debt pressure, the Group has taken "prioritising debt repayment and interest payment" as a premise, further strengthened the centralised and integrated management of cash flow, and flexibly adjusted its capital expenditure to optimise cash flow allocation through tracking, calculating, and assessing in advance of the liquidity. During the first quarter of 2024, the Group successfully completed the exchange of senior notes due 2024 (in an aggregate principal amount of US$152 million) with the newly issued 2025 senior notes due 2025 (in an aggregate principal amount of US$159 million); and subsequently successfully repaid certain borrowings due and payable and obtained creditors' consent for their extension.

In order to appropriately cope with the short-term liquidity risks and capital pressures that have squeezed and impacted the operational space, the Group has continued to intensify its efforts to revitalise its own assets, and to improve its cash flow by actively identifying opportunities to realise non-strategic high-quality assets, such as self-owned investment properties and self-operated hotels, as well as enhancing the efficiency of the leasing of idled assets to external parties. Meanwhile, closely following the direction of the industry's financing policies to actively promote the undertaking of new financing policies has also become one of the ways for the Group to "renew" its cash flow. During the period under review, the Group stepped up its efforts in financing of operating property loans to unleash the potential value of its assets in order to support the mitigation of debt risks.

During the period under review, the Group followed the market trend closely and adopted "city-specific and property-specific strategies" in light of the actual situation of the projects. For cities with high overall inventory and slow phasing out of inventory, such as Zhuzhou, the projects followed the market trend and slowed down the operation pace temporarily to reduce the operation risk; for projects in cities where the market is recovering quickly, and for projects with a solid customer base and high traffic in the regional market, such as recreational vacation residence and health care as well as improved housing projects, the Group maximised the concentration of advantageous resources to provide support for their operation, development, and sales, and ensured the efficiency of marketing transformation and smooth operation by adopting a flexible and refined approach.

Furthermore, the Group has been timely adjusting the management mode and logic of our marketing operations, stepping up efforts to elevate marketing efficiency and simultaneously reduce marketing rates, thereby providing the leeway to increase effectiveness and decrease expenditure. On one hand, we continued to explore the "large customer group-buying" marketing strategy, and encourage the project frontline to intensify self-expansion efforts. Through "enterprise exploration", "village exploration" and "chamber of commerce exploration", we have penetrated and studied group customers within the regional market, including various industries, business alliances, and community groups in towns and villages, and enhanced the frontline marketing team's combined strength in "expansion and marketing", thus reducing reliance on external intermediaries and effectively cutting marketing costs.

During the period under review, the Group actively embraced the dual approach of "renting and selling", seized the policy trends in the rental market and catered to the regional market demands of high-tier cities, transforming existing property assets of certain projects into long-term rental housing, optimising our business structure to manage inventory and revitalise assets. Concurrently, as for some improved properties with considerable long-term potential, we have opened up new business forms by adopting strategies such as converting them into holiday homestays and centralised rental elderly care apartments, and leveraged trial stays to foster long-term rental operations or property acquisition.

During the period under review, the Group has always made "safeguarding people's livelihoods, ensuring delivery, and guaranteeing quality" one of its core priorities, and adhered to a "customer-centric" product philosophy. Despite the exceedingly tough operating context, we have implemented a range of initiatives to steadfastly fulfill our delivery promises, actively responded to governmental requirements on delivery assurance, taken on our primary responsibilities, promoting our projects to apply for the delivery assurance "white list" to secure resources including specific borrowings and supporting financing for delivery assurance. In doing so, we can support the development, construction and delivery of our property projects, fulfill our corporate duties and bolster customer confidence. As of 30 June 2024, thanks to the relentless dedication of the Group, there were 8,810 households and 1,357,100 sq.m. of area under the management of the Group's Zhuodu Property. We have honoured our commitment to excellence, safeguarding the warmth and light of countless homes.

Prospects and Expectation

It is expected that in the second half of 2024, the central government may enhance its macroeconomic policies to secure economic stability, and the policies towards the property industry will continue to loosen, keeping the focus on aspects such as "market stabilisation", "inventory reduction", and "delivery assurance", alongside the expectation that supporting policies will be further refined and implemented. However, due to the lack of significant improvement in market expectations such as residents' income prospects and anticipation of housing price declines, the property market may still confront pressures for adjustment.

The Group will continue to adhere to its developing position as an "eco-friendly and people-oriented comprehensive operator", firmly implement a diversified and integrated development strategy and operation mode, and leverage cross-business synergy advantages to vigorously improve its capabilities in products, services and comprehensive operations. Grasping policy trends and aligning with new market needs, we will provide more residents with a more flexible and diverse range of improved housing products and health care housing products and lead a new model of humanistic livability, and also provide multiple services and choices for urban elite groups and health care and recreational vacation groups to adapt to a better life.

The Group has maintained active communications with various banks and creditors to seek an all-encompassing solution to our current cash flow issues, thus ensuring the long-term sustainability and feasibility of the Group's operations with our commitment to the benefits of all stakeholders.

We firmly believe that by adhering to the “diversified and integrated” synergic business model and combining the efforts from all employees, the overall business will continue to develop in a balanced and constructive manner.

APPRECIATION

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

CHAN Sze Ming Michael
Chairman of the Board

Hong Kong, 30 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Overall performance

During the six months ended 30 June 2024 ("**Period under Review**"), the aggregated contracted sales of the Group, including those of the Group's joint venture and associates, was approximately RMB323.6 million, representing a decrease of 64.2% as compared to RMB905.1 million for the six months ended 30 June 2023. The corresponding contracted gross floor area ("**GFA**") was approximately 35,000 sq.m., representing a decrease of 62.4% as compared to approximately 93,000 sq.m. for the six months ended 30 June 2023.

During the Period under Review, the Group's recognised revenue was RMB2,304.0 million, representing a significant year-on-year increase of 607.2% as compared to RMB325.8 million in the corresponding period of 2023. The operating loss was RMB174.1 million, as compared to operating loss of RMB360.6 million in the first half of 2023. Loss for the period was RMB182.4 million, as compared to loss for the six months ended 30 June 2023 of RMB421.5 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 RMB2,304.0 million (first half of 2023: RMB325.8 million), representing a significant year-on-year growth of 607.2%.

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 recorded a substantial growth of 729.2%, from RMB271.4 million in the first half of 2023 to RMB2,250.4 million in the same period of 2024, accounting for 97.7% of the Group's total revenue during the Period under Review. The marked increase in revenue was mainly as a result of the increase in the aggregate GFA of properties delivered during the first half of 2024.

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 2024 and 2023.

	Six months ended 30 June 2024				Six months ended 30 June 2023			
City	**Recognised revenue from sales of properties** *RMB'000*	**% of total 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 total revenue from sales of properties *%*	Total GFA delivered *sq.m.*	Recognised average selling price *RMB/sq.m.*
Guangzhou	**449,574**	**20.0**	**40,298**	**11,156**	5,979	2.2	457	13,083
Zhaoqing	**2,883**	**0.1**	**458**	**6,295**	15,683	5.8	2,016	7,779
Qingyuan	**75,580**	**3.4**	**21,958**	**3,442**	186,579	68.7	43,472	4,292
Lingao	**2,705**	**0.1**	**460**	**5,880**	8,065	3.0	1,279	6,306
Tengchong	**42,601**	**1.9**	**3,825**	**11,138**	42,137	15.5	4,625	9,111
Zhuzhou	**1,317**	**0.1**	**278**	**4,737**	9,955	3.7	2,315	4,300
Nanjing	**1,677,731**	**74.5**	**95,571**	**17,555**	–	–	–	–
Other revenue/ (loss) *(Note)*	**(1,961)**	**(0.1)**	**N/A**	**N/A**	3,022	1.1	N/A	N/A
Total/overall	**2,250,430**	**100.0**	**162,848**	**13,831**	271,420	100.0	54,164	4,955

Note: Other revenue/(loss) represented service income (or loss) 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 RMB33.6 million, representing a slight decrease by 5.6% from RMB35.6 million in the same period of 2023. The downward trend was mainly due to a recent surge in demand for outbound and long-distance travel, leading to a reduction in demand for local 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 RMB17.1 million, representing a steady increase of 9.6% as compared with RMB15.6 million in the same period of 2023, mainly driven by stable growth in total GFA of properties under management.

Commercial property investment

During the Period under Review, revenue from commercial property investment of the Group amounted to RMB2.9 million, with a year-on-year decrease of 9.4% as compared with RMB3.2 million for the same period of 2023. The decrease was mainly caused by less properties being leased out throughout the period.

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 RMB2,090.3 million, representing an increase of 654.6% as compared with RMB277.0 million in the first half of 2023. The significant increase in cost of sales was in line with more properties being 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 RMB213.7 million, representing an increase of 337.9% as compared with RMB48.8 million in the corresponding period of 2023. The Group's gross profit margin before impairment losses on completed properties held for sale and properties under development decreased to 9.3% from 15.0% for the same period of 2023.

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 9.1% from 17.3% in the first half of 2023. Such decrease was mainly due to lower recognised average selling price in order to accelerate the pace of sales in view of the weakening sales trend in PRC property sector during the Period under Review.

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, namely Nanjing, Guangzhou and Qingyuan, attained an average gross profit margin before impairment losses on completed properties held for sale and properties under development of 9.2%, and the revenue of these three cities accounted for 97.9% 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 RMB165.8 million (first half of 2023: RMB341.5 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 RMB110.1 million, representing an increase of 247.3% as compared with RMB31.7 million in the same period of 2023. The upward trend was mainly attributable to the increase in commission fees recognised by RMB82.3 million year-on-year, as a result of the growth in recognised revenue from property development and sales. We have capitalised the commission fees incurred as contract costs and subsequently recognised the amounts as expenses when the related revenue are recognised. Excluding commission fees, other selling and marketing expenses during the Period under Review decreased by 22.4% year-on-year, 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, entertainment expenses for our business, office and travelling expenses and other miscellaneous expenses. During the Period under Review, the Group's administrative expenses amounted to RMB36.7 million, representing a decrease of 9.4% as compared with RMB40.5 million in the corresponding period of 2023. 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 net impairment losses on right-of-use assets, gains or losses on disposals of investment properties and property, plant and equipment, fair value losses on investment properties and net foreign exchange gains or losses. The Group's other losses – net decreased from RMB27.6 million in the first half of 2023 to RMB10.8 million in the same period of 2024, mainly due to decrease in losses on disposals of investment properties and property, plant and equipment by RMB16.2 million.

Finance costs – net

Finance costs – net comprised mainly interest expense on borrowings and leases net of capitalised interest expense, net exchange gains or losses on foreign currency borrowings and interest income from bank deposits. The Group's finance costs – net increased by 28.8% from RMB13.2 million in the first half of 2023 to RMB17.0 million in the same period of 2024, mainly due to less interest income generated by lower average total cash balance.

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

During the Period under Review, the Group's share of profit/(loss) of investments accounted for using the equity method changed from loss of RMB7.6 million in the first half of 2023 to profit of RMB0.4 million for the same period of 2024, mainly due to the disposal of the Group's equity interests in Zhujiang Village Project in July 2023.

Income tax credit/(expense)

Income tax credit/(expense) included corporate income tax and land appreciation tax ("**LAT**"). During the Period under Review, corporate income tax recorded a tax credit of RMB12.9 million (first half of 2023: tax expense of RMB39.4 million), mainly due to the decrease in loss before income tax during the first half of 2024. LAT expense amounted to RMB4.6 million (first half of 2023: RMB0.8 million).

Loss for the period

As a result of the aforementioned, the Group recorded a net loss of RMB182.4 million for the six months ended 30 June 2024, as compared to loss of RMB421.5 million for the six months ended 30 June 2023. Loss attributable to owners of the Company amounted to RMB262.9 million, as compared to loss attributable to owners of the Company amounted to RMB377.3 million for the six months ended 30 June 2023.

Basic and diluted loss per share for the Period under Review was RMB0.16, as compared to basic and diluted loss per share of RMB0.23 in the first half of 2023.

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 2024, the total cash and bank balances of the Group were RMB267.9 million (31 December 2023: RMB464.2 million), of which RMB32.2 million (31 December 2023: RMB125.0 million) was cash and cash equivalents and RMB235.6 million (31 December 2023: RMB339.2 million) was restricted cash.

As at 30 June 2024, the Group had placed at designated bank accounts the pre-sale proceeds of properties received of RMB226.9 million (31 December 2023: RMB304.1 million) as the guarantee deposits for the constructions of related properties. As at 30 June 2024, the Group had placed cash deposits of approximately RMB0.1 million (31 December 2023: RMB5.5 million) with designated banks as security for bank borrowings.

As at 30 June 2024, the Group's undrawn banking facilities were approximately RMB255.5 million (31 December 2023: RMB255.5 million).

Borrowings

As at 30 June 2024, the total interest-bearing borrowings and senior notes of the Group were RMB3,208.6 million (31 December 2023: RMB3,202.2 million), of which RMB33.1 million (31 December 2023: RMB29.0 million) was included in non-current liabilities and RMB3,175.5 million (31 December 2023: RMB3,173.2 million) was included in current liabilities of the Group, respectively.

(a) As at 30 June 2024, certain borrowings whose principal amounts of RMB56 million, relating to borrowings with a total principal amount of RMB716 million, were overdue. As a result of such default, the principal amount of borrowings of RMB109 million were considered as cross-default. The aggregate principal amount of the aforesaid borrowings of RMB825 million would be immediately repayable if requested by the lenders.

(b) On 11 January 2024, the Company issued the new senior notes with nominal interest rate 9.5% due 9 January 2025 in an aggregate principal amount of US$159,284,612. The issue of the new senior notes was related to the exchange offer of the existing senior notes amounting to US$152,100,000 due 11 January 2024 and capitalised interest accrued and unpaid. The new senior notes were listed on the The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 January 2024.

The above senior notes are guaranteed by certain subsidiaries of the Group. For details, please refer to the announcements of the Company dated 10 January 2024 and 12 January 2024.

(c) As at 30 June 2024, the Group's borrowings were denominated in following currencies:

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
RMB	**1,553,072**	1,600,310
HK$	**482,807**	491,024
US$	**1,172,734**	1,110,902
	3,208,613	3,202,236

(d) As at 30 June 2024, bank and other borrowings totalling RMB1,901.4 million (31 December 2023: RMB1,955.0 million) of the Group were secured by the pledge of the following assets together with the Group's shares of certain subsidiaries as collaterals:

	As at 30 June 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Lands	**11,634**	11,634
Property, plant and equipment	**217,644**	224,886
Investment properties	**93,295**	101,605
Properties under development	**1,124,706**	1,124,706
Completed properties held for sale	**676,478**	632,575
Trade receivables	**524**	1,097
Restricted cash	**145**	5,500
	2,124,426	2,102,003

Cost of borrowings

During the Period under Review, total cost of borrowings of the Group amounted to RMB134.2 million, representing a decrease of 15.2% from RMB158.3 million in the same period of 2023. The weighted average effective interest rate was 8.07% per annum during the Period under Review (first half of 2023: 8.02% per annum).

Net gearing ratio

As at 30 June 2024, net gearing ratio* was at 216.2% (31 December 2023: 175.9%).

* 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 2024, the outstanding guarantees were RMB1,653.0 million (31 December 2023: RMB2,070.9 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages.

The 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 2024, the Group had provided guarantees for borrowings of the Group's joint venture amounting to RMB355.4 million (31 December 2023: RMB355.4 million), with a provision amounting to RMB38.0 million (31 December 2023: RMB22.0 million) being made in the financial statements for the guarantee.

Commitments

As at 30 June 2024, the commitments of the Group for property development expenditure amounted to RMB1,090.9 million (31 December 2023: RMB1,123.1 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$**"). As at 30 June 2024 and 31 December 2023, major non-HK$ assets and liabilities of the non-PRC subsidiaries are cash and cash equivalents, restricted cash, other receivables, borrowings and other payables, which are denominated in RMB or US Dollar ("**US$**"). Fluctuation of the exchange rate of HK$ against RMB or US$ could affect the Group's results of operations.

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2024, 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

Change of Auditor

PricewaterhouseCoopers ("**PwC**") resigned as the auditor of the Company with effect from 15 July 2024 and confirmed that there were no matters that need to be brought to the attention of the shareholders of the Company in relation to its resignation. D & Partners CPA Limited ("**D&P**") has been appointed as the new auditor of the Company with effect from 15 July 2024 to fill the casual vacancy following the resignation of PwC. D&P shall hold office until the conclusion of the next annual general meeting of the Company. Details were set out in the Company's announcement dated 15 July 2024.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of interim dividend for the six months ended 30 June 2024.

REVIEW OF ACCOUNTS

The Company's audit committee has reviewed the interim results of the Group for the six months ended 30 June 2024.

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 Part 2 of Appendix C1 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 2024.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its code of conduct regarding the securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the six months ended 30 June 2024.

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 2024.

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

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

Hong Kong, 30 August 2024

As at the date of this announcement, the Board comprises Mr. Chan Sze Ming Michael, Mr. Liu Huaxi, Ms. Zheng Catherine Wei Hong and Mr. Wu Xinping 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.