



## JY GRANDMARK HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 2231

# 2021

## Interim Report





## Company Profile

JY Grandmark Holdings Limited (Stock Code : 2231.HK) is a property developer, operator and property management service provider based in the PRC. It runs four principal businesses, namely (i) property development and sales, (ii) hotel operations, (iii) property management and (iv) commercial property investment. The shares of JY Grandmark have been listed on the Hong Kong Stock Exchange since December 2019 and the Group has been included as a constituent of the MSCI China Small Cap Index since May 2020.

JY Grandmark has land resources in Guangdong, Hainan, Yunnan, Jiangsu and Hunan provinces for its future development. As of 30 June 2021, the Group had a land bank of nearly 4.1 million sq.m. on an attributable basis. The Group positions itself as an “Eco-friendly and People-oriented Property Developer” and acquired land reserves in strategic locations with abundant natural resources, rich culture and potential for growth. The Group takes into account the natural and cultural resources of its project site in the design of properties to develop homes and communities that the Group considers to be truly liveable for buyers. This accurate positioning differentiates the Group from other property developers in the PRC.



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# Corporate Information

## Board of Directors

### Executive Directors

Mr. CHAN Sze Ming Michael (*Chairman*)  
Mr. LIU Huaxi (*Vice-Chairman*)  
Ms. ZHENG Catherine Wei Hong  
Mr. WU Xinping  
Mr. XUE Shuangyou (resigned on 30 July 2021)  
Ms. WEI Miaochang

### Independent Non-executive Directors

Mr. MA Ching Nam  
Mr. LEONG Chong  
Mr. WU William Wai Leung

### Audit Committee

Mr. WU William Wai Leung (*Chairman*)  
Mr. MA Ching Nam  
Mr. LEONG Chong

### Remuneration Committee

Mr. LEONG Chong (*Chairman*)  
Mr. MA Ching Nam  
Mr. WU William Wai Leung  
Mr. LIU Huaxi

### Nomination Committee

Mr. MA Ching Nam (*Chairman*)  
Mr. LEONG Chong  
Mr. WU William Wai Leung  
Mr. LIU Huaxi

### Legal Advisers

As to Hong Kong law:  
Lu, Lai & Li Solicitors & Notaries

As to PRC law:  
Jingtian & Gongcheng

As to Cayman Islands law:  
Conyers Dill & Pearman

### Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### Registered Office

Cricket Square  
Hutchins Drive, PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### Principal Place of Business in Hong Kong

Suites 3008-10, 30/F, Tower One  
Times Square, 1 Matheson Street  
Causeway Bay  
Hong Kong

### Principal Place of Business and Head Office in the PRC

JY Grandmark Building  
198 Guanjing Road  
Nancun Town  
Panyu District, Guangzhou City  
Guangdong Province, the PRC

### Auditor

PricewaterhouseCoopers

### Company Secretary

Ms. WAI Ching Sum

### Authorised Representatives

Mr. CHAN Sze Ming Michael  
Ms. WAI Ching Sum

### Principal Banks

Hang Seng Bank Limited  
Chong Hing Bank Limited  
The Bank of East Asia, Limited  
Industrial and Commercial Bank of China,  
Guangdong Branch

### Company's Website

[www.jygrandmark.com](http://www.jygrandmark.com)



## Corporate Information (Continued)

### Listing Information

#### A. Equity Securities

- The Company's ordinary shares (stock code: 2231) are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

#### B. Debt Securities

- 7.5% senior notes in an aggregate principal amount of US Dollar (“**US\$**”)155,000,000 due 2022 (stock code: 40593) are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

### Financial Calendar 2021

Announcement of 2021 interim results	19 August
Ex-dividend date for interim dividend	6 September
Book closure period for determining entitlement to interim dividend	8-10 September
Record date for eligible shareholders to be entitled to interim dividend	10 September
Dispatch of dividend warrants	on or about 17 September

# Chairman's Statement

The Group will further adjust and improve operation strategies, and ensure reasonable economic trend prediction and market forecast from the macro perspective; from its own perspective, it will stick to the prudent financial strategy, focus on cash flow management, improve the capital turnover efficiency and lower the leverage.

## Dear Shareholders,

I am pleased to present the business review and prospects of JY Grandmark Holdings Limited (“**JY Grandmark**” or the “**Company**”) and its subsidiaries (together with the Company, the “**Group**”) for the six months ended 30 June 2021 (the “**Period under Review**”) to the shareholders of the Company (the “**Shareholders**”).

## Results and Dividends

During the Period under Review, the contracted sales of the Group was approximately Renminbi (“**RMB**”)2,486.4 million, representing a substantial year-on-year increase of 128.2% as compared with RMB1,089.5 million for the six months ended 30 June 2020. The contracted sales GFA was approximately 197,000 sq.m., representing a substantial year-on-year increase of 97.0% as compared to approximately 100,000 sq.m. for the six months ended 30 June 2020.

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

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





### **Business Review for The First Half of 2021**

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

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

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

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

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

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

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

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

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

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



## Chairman's Statement (Continued)

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

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

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

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

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

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

## Strategies and Prospects of The Second Half of 2021

### Improve strategic layout and adhere to the development roadmap of “high growth, high quality and high profit”

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

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

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

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

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



## Chairman's Statement (Continued)

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

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

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

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

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

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

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

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

### **Appreciation**

I hereby express my sincere gratitude to the customers and business partners for their long-term support. My heartfelt appreciation also goes to our Directors, the management team and all employees for their excellent work and contributions during the Period under Review. In particular, I would like to thank you, our Shareholders, for your continuing support and trust, which is very important for the growth of the Group and also very much valued by the Board.

I am very confident in the strategies that we envision and implement. Our professional and seasoned management team has well placed JY Grandmark to deliver growth in its profitability in relation to its core businesses in the future.

**CHAN Sze Ming Michael**

*Chairman of the Board*

Zhuhai, the PRC, 19 August 2021



# Management Discussion and Analysis

## BUSINESS AND FINANCIAL REVIEW

### Overall performance

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

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

### Revenue

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

### Property development and sales

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

The following table sets forth the breakdown of our revenue from property development and sales by geographical location for the six months ended 30 June 2021 and 2020.

City	Six months ended 30 June 2021				Six months ended 30 June 2020			
	Recognised revenue from sales of properties	% of recognised revenue from sale of properties	Total GFA delivered	Recognised average selling price	Recognised revenue from sales of properties	% of recognised revenue from sale of properties	Total GFA delivered	Recognised average selling price
		RMB'000				%		
	Guangzhou	120,307	12.1%	7,180	16,756	279,503	31.6%	17,062
Zhongshan	-	-	-	-	16,780	1.9%	735	22,830
Zhaoqing	7,761	0.8%	434	17,882	-	-	-	-
Qingyuan	303,239	30.6%	53,294	5,690	-	-	-	-
Lingshui	17,361	1.7%	642	27,040	185,146	20.9%	8,146	22,728
Lingao	47,316	4.8%	6,602	7,167	-	-	-	-
Tengchong	385,297	38.8%	26,958	14,293	365,059	41.3%	37,947	9,620
Zhuzhou	54,201	5.5%	10,427	5,198	-	-	-	-
Others (Note)	56,953	5.7%	N/A	N/A	38,214	4.3%	N/A	N/A
Total/overall	992,435	100.0%	105,537	8,864	884,702	100.0%	63,890	13,249

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

### Hotel operations

Apart from property development and sales, we also operate Just Stay Hotel and Just Stay Resort under our hotel operations business. During the Period under Review, revenue from hotel operations of the Group amounted to RMB34.5 million, which increased considerably by 61.2% from RMB21.4 million in the corresponding period of 2020. Despite the bleak performance in the first half of 2020 due to the outbreak of COVID-19 pandemic, the operation of the two Just Stay hotels had recovered since the second quarter of 2020 and maintained a strong growth in the first half of 2021.

### Property management

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

### Commercial property investment

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

### Cost of sales

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

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

### Gross profit and gross profit margin

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

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

### Selling and marketing expenses

Our selling and marketing expenses consist primarily of advertising costs, commission fees, employee benefit expenses and other selling expenses. During the Period under Review, selling and marketing expenses of the Group amounted to RMB48.3 million, representing an increase of 21.7% as compared with RMB39.7 million in the corresponding period of 2020, accounting for 4.6% of total revenue (1H2020: accounting for 4.3% of total revenue), mainly attributable to the Group's business expansion in the scale of sales and increasing marketing expenses to strengthen its brand influence. The Group will continue to exercise effective control over measures whilst striving to continue with the Group's business expansion.



## Management Discussion and Analysis (Continued)

### Administrative expenses

Administrative expenses primarily comprised of employee benefit expenses, entertainment expenses for our business, office expenses and travelling expenses. During the Period under Review, the Group's administrative expenses amounted to RMB75.8 million, representing an increase of 20.5% as compared with RMB62.9 million in the corresponding period of 2020, accounting for 7.3% of total revenue (1H2020: accounting for 6.8% of total revenue), mainly resulted from the Group's business expansion.

### Other income and other expenses

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

### Other gains/(losses) – net

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

### Finance (income)/costs – net

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

### Share of results of joint ventures

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

### Share of results of associates

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

### Income tax expense

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

### Profit for the period

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

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

## LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

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

### Cash positions and fund available

As at 30 June 2021, the total cash and bank balances of the Group were RMB2,245.1 million (31 December 2020: RMB2,361.4 million), of which RMB2,137.4 million (31 December 2020: RMB2,037.6 million) was cash and cash equivalents and RMB107.7 million (31 December 2020: RMB323.8 million) was restricted cash.

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

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

### Borrowings

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

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

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

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

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
RMB	1,587,537	1,550,014
HK Dollar ("HK\$")	587,712	588,567
US\$	997,195	973,224
	<b>3,172,444</b>	3,111,805



## Management Discussion and Analysis (Continued)

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

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

### Cost of borrowings

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

### Net gearing ratio

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

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

### Contingent liabilities

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

As at 30 June 2021, the outstanding guarantees were RMB1,458.0 million (31 December 2020: RMB1,341.6 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The Directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

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

### Commitments

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

### Currency risks

The Group's businesses are principally conducted in RMB. As at 30 June 2021, major non-RMB assets and liabilities are cash and cash equivalent and borrowings, which are denominated in HK\$ or US\$. Fluctuation of the exchange rate of RMB against HK\$ or US\$ could affect the Group's results of operations.

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

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

### SIGNIFICANT INVESTMENTS, MAJOR ACQUISITIONS AND DISPOSALS

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

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

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



# Land Bank

## Project Overview

(As of 30 June 2021)

# 12 cities

**Total land bank**  
**Nearly**  
**4.1 million sq.m.**



- Projects that are completed or comprise completed project phase
- Projects under development
- ▲ Projects held for future development



□ Yunnan Province   ■ Hunan Province   ■ Guangdong Province   ■ Hainan Province   ■ Jiangsu Province

## I. Land bank calculated by cities

As of 30 June 2021, the Group had a total of 38 property projects in 12 cities. 34 of these properties were developed and owned by the Group, and 4 were developed by the Group's joint ventures and associates. As of 30 June 2021, the Group had a land bank of nearly 4.1 million sq.m. on an attributable basis. The average cost of land was approximately RMB1,711 per sq.m. , excluding Zhongshan JY Yarra New Street (the completed property held for sale acquired by the Group).

The total GFA of the Group's land bank includes (i) the total GFA of property completed, (ii) the total GFA of property under development and (iii) the total GFA for future development.

The following table sets forth the land bank details of the Group by region as of 30 June 2021.

Location	No. of project	No. of project	Under development	Future development	Completed	Under development	Future development	Total land bank
					Saleable/leasable GFA	not leased (sq.m.)	(including non-saleable/non-leasable GFA)	(sq.m.)
<b>Guangdong</b>		<b>7</b>	<b>6</b>	<b>4</b>				
Conghua	3				39,094	–	–	39,094
Nansha	1				20,993	–	–	20,993
Zhongshan	1				27,908	–	–	27,908
Qingyuan	6				163,321	265,631	834,824	1,263,776
Zhaoqing	2				2,309	267,842	–	270,151
Huangpu	1				–	–	149,559	149,559
Zengcheng	3				–	97,979	100,020	197,999
<b>Hainan</b>		<b>6</b>	<b>1</b>	<b>1</b>				
Lingshui	5				286	–	–	286
Lingao	3				17,346	19,574	114,590	151,510
<b>Yunnan</b>		<b>2</b>	<b>1</b>	<b>5</b>				
Tengchong	8				41,274	86,765	1,079,170	1,207,209
<b>Jiangsu</b>		<b>–</b>	<b>1</b>	<b>–</b>				
Nanjing	1				–	36,385	–	36,385
<b>Hunan</b>		<b>1</b>	<b>1</b>	<b>2</b>				
Zhuzhou	4				87,019	54,312	566,337	707,668
<b>Total</b>	<b>38</b>	<b>16</b>	<b>10</b>	<b>12</b>	<b>399,550</b>	<b>828,488</b>	<b>2,844,500</b>	<b>4,072,538</b>

## II. Land bank calculated by project types

No.	Project	Interest of the Group	Province	Location	Property type	Site area x Group interest (note 1) (sq.m.)	Completed GFA (sq.m.)	Under development GFA (sq.m.)	Future development GFA (sq.m.)	Total estimated GFA (note 2) (sq.m.)	Construction completion date / Estimated construction completion time
1	JY Lychee Town Phase I	100%	Guangdong	JY Lychee Town Garden, Xuanxing Village, Wenquan Town, Conghua District, Guangzhou City, Guangdong Province, the PRC	Residential	70,385	5,553	-	-	5,553	2015.12
2	JY Lychee Town Phase II	100%	Guangdong	JY Lychee Town Garden, Xuanxing Village, Wenquan Town, Conghua District, Guangzhou City, Guangdong Province, the PRC	Residential	70,385	29,868	-	-	29,868	2018.10
3	JY Hot Spring Villas	100%	Guangdong	288 Yuquan Avenue, Liangkou Town, Conghua District, Guangzhou City, Guangdong Province, the PRC	Hotel rooms	131,091	3,673	-	-	3,673	2016.10
4	JY Clearwater Bay No. 3 Phase I	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	83,375	220	-	-	220	2015.12
5	JY Clearwater Bay No. 3 Phase II	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	67,770	66	-	-	66	2016.12
6	JY Clearwater Bay No. 3 Phase III	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	121,631	-	-	-	-	2018.07
7	JY Clearwater Bay No. 3 Phase VI	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	58,823	-	-	-	-	2019.06
8	JY Clearwater Bay No. 3 Phase VII	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	48,471	-	-	-	-	2019.06
9	JY Donghuzhou Haoyuan	30%	Guangdong	South of Huanshi Avenue, Nanheng County, Nansha Street, Nansha District, Guangzhou City, Guangdong Province, the PRC	Residential	17,791	20,993	-	-	20,993	2019.05
10	JY Yarra New Street (previously known as Zhongshan Yueheng Project)	50%	Guangdong	Yarra City Commercial Street, Southern District, Zhongshan City, Guangdong Province, the PRC	Shop	-	27,908	-	-	27,908	-
11	JY Grand Garden Phase I	100%	Guangdong	JY Grand Garden, West of Yingzhou Avenue, Yingcheng Town, Yingde City, Qingyuan City, Guangdong Province, the PRC	Residential	67,812	127,658	-	-	127,658	2020.12
12	JY Gaoligong Town Phase I	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	26,531	-	-	26,531	2019.12
13	JY Gaoligong Town Phase II	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	14,743	-	113,842	128,585	2020.12
14	JY Mountain Lake Gulf Phase I (100# Lot)	100%	Hunan	79 Jincheng East Road, Hetang District, Zhuzhou City, Hunan Province, the PRC	Residential	101,175	87,019	-	-	87,019	2020.12
15	JY Egret Bay Phase I (previously known as JY Well-being Valley Phase I (06# Lot))	80%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	23,023	17,346	2,665	-	20,011	2020.12
16	JY Egret Bay Phase II (previously known as JY Well-being Valley Phase II (07# Lot))	80%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	47,774	-	16,909	64,075	80,984	2022.06
17	JY Well-being Valley Phase III (04# Lot)	80%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	41,210	-	-	50,515	50,515	2023.06

## Land Bank (Continued)

No.	Project	Interest of the Group	Province	Location	Property type	Site area x Group interest (note 1) (sq.m.)	Completed GFA (sq.m.)	Under development GFA (sq.m.)	Future development GFA (sq.m.)	Total estimated GFA (note 2) (sq.m.)	Construction completion date / Estimated construction completion time
18	JY Grand Garden Phase II	100%	Guangdong	JY Grand Garden, West of Yingzhou Avenue, Yingcheng Town, Yingde City, Qingyuan City, Guangdong Province, the PRC	Residential	67,812	35,663	133,801	–	169,464	2021.06
19	JY Grand Garden Phase III	100%	Guangdong	Lot B, North of Guangbi Road, East of Yingzhou Avenue, Yingde City, Qingyuan City, Guangdong Province, the PRC	Residential	26,340	–	76,378	88,512	164,890	2022.12
20	JY Canglong Bay Project	80%	Guangdong	Lot B, North of Jiaoyu Road, East of Hongyun Avenue, Yinghong Town, Yingde City, Qingyuan City, Guangdong Province, the PRC	Residential	60,230	–	55,452	162,898	218,350	2022.12
21	JY Yonghua Shijia Project	100%	Guangdong	North of Lingnan Road, East of Hongyun Avenue, Yinghong Town, Yingde City, Qingyuan City, Guangdong Province, the PRC	Residential	60,877	–	–	182,630	182,630	2023.12
22	JY Yingde Jinxiong Project	100%	Guangdong	West of Baojing Road, South of Yingzhou Avenue, Yingcheng District, Yingde City, Qingyuan City, Guangdong Province, the PRC	Urban redevelopment: Commercial and residential property to be redeveloped	160,314	–	–	400,784	400,784	2023.12
23	JY Gaoligong Town Phase III	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	–	–	68,893	68,893	2024.06
24	JY Mountain Lake Gulf Phase II (100# Lot)	100%	Hunan	79 Jincheng East Road, Hetang District, Zhuzhou City, Hunan Province, the PRC	Residential	101,175	–	–	236,787	236,787	2024.12
25	JY Mountain Lake Gulf Project Phase III (111# Lot)	100%	Hunan	North of Intersection of Jincheng East Road and Jinda Road, Zhuzhou City, Hunan Province, the PRC	Residential	85,260	–	–	274,640	274,640	2023.06
26	Jing Ye Square (previously known as JY Mountain Lake Gulf Project Phase IV (99# Lot))	100%	Hunan	299 Hetang Avenue, Hetang District, Zhuzhou City, Hunan Province, the PRC	Commercial	22,754	–	54,312	54,910	109,222	2022.12
27	Zhaoqing International Technology and Innovation Centre (Zone A)	90%	Guangdong	North of Zongbu 3rd Road, South of Zongbu 2nd Road, North of Yongli Avenue, West of Yingbin Road, New Area, Dinghu District, Zhaoqing City, Guangdong Province, the PRC	Business and Commercial	26,446	–	143,173	–	143,173	2022.06
28	Zhaoqing International Technology and Innovation Centre (Zone B)	90%	Guangdong	17 Yongli Avenue, New Area, Dinghu District, Zhaoqing City, Guangdong Province, the PRC	Residential and Commercial	40,335	2,309	124,669	–	126,978	2020.10
29	JY Jiangshan Shili Zone A	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	96,922	–	86,765	181,078	267,843	2022.06
30	JY Jiangshan Shili Zone B	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	48,559	–	–	145,677	145,677	2023.12
31	JY Jiangshan Shili Zone C	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	30,724	–	–	92,172	92,172	2024.12
32	JY Jiangshan Shili Zone D	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	67,072	–	–	201,216	201,216	2025.06
33	Jinke JY Grand Garden	15%	Guangdong	Kengbei Village, Zhongxin Town, Zengcheng District, Guangzhou City, Guangdong Province, the PRC	Residential	4,912	–	16,807	4,027	20,834	2023.06
34	Zengcheng Shitan Project	100%	Guangdong	West of Xincheng Avenue, Shitan Town, Zengcheng District, Guangzhou City, Guangdong Province, the PRC	Residential	26,938	–	81,172	34,667	115,839	2022.12

## Land Bank (Continued)

No.	Project	Interest of the Group	Province	Location	Property type	Site area x Group interest (note 1) (sq.m.)	Completed GFA (sq.m.)	Under development GFA (sq.m.)	Future development GFA (sq.m.)	Total estimated GFA (note 2) (sq.m.)	Construction completion date / Estimated construction completion time
35	JY Logan Jiuyun Mansion (previously known as Nanjing Liuhe Project)	26%	Jiangsu	Lot at South of Qin Yuan Road, East of Yanan Road, Xiong Zhou Street, Liuhe District, Nanjing City, Jiangsu Province, the PRC	Residential	13,002	-	36,385	-	36,385	2022.12
36	Zhujiang Village Project	55%	Guangdong	Wenkang Road, Xiasha Industrial Zone, Huangpu District, Guangzhou City, Guangdong Province, the PRC	Residential and Commercial	28,662	-	-	149,559 (note 3)	149,559 (note 3)	2024.12
37	Zhongxin Town Project in Zengcheng	50%	Guangdong	East of Xinxi Highway, Zhongxin Town, Zengcheng District, Guangzhou City, Guangdong Province, the PRC	Residential	12,995	-	-	61,326	61,326	2023.06
38	JY Yunshan Xigu	100%	Yunnan	JY Yunshan Xigu, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	132,971	-	-	276,292	276,292	2024.12
						<b>2,077,691</b>	<b>399,550</b>	<b>828,488</b>	<b>2,844,500</b>	<b>4,072,538</b>	

### Notes:

- (1) Relevant land use certificate was granted to the entire land parcel and breakdown of site area for each phase was not available.
- (2) The total GFA of the Group's land bank includes (i) the total GFA of property completed, (ii) the total GFA of property under development and (iii) the total GFA for future development. For projects held by non-wholly-owned subsidiaries, joint ventures and associates of the Group, the GFA is adjusted by the equity interest of the Group in the respective project.
- (3) The relevant GFA does not include the GFA for resettlement purpose.

# Corporate Governance and Other Information

## Compliance with the Corporate Governance Code

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company has adopted the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code on corporate governance. To the best knowledge of the directors of the Company (the “**Directors**”), the Company has complied with all applicable code provisions under the Corporate Governance Code during the six months ended 30 June 2021.

## Compliance with the Model Code for Securities Transactions by the 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 2021.

## Directors’ and Chief Executive’s Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations

As at 30 June 2021, the interest and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be and were recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules were as follows:

### Long position in the ordinary shares of the Company

Name of Director	Nature of interest	Number of ordinary shares held or interest in the Company	Approximate percentage of issued share capital of the Company <sup>(2)</sup>
Mr. CHAN Sze Ming Michael	Founder of a discretionary trust <sup>(1)</sup>	1,200,000,000	72.9%

#### Notes:

- (1) These ordinary shares of the Company are held by Sze Ming Limited. The entire issued capital of Sze Ming Limited is held by IQ EQ (BVI) Limited as trustee of Chan S. M. Michael Family Trust, a discretionary trust with Mr. CHAN Sze Ming Michael as settlor and protector and established in accordance with the laws of the British Virgin Islands. There are certain discretionary beneficiaries including Mr. CHAN Sze Ming Michael, his parents, his siblings and his descendants. Mr. CHAN Sze Ming Michael is taken to be interested in these ordinary shares of the Company held by Sze Ming Limited pursuant to the SFO.
- (2) The calculation is based on the total number of issued ordinary shares of 1,646,173,000 shares of the Company as at 30 June 2021.



## Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations (continued)

### Interest in associated corporation(s)

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Mr. LIU Huaxi	Beneficial interest	Zhongshan Jingyue Investment Co., Ltd.* (中山市景悅投資有限公司) ("Zhongshan Jingyue")	2.5% <sup>(1)</sup>

Note:

- (1) Mr. LIU Huaxi holds 50% interest in Zhongshan Yuelai Real Estate Investment Group Co., Ltd. (中山市悅來房地產投資集團有限公司) ("Zhongshan Yuelai"), Zhongshan Yuelai which in turn owns 5% interest in Zhongshan Jingyue, a joint venture of the Company.

Save as disclosed above, as at 30 June 2021, none of the Directors or the chief executive of the Company had any interest or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO)), or which were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Substantial Shareholders' and Other Persons' Interest and Short Position in the Shares and Underlying Shares

Save as disclosed below, so far as known to the Directors and chief executive of the Company, as at 30 June 2021, the following persons or corporations (other than our Directors and chief executive of the Company) who had interest and/or short positions in the shares or underlying shares of the Company which would be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Nature of interest	Number of ordinary shares held or interest in the Company	Approximate percentage of issued share capital of the Company <sup>(3)</sup>
Mr. CHAN Sze Ming Michael	Founder of a discretionary trust <sup>(1)</sup>	1,200,000,000	72.9%
IQ EQ (BVI) Limited	Trustee of a discretionary trust <sup>(1)</sup>	1,200,000,000	72.9%
Sze Ming Limited	Beneficial owner <sup>(1)</sup>	1,200,000,000	72.9%
Ms. SHUM Wing Yin	Interest of spouse <sup>(2)</sup>	1,200,000,000	72.9%

Notes:

- (1) These ordinary shares of the Company are held by Sze Ming Limited. The entire issued capital of Sze Ming Limited is held by IQ EQ (BVI) Limited as trustee of Chan S. M. Michael Family Trust, a discretionary trust with Mr. CHAN Sze Ming Michael as settlor and protector and established in accordance with the laws of the British Virgin Islands. There are certain discretionary beneficiaries including Mr. CHAN Sze Ming Michael, his parents, his siblings and his descendants. Mr. CHAN Sze Ming Michael is taken to be interested in these ordinary shares of the Company held by Sze Ming Limited pursuant to the SFO.

## Substantial Shareholders' and Other Persons' Interest and Short Position in the Shares and Underlying Shares (continued)

Notes: (continued)

- (2) Ms. SHUM Wing Yin is the spouse of Mr. CHAN Sze Ming Michael, and is deemed to be interested in the ordinary shares of the Company which are interested by Mr. CHAN Sze Ming Michael under the SFO.
- (3) The calculation is based on the total number of issued ordinary shares of 1,646,173,000 shares of the Company as at 30 June 2021.
- (4) All interests stated are long positions.

Save as disclosed above, as at 30 June 2021, so far as known to the Directors and chief executive of the Company, there was no person or corporation (other than the Directors and chief executives of the Company) had any interest or short positions in the shares or underlying shares of the Company which would be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO, or which were recorded in the register required to be kept under Section 336 of SFO.

## Employees and Remuneration Policies

As at 30 June 2021, the Group had a total of 1,098 employees (30 June 2020: 911 employees). For the Period under Review, the Group has recognised staff costs of RMB89.9 million (1H2020: RMB67.1 million). The Group provided employees with salaries and benefits that, in its opinion, were competitive with market standards and regularly reviewed the remuneration policies based on employees' contributions and industry standards. The Company maintains a share option scheme for the purpose of providing incentives and rewards to the participants for their contribution to the Group. The Group also contributed to medical insurance, pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and housing provident funds for our employees and paid relevant insurance premiums. In addition, the Group was committed to cultivating all-level skilled employees. The Group provided training programs based on the positions and expertise of our employees to enhance their understanding and apprehension of the property industry and related fields. Besides internal training, the Group also engaged external experts to provide training courses for its employees from time to time. Details of the share option scheme of the Company are set out in the section headed "Share Option Scheme". The Group regularly reviews and determines the remuneration and compensation package of the Directors and senior management by reference to. Among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group.

Under the applicable PRC laws and regulations, the Group is subject to social insurance contribution plans.



### Share Option Scheme

On 13 November 2019, a share option scheme with terms complying with Chapter 17 of the Listing Rules was conditionally approved and adopted by the then shareholder of the Company (the “**Share Option Scheme**”).

The purposed of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of the Group and to promote the success of the business of the Group. Details of the principal terms of the Share Option Scheme are set out in the prospectus of the Company dated 25 November 2019.

### Detail of the Share Option(s) Granted

No option was granted or agreed to be granted under the Share Option Scheme during the six months ended 30 June 2021. There was no share option outstanding as at the beginning and at the end of the Period under Review.

### Purchase, Sale or Redemption of Listing Securities of the Company

Neither the Company nor any of its subsidiary has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2021.

### Changes in Member of Board of Director’s and Chief Executive’s Biographical Details under Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of Directors since the date of the annual report of the Company for the year ended 31 December 2020 and up to the date of this interim report is set out below:

- Mr. Xue Shuangyou resigned as executive Director with effect from 30 July 2021.
- Mr. WU William Wai Leung is an independent director of Alset Ehome International Inc. (NASDAQ: AEI). The former name of Alset Ehome International Inc. was HF Enterprise Inc..

### Disclosure Pursuant to Rule 13.21 of the Listing Rules

On 29 December 2020, the Company as borrower, Hang Seng Bank Limited as facility agent and mandated lead arranger (the “**Agent**”) and certain other financial institutions as lenders, among others, entered into a facilities agreement (the “**Facilities Agreement**”) in relation to certain term loan facilities in the aggregate principal amount of HK\$734,000,000 (the “**Facility**”) for a term of 36 months from the date of the Facilities Agreement subject to the terms and conditions as set out therein.

Pursuant to the Facilities Agreement, if (i) the family trust of Mr. CHAN Sze Ming Michael ceases to beneficially own directly or indirectly more than 50% of the issued shares in or control the Company; or (ii) Mr. CHAN Sze Ming Michael ceases to remain or continue to act as chairman and executive director of the Company or to maintain control over the management and business of the Company and its subsidiaries, the Company shall promptly notify the Agent upon becoming aware of that event, and the Facility will be immediately and automatically cancelled and all outstanding loans together with accrued interest accrued will become immediately due and payable within ten days of demand by the Agent.

### Event after the Period under Review

No significant events affecting the Group had occurred during the period from 1 July 2021 to the date of this interim report.

### Issue of 7.5% Senior Notes Due 2022

The Company issued 7.5% senior notes in an aggregate principal amount of US\$155,000,000 in Hong Kong on 8 February 2021 (the “**2021 Notes**”). The issue of the 2021 Notes comprised of the exchange offer of the existing senior notes due 9 March 2021 amounting to US\$137,500,000 and completion of concurrent new money issuance amounting to US\$17,500,000.

The interest rate of the 2021 Notes is fixed at 7.5% per annum. The 2021 Notes will mature on 7 February 2022, and are puttable for early redemption at the principal amount at any time prior to 7 February 2022. The 2021 Notes were listed on the Stock Exchange on 9 February 2021. We plan to use to acquire or develop property projects, refinance existing indebtedness and for general corporate purposes. Please refer to the announcements of the Company dated 2 February 2021, 3 February 2021, 8 February 2021 and 9 February 2021 for details.

### Public Float

Rule 8.08 of the Listing Rules requires there to be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities to be maintained. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by the public. Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the date of this interim report, the Company has maintained a sufficient public float as required under the Listing Rules.

### Interim Dividend

The Board declared payment of an interim dividend (the “**Interim Dividend**”) for the six months ended 30 June 2021 of RMB3.63 cents per ordinary share (equivalent to HK\$4.36 cents per ordinary share, which is based on the average middle rate of RMB to HK\$ as announced by the People's Bank of China for the five business days preceding the date of declaration of such dividend). The Interim Dividend will be paid in HK\$ on or about Friday, 17 September 2021 to the shareholders whose names appear on the register of members of the Company at the close of business on Friday, 10 September 2021.

### Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 8 September 2021 to Friday, 10 September 2021 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible for the Interim Dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 7 September 2021.



### Audit Committee

The audit committee of the Company (the “**Audit Committee**”) was established on 13 November 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee include (but without limitation): (i) be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor; (ii) monitor the integrity of the Company’s financial statements, annual reports, accounts, interim reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them; (iii) oversee the Company’s financial reporting system, risk management and internal control systems; and (iv) develop and review the Company’s policies and practices on corporate governance and make recommendations to the Board. For the six months ended 30 June 2021, the Audit Committee consists of three independent non-executive Directors, namely, Mr. WU William Wai Leung (chairman of the Audit Committee who possesses the appropriate professional qualification or accounting or related financial management expertise), Mr. MA Ching Nam and Mr. LEONG Chong. The written terms of reference of the Audit Committee has been made available on the Company’s website at [www.jygrandmark.com](http://www.jygrandmark.com) and on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The Audit Committee has considered and reviewed the interim results of the Group for the six months ended 30 June 2021 and this interim report before recommendation to the Board for approval. It has, in conjunction with the external auditor of the Company, PricewaterhouseCoopers, reviewed the interim condensed financial statements for the six months ended 30 June 2021. The accounting information given in this interim report has not been audited.

\* *For ease of reference, the names of companies and entities established in China have been included in this interim report in English by way of translation if such Chinese entities do not have an English name as part of their legal name, and if there is any inconsistency between the Chinese names of the Chinese entities mentioned in this interim report and their English translations, the Chinese version shall prevail.*

# Interim Condensed Consolidated Statement of Financial Position

(All amounts in RMB Yuan thousands unless otherwise stated)

	<i>Notes</i>	<b>As at 30 June 2021 Unaudited RMB'000</b>	<b>As at 31 December 2020 Audited RMB'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	295,427	301,807
Right-of-use assets	15	255,133	258,196
Investment properties	15	290,440	289,252
Intangible assets	15	2,835	2,443
Other receivables and prepayments	18	15,929	13,805
Deferred income tax assets		108,257	100,234
Investment in joint ventures	13	20,978	24,543
Investment in associates	14	107,721	84,200
		<b>1,096,720</b>	1,074,480
<b>Current assets</b>			
Inventories		1,774	1,510
Contract costs	5	34,230	18,746
Properties under development	16	5,618,112	3,714,538
Completed properties held for sale	17	1,484,814	1,680,252
Trade and other receivables and prepayments	18	1,198,184	1,831,304
Prepaid taxes	19	91,161	81,040
Restricted cash	20	107,706	323,779
Cash and cash equivalents	21	2,137,368	2,037,665
Amounts due from related parties	28	65,200	123,123
		<b>10,738,549</b>	9,811,957
<b>Total assets</b>		<b>11,835,269</b>	10,886,437



## Interim Condensed Consolidated Statement of Financial Position (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

	<i>Notes</i>	<b>As at 30 June 2021 Unaudited RMB'000</b>	As at 31 December 2020 Audited RMB'000
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	22	14,746	14,746
Other reserves	23	1,841,884	1,836,263
Retained earnings	23	1,244,251	1,184,234
		<b>3,100,881</b>	3,035,243
<b>Non-controlling interests</b>		<b>1,458,225</b>	1,417,808
<b>Total equity</b>		<b>4,559,106</b>	4,453,051
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		147,689	124,769
Bank and other borrowings	24	1,603,956	1,568,978
Lease liabilities		61,187	63,608
		<b>1,812,832</b>	1,757,355
<b>Current liabilities</b>			
Bank and other borrowings	24	1,568,488	1,542,827
Trade and other payables	25	3,454,999	2,779,260
Lease liabilities		5,537	5,122
Current income tax liabilities		434,307	348,822
		<b>5,463,331</b>	4,676,031
<b>Total liabilities</b>		<b>7,276,163</b>	6,433,386
<b>Total equity and liabilities</b>		<b>11,835,269</b>	10,886,437

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

The financial statements on pages 28 to 64 were approved by the Board of Directors on 19 August 2021 and were signed on its behalf.

**CHAN Sze Ming Michael**  
*Director*

**LIU Huaxi**  
*Director*

# Interim Condensed Consolidated Statement of Comprehensive Income

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	Six months ended 30 June	
		2021 Unaudited RMB'000	2020 Unaudited RMB'000
Revenue	5	1,042,796	924,694
Cost of sales	6	(630,669)	(520,145)
<b>Gross profit</b>		<b>412,127</b>	404,549
Selling and marketing expenses	6	(48,256)	(39,689)
Administrative expenses	6	(75,760)	(62,909)
Net impairment losses on financial assets		(1,779)	(569)
Other income	7	20,475	1,590
Other expenses		(457)	(3,729)
Other gains/(losses) – net	8	2,378	(9,131)
<b>Operating profit</b>		<b>308,728</b>	290,112
Finance costs	9	(4,246)	(15,086)
Finance income	9	8,655	14,305
Finance income/(costs) – net	9	4,409	(781)
Share of results of joint ventures	13	(3,565)	–
Share of results of associates	14	11,925	39,645
<b>Profit before income tax</b>		<b>321,497</b>	328,976
Income tax expense	10	(153,099)	(134,881)
<b>Profit for the period</b>		<b>168,398</b>	194,095
<b>Profit attributable to:</b>			
Owners of the Company		170,804	196,906
Non-controlling interests		(2,406)	(2,811)
		<b>168,398</b>	194,095
<b>Other comprehensive income/(loss) for the period</b>			
<i>Item that may be reclassified to profit or loss</i>			
– Currency translation differences		5,621	(7,206)
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>5,621</b>	(7,206)
<b>Total comprehensive income for the period</b>		<b>174,019</b>	186,889
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		176,425	189,700
Non-controlling interests		(2,406)	(2,811)
		<b>174,019</b>	186,889
<b>Earnings per share (expressed in RMB per share)</b>			
– Basic and diluted earnings per share	11	0.10	0.12

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



# Interim Condensed Consolidated Statement of Changes in Equity

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company				Non-controlling interests	Total
	Share capital	Other reserves	Retained earnings	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Six months ended 30 June 2021</b>						
<b>(Unaudited)</b>						
<b>Balance at 1 January 2021</b>	<b>14,746</b>	<b>1,836,263</b>	<b>1,184,234</b>	<b>3,035,243</b>	<b>1,417,808</b>	<b>4,453,051</b>
Comprehensive income						
– Profit for the period	–	–	170,804	170,804	(2,406)	168,398
– Other comprehensive income	–	5,621	–	5,621	–	5,621
<b>Total comprehensive income</b>	<b>–</b>	<b>5,621</b>	<b>170,804</b>	<b>176,425</b>	<b>(2,406)</b>	<b>174,019</b>
<b>Transactions with owners in their capacity as owners:</b>						
Dividends paid	–	–	(110,787)	(110,787)	(94,877)	(205,664)
Capital injections from non-controlling interests	–	–	–	–	137,700	137,700
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>(110,787)</b>	<b>(110,787)</b>	<b>42,823</b>	<b>(67,964)</b>
<b>Balance at 30 June 2021</b>	<b>14,746</b>	<b>1,841,884</b>	<b>1,244,251</b>	<b>3,100,881</b>	<b>1,458,225</b>	<b>4,559,106</b>
<b>Six months ended 30 June 2020</b>						
<b>(Unaudited)</b>						
<b>Balance at 1 January 2020</b>	14,746	1,765,202	939,006	2,718,954	100,455	2,819,409
Comprehensive income						
– Profit for the period	–	–	196,906	196,906	(2,811)	194,095
– Other comprehensive loss	–	(7,206)	–	(7,206)	–	(7,206)
<b>Total comprehensive income</b>	<b>–</b>	<b>(7,206)</b>	<b>196,906</b>	<b>189,700</b>	<b>(2,811)</b>	<b>186,889</b>
<b>Transactions with owners in their capacity as owners:</b>						
Dividends paid	–	–	(150,460)	(150,460)	–	(150,460)
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>(150,460)</b>	<b>(150,460)</b>	<b>–</b>	<b>(150,460)</b>
<b>Balance at 30 June 2020</b>	<b>14,746</b>	<b>1,757,996</b>	<b>985,452</b>	<b>2,758,194</b>	<b>97,644</b>	<b>2,855,838</b>

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

# Interim Condensed Consolidated Statement of Cash Flows

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Six months ended 30 June	
		2021 Unaudited RMB'000	2020 Unaudited RMB'000
<b>Cash flows from operating activities</b>			
Cash used in operations		(63,801)	(204,819)
Income tax paid		(52,360)	(134,073)
Interest paid		(115,760)	(109,500)
Net cash used in operating activities		(231,921)	(448,392)
<b>Cash flows from investing activities</b>			
Payments for acquisition of subsidiaries, net of cash acquired		(11,800)	(5,814)
Purchases of property, plant and equipment		(2,622)	(2,598)
Proceeds from disposal of property, plant and equipment		–	39
Purchases of intangible assets		(1,010)	(418)
Investment in an associate		(11,000)	–
Net cash outflow from financial assets at fair value through profit or loss		–	(6,400)
Cash advanced to related parties		–	(13)
Cash repayments from related parties		53,210	–
Interest received on financial assets at fair value through profit or loss		2,489	2,613
Interest received		2,641	7,759
Net cash generated from/(used) in investing activities		31,908	(4,832)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		495,478	2,297,426
Repayments of borrowings		(434,839)	(1,511,987)
Advances from non-controlling interests		119,160	–
Capital injection from non-controlling interests		137,700	–
Payments for listing related expenses		–	(2,891)
Decrease/(increase) in restricted cash for securing bank borrowings		197,276	(5,569)
Lease payments		(4,119)	(2,667)
Dividends paid to non-controlling interests		(94,877)	–
Dividends paid to the Company's shareholders		(110,787)	(150,460)
Net cash generated from financing activities		304,992	623,852
<b>Net increase in cash and cash equivalents</b>			
Exchange (losses)/gains on cash and cash equivalents		(5,276)	8,489
Cash and cash equivalents at beginning of period		2,037,665	956,933
<b>Cash and cash equivalents at end of period</b>	21	<b>2,137,368</b>	<b>1,136,050</b>

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



# Notes to the Interim Financial Information

(All amounts in RMB Yuan thousands unless otherwise stated)

## 1 General information

JY Grandmark Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 2 November 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket square, Hutchins Drive, PO Box 2618, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in property development, property management, hotel operations and commercial property investment in the People’s Republic of China (the “**PRC**”).

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 5 December 2019.

These financial statements are presented in RMB and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

The interim financial information has not been audited.

Since January 2020, the epidemic of Coronavirus Disease 2019 (the “**COVID-19 outbreak**”) has spread across China and other countries. COVID-19 may affect the financial performance and position of the industry of real estate including the construction and delivery of properties, rental income, revenue from hotel operations and so on. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the interim condensed consolidated financial information is authorised for issue, the Directors consider the epidemic would not have a significant impact on the financial position and operating result of the Group. The Group will closely monitor the development of the COVID-19 outbreak and continue to evaluate its impact on the financial position and operating results of the Group.

## 2 Basis of preparation and accounting policies

The interim financial information has been prepared in accordance with HKAS 34 “Interim Financial Reporting”. The interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements, except the adoption of new and amended standards and interpretation as described below.

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

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

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

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 2 Basis of preparation and accounting policies (continued)

#### (b) New standards and amendments not yet adopted

The following new standards and amendments have been published that are not mandatory for the six months ended 30 June 2021 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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

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

### 3 Estimates

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2020, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings.



## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 4 Financial risk management

#### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risks), credit risk and liquidity risk.

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

There have been no changes in the risk management department or in any risk management policies since year end.

### 5 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.

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 5 Revenue and segment information (continued)

#### (b) Segment performance

The segment information provided to the executive directors for the reportable segments for the six months ended 30 June 2021 is as follows:

	Property development and sales Unaudited RMB'000	Commercial property investment Unaudited RMB'000	Hotel operations Unaudited RMB'000	Property management Unaudited RMB'000	Total Unaudited RMB'000
Segment revenue	992,435	–	34,595	16,946	1,043,976
Recognised at a point in time	992,435	–	–	–	992,435
Recognised over time	–	–	34,595	16,946	51,541
Revenue from other sources: rental income	–	9,705	–	–	9,705
Inter-segment revenue	–	(4,471)	(56)	(6,358)	(10,885)
Revenue from external customers	992,435	5,234	34,539	10,588	1,042,796
Gross profit	406,222	4,666	(2,071)	3,310	412,127
Selling and marketing expenses					(48,256)
Administrative expenses					(75,760)
Net impairment losses on financial assets					(1,779)
Other income					20,475
Other expenses					(457)
Other gains – net					2,378
Finance income – net					4,409
Share of results of joint ventures (Note 13)	(3,565)	–	–	–	(3,565)
Share of results of associates (Note 14)	11,925	–	–	–	11,925
Profit before income tax					321,497
Income tax expense					(153,099)
Profit for the period					168,398
Depreciation and amortisation	6,303	–	7,700	80	14,083
Fair value gains on investment properties – net (Note 15)	–	1,188	–	–	1,188

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 5 Revenue and segment information (continued)

#### (b) Segment performance (continued)

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

	Property development and sales Unaudited RMB'000	Commercial property investment Unaudited RMB'000	Hotel operations Unaudited RMB'000	Property management Unaudited RMB'000	Total Unaudited RMB'000
Segment revenue	884,702	–	21,790	8,044	914,536
Recognised at a point in time	884,702	–	–	–	884,702
Recognised over time	–	–	21,790	8,044	29,834
Revenue from other sources:					
rental income	–	16,834	–	–	16,834
Inter-segment revenue	–	(5,874)	(410)	(392)	(6,676)
Revenue from external customers	884,702	10,960	21,380	7,652	924,694
Gross profit	401,036	9,683	(5,342)	(828)	404,549
Selling and marketing expenses					(39,689)
Administrative expenses					(62,909)
Net impairment losses on financial assets					(569)
Other income					1,590
Other expenses					(3,729)
Other losses – net					(9,131)
Finance costs – net					(781)
Share of results of an associate (Note 14)	39,645	–	–	–	39,645
Profit before income tax					328,976
Income tax expense					(134,881)
Profit for the period					194,095
Depreciation and amortisation	6,341	–	7,391	61	13,793
Fair value gains on investment properties – net (Note 15)	–	330	–	–	330

Sales between segments are carried out at arm's length. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of comprehensive income.

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 5 Revenue and segment information (continued)

#### (b) Segment performance (continued)

The segment assets and liabilities provided to the executive directors for the reportable segments as at 30 June 2021 is as follows:

	Property development and sales Unaudited RMB'000	Commercial property investment Unaudited RMB'000	Hotel operations Unaudited RMB'000	Property management Unaudited RMB'000	Total Unaudited RMB'000
Segment assets	11,130,794	290,440	273,578	32,200	11,727,012
Segment assets include:					
Investment in joint ventures (Note 13)	20,978	–	–	–	20,978
Investment in associates (Note 14)	107,721	–	–	–	107,721
Addition to non-current assets (other than deferred income tax assets)	5,147	–	493	151	5,791
Segment liabilities	3,485,635	6,191	19,285	10,612	3,521,723

The segment assets and liabilities provided to the executive directors for the reportable segments as at 31 December 2020 is as follows:

	Property development and sales Audited RMB'000	Commercial property investment Audited RMB'000	Hotel operations Audited RMB'000	Property management Audited RMB'000	Total Audited RMB'000
Segment assets	10,126,260	289,252	363,964	6,727	10,786,203
Segment assets include:					
Investment in joint ventures (Note 13)	24,543	–	–	–	24,543
Investment in an associate (Note 14)	84,200	–	–	–	84,200
Addition to non-current assets (other than deferred income tax assets)	14,560	–	2,799	246	17,605
Segment liabilities	2,811,114	6,912	20,124	9,840	2,847,990



## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 5 Revenue and segment information (continued)

#### (b) Segment performance (continued)

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

#### (i) Segment assets

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

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

Segment assets are reconciled to total assets as follows:

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Segment assets	11,727,012	10,786,203
Unallocated:		
– Deferred income tax assets	108,257	100,234
Total assets	11,835,269	10,886,437

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 5 Revenue and segment information (continued)

#### (b) Segment performance (continued)

##### (ii) Segment liabilities

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

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

Segment liabilities are reconciled to total liabilities as follows:

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

#### (c) Assets and liabilities related to contracts with customers

(i) The Group has recognised the following assets related to contracts with customers:

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Sale commissions	34,230	18,746

Management expects the incremental costs, only including sale commissions, as a result of obtaining the property sale contracts are recoverable. The Group has capitalised the amounts and amortised when the related revenue are recognised. For the six months ended 30 June 2021, the amount of amortisation was RMB17,194,000 (six months ended 30 June 2020: RMB20,624,000). There was no impairment loss in relation to the costs capitalised.

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 5 Revenue and segment information (continued)

#### (c) Assets and liabilities related to contracts with customers (continued)

(ii) The Group has recognised the following liabilities related to contracts with customers:

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Contract liabilities related to sales of properties	976,318	1,029,559
Contract liabilities related to others	8,183	6,442
	<b>984,501</b>	1,036,001

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties.

(iii) The following table shows how much of the revenue recognised for the six months ended 30 June 2021 related to carried-forward contract liabilities:

	Six months ended 30 June	
	2021 Unaudited RMB'000	2020 Unaudited RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period		
Sales of properties	535,953	591,505
Others	6,442	6,080
	<b>542,395</b>	597,585

(iv) The amount of unsatisfied performance obligation is approximately the same as the balance.

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 6 Expenses by nature

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

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

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 7 Other income

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

### 8 Other gains/(losses) – net

	Six months ended 30 June	
	2021 Unaudited RMB'000	2020 Unaudited RMB'000
Interest on financial assets at fair value through profit or loss	2,489	2,613
(Losses)/gains on disposals of property, plant and equipment	(14)	1
Fair value gains on investment properties ( <i>Note 15</i> )	1,188	330
Net foreign exchange losses	(1,285)	(12,075)
	<b>2,378</b>	(9,131)

### 9 Finance (income)/costs – net

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

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 10 Income tax expense

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

#### (a) PRC corporate income tax

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

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

#### (b) PRC land appreciation tax (“LAT”)

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

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



## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 10 Income tax expense (continued)

#### (c) Overseas income tax

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

#### (d) Hong Kong profits tax

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the group companies did not have assessable profit in Hong Kong for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

### 11 Earnings per share

In determining the weighted average number of ordinary shares in issue during six months ended 30 June 2021 and 2020, the ordinary shares issued upon the incorporation of the Company (3 ordinary shares), the ordinary shares issued to capitalisation of loan due to ultimate controlling shareholder on 12 November 2019 (1 ordinary share) and the capitalisation issue to Sze Ming Limited on 13 November 2019 (1,199,999,996 ordinary shares), were deemed to be issued on 1 January 2018 as if the Company had been incorporated by then.

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

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

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 12 Dividend

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

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

### 13 Investment in joint ventures

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Opening balances	24,543	–
Additions	–	27,000
Share of results	(3,565)	(2,457)
Ending balances	20,978	24,543

- (a) The Group's interest in joint ventures is accounted using equity method. The aggregate amount of the Group's share of loss from joint ventures for the six months ended 30 June 2021 was RMB3,565,000 (year ended 2020: RMB2,457,000). As at 30 June 2021, the Group's shares of losses of certain joint ventures exceeds its interests in the underlying entities, and the unrecognised share of losses of the joint ventures amounted to RMB15,750,000 (31 December 2020: RMB1,715,000).
- (b) As at 30 June 2021 and 31 December 2020, there were no significant contingencies relating to the Group's interests in the joint ventures.

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 14 Investment in associates

The movement of investment in associates is as follows:

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Opening balances	84,200	29,653
Addition	11,000	–
Share of results	11,925	55,528
Realisation/(elimination) of unrealised profits	596	(981)
Ending balances	107,721	84,200

As at 30 June 2021 and 31 December 2020, there were no significant contingencies relating to the Group's interests in the associates.

### 15 Property, plant and equipment, right-of-use assets, investment properties and intangible assets

	Property, plant and equipment RMB'000	Right-of- use assets RMB'000	Investment properties RMB'000	Intangible assets RMB'000
<b>Six months ended 30 June 2021 (Unaudited)</b>				
Opening net book amount as at 1 January 2021	301,807	258,196	289,252	2,443
Additions	2,622	2,159	–	1,010
Disposals	(14)	–	–	–
Depreciation/amortisation charges	(8,979)	(5,177)	–	(618)
Fair value changes	–	–	1,188	–
Exchange difference	(9)	(45)	–	–
<b>Closing net book amount as at 30 June 2021</b>	<b>295,427</b>	<b>255,133</b>	<b>290,440</b>	<b>2,835</b>
<b>Six months ended 30 June 2020 (Unaudited)</b>				
Opening net book amount as at 1 January 2020	320,264	260,377	187,703	2,582
Additions	2,598	6,013	–	418
Disposals	(38)	–	–	–
Depreciation/amortisation charges	(8,632)	(4,773)	–	(464)
Fair value changes	–	–	330	–
Exchange difference	31	47	–	–
<b>Closing net book amount as at 30 June 2020</b>	<b>314,223</b>	<b>261,664</b>	<b>188,033</b>	<b>2,536</b>

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 15 Property, plant and equipment, right-of-use assets, investment properties and intangible assets (continued)

- (a) As at 30 June 2021, property, plant and equipment with net book amounts totalling RMB254,880,000 (31 December 2020: RMB260,917,000), right-of-use assets of RMB12,992,000 (31 December 2020: RMB13,263,000) and investment properties of RMB199,440,000 (31 December 2020: RMB197,902,000) were pledged as collateral for the Group's bank and other borrowings (Note 24).
- (b) As at 30 June 2021, property, plant and equipment mainly comprised of hotels of RMB254,880,000 (31 December 2020: RMB260,917,000) which are located in the PRC.
- (c) As at 30 June 2021 and 31 December 2020, right-of-use assets mainly comprise the prepaid leases of land contracting fee on agricultural land and forest land, which are amortised under the contracting terms.
- (d) There were no changes to the valuation techniques for the six months ended 30 June 2021.

	Property category	Fair value at 30 June 2021	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Retail properties	178,380,000	Term and reversionary method	Market rents (RMB/square metre)	104-231	The higher the market price, the higher the fair value
				Term and reversionary yields	4.00%-4.50%	The higher the term yields, the lower the fair value
	Retail properties	58,000,000	Term and reversionary method	Market rents (RMB/square metre)	118-125	The higher the market price, the higher the fair value
				Term and reversionary yields	3.50%-4.00%	The higher the term yields, the lower the fair value
Investment properties under construction	Land	33,000,000	Direct comparison	Market price (RMB/square metre)	1,970	The higher the market price, the higher the fair value
	Land	6,000,000	Direct comparison	Market price (RMB/square metre)	2,593	The higher the market price, the higher the fair value
	Buildings	15,060,000	Term and reversionary method	Market rents (RMB/square metre)	27	The higher the market price, the higher the fair value
				Term and reversionary yields	5.00%	The higher the term yields, the lower the fair value



## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 15 Property, plant and equipment, right-of-use assets, investment properties and intangible assets (continued)

(d) There were no changes to the valuation techniques for the six months ended 30 June 2021. (continued)

	Property category	Fair value at 31 December 2020	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Retail properties	176,712,000	Term and reversionary method	Market rents (RMB/square metre)	115-229	The higher the market price, the higher the fair value
				Term and reversionary yields	4.00%-4.50%	The higher the term yields, the lower the fair value
	Retail properties	58,350,000	Term and reversionary method	Market rents (RMB/square metre)	117-124	The higher the market price, the higher the fair value
				Term and reversionary yields	3.50%-4.00%	The higher the term yields, the lower the fair value
Investment properties under construction	Land	33,000,000	Direct comparison	Market price (RMB/square metre)	1,960	The higher the market price, the higher the fair value
	Land	6,000,000	Direct comparison	Market price (RMB/square metre)	2,593	The higher the market price, the higher the fair value
	Buildings	15,190,000	Term and reversionary method	Market rents (RMB/square metre)	27	The higher the market price, the higher the fair value
Term and reversionary yields				5.00%	The higher the term yields, the lower the fair value	

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 16 Properties under development

	<b>As at 30 June 2021 Unaudited RMB'000</b>	As at 31 December 2020 Audited RMB'000
Properties under development expected to be completed:		
– Land use rights	<b>4,058,358</b>	2,494,833
– Contractual rights of land (Note (a))	<b>382,322</b>	345,086
– Construction costs	<b>818,829</b>	656,496
– Interests capitalised	<b>358,603</b>	218,123
	<b>5,618,112</b>	3,714,538

- (a) Contractual rights of land mainly represents the construction land acquired from the collective economic organisations in 2017, which will be transferred to land use rights in near future.
- (b) Properties under development are located in the PRC and expected to be completed, and available for sale within normal operating cycle.
- (c) The capitalisation rate of borrowings for the six months ended 30 June 2021 is 6.80% (six months ended June 2020: 5.87%).
- (d) As at 30 June 2021, properties under development with net book value of RMB1,382,172,000 (31 December 2020: RMB965,675,000), were pledged as collateral for the Group's bank and other borrowings (Note 24).



## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 17 Completed properties held for sale

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Completed properties held for sale developed by the Group:		
Land use rights	315,727	342,825
Construction costs	1,087,482	1,273,617
Interest capitalised	81,605	63,810
	<b>1,484,814</b>	1,680,252

The completed properties held for sale are all located in the PRC.

As at 30 June 2021, completed properties held for sale with net book value of RMB959,177,000 (31 December 2020: RMB927,913,000), were pledged as collateral for the Group's bank and other borrowings (Note 24).

### 18 Trade and other receivables and prepayments

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

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

As at 30 June 2021, trade receivables with net book value of RMB2,375,000 (31 December 2020: RMB1,206,000) were pledged as collateral for the Group's bank and other borrowings (Note 24).

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 18 Trade and other receivables and prepayments (continued)

(a) Details of trade receivables are as follows:

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

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

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

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

The Group's trade receivables are denominated in RMB.



## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 18 Trade and other receivables and prepayments (continued)

(b) Details of other receivables are as follows:

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

(c) Amounts represent up-front payments for acquiring land use rights for property development. The amounts will be transferred to properties under development in the balance sheet when the Group obtains contractual usage rights of the relevant lands.

(d) Details of other prepayments are as follows:

	<b>As at 30 June 2021 Unaudited RMB'000</b>	<b>As at 31 December 2020 Audited RMB'000</b>
Prepayments for property development projects	<b>27,226</b>	20,392
Prepaid taxes and other taxes	<b>3,049</b>	3,130
Others	<b>34,967</b>	26,191
Other prepayments	<b>65,242</b>	49,713

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 19 Prepaid taxes

Details of prepaid taxes are as follows:

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Corporate income taxes	48,535	53,188
Land appreciation taxes	19,161	14,865
Value added taxes	23,465	12,987
	<b>91,161</b>	81,040

### 20 Restricted cash

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Guarantee deposits for construction of pre-sold properties ( <i>Note (a)</i> )	97,681	115,699
Guarantee deposits for borrowings ( <i>Note (b)</i> )	–	197,276
Others	10,025	10,804
	<b>107,706</b>	323,779
Denominated in:		
– RMB	101,562	120,839
– US\$	–	196,726
– HK\$	6,144	6,214
	<b>107,706</b>	323,779



## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 20 Restricted cash (continued)

The directors of the Group are of the view that the restricted cash listed above will be released within the normal operating cycle.

- (a) In accordance with relevant documents, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for the constructions of related properties. The deposits can only be used for payments of construction costs of related property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related properties.
- (b) Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. Such guarantee deposits will only be released after full repayment of relevant borrowings.

As at 30 June 2021, the Group had not placed any cash deposits (31 December 2020: RMB197,276,000) with designated banks as security for bank borrowings (Note 24).

### 21 Cash and cash equivalents

	<b>As at 30 June 2021 Unaudited RMB'000</b>	As at 31 December 2020 Audited RMB'000
Cash at bank and in hand	<b>2,245,074</b>	2,361,444
Less: restricted cash	<b>(107,706)</b>	(323,779)
Cash and cash equivalents	<b>2,137,368</b>	2,037,665

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 21 Cash and cash equivalents (continued)

Cash and cash equivalents are denominated in the following currencies:

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Denominated in RMB	1,820,161	1,515,595
Denominated in HK\$	230,011	246,962
Denominated in US\$	87,196	275,108
	<b>2,137,368</b>	2,037,665

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

### 22 Share capital

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

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 23 Other reserves and retained earnings

	Combined reserves RMB'000	Statutory reserve RMB'000	Exchange difference RMB'000	Total reserves RMB'000	Retained earnings RMB'000	Total RMB'000
<b>Six months ended 30 June 2021 (Unaudited)</b>						
<b>Balance at 1 January 2021</b>	<b>1,726,596</b>	<b>130,606</b>	<b>(20,939)</b>	<b>1,836,263</b>	<b>1,184,234</b>	<b>3,020,497</b>
Profit for the period	-	-	-	-	170,804	170,804
Dividends paid	-	-	-	-	(110,787)	(110,787)
Other comprehensive income	-	-	5,621	5,621	-	5,621
<b>Balance at 30 June 2021</b>	<b>1,726,596</b>	<b>130,606</b>	<b>(15,318)</b>	<b>1,841,884</b>	<b>1,244,251</b>	<b>3,083,167</b>
<b>Six months ended 30 June 2020 (Unaudited)</b>						
<b>Balance at 1 January 2020</b>	1,726,596	100,189	(61,583)	1,765,202	939,006	2,704,208
Profit for the period	-	-	-	-	196,906	196,906
Dividends paid	-	-	-	-	(150,460)	(150,460)
Other comprehensive loss	-	-	(7,206)	(7,206)	-	(7,206)
<b>Balance at 30 June 2020</b>	1,726,596	100,189	(68,789)	1,757,996	985,452	2,743,448

### 24 Bank and other borrowings

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Bank borrowings	2,175,249	2,138,581
Senior notes ( <i>Note (a)</i> )	997,195	973,224
	<b>3,172,444</b>	3,111,805
Included in non-current liabilities:		
– Secured ( <i>Notes (c) &amp; (d)</i> )	1,505,537	1,547,514
– Unsecured ( <i>Note (d)</i> )	669,712	590,567
Less: current portion of non-current liabilities	(571,293)	(569,103)
	<b>1,603,956</b>	1,568,978
Included in current liabilities:		
– Secured ( <i>Notes (c) &amp; (d)</i> )	-	500
– Unsecured ( <i>Note (d)</i> )	997,195	973,224
Add: current portion of non-current liabilities	571,293	569,103
	<b>1,568,488</b>	1,542,827
<b>Total borrowings</b>	<b>3,172,444</b>	3,111,805



## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 24 Bank and other borrowings (continued)

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

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

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

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



## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 24 Bank and other borrowings (continued)

- (c) As at 30 June 2021, bank and other borrowings totalling RMB1,505,537,000 (31 December 2020: RMB1,548,014,000) of the Group were secured by the following assets together with the Group's shares of certain subsidiaries:

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

- (d) The Group's unsecured borrowings of RMB1,666,907,000 (31 December 2020: RMB1,563,791,000) as at 30 June 2021 were guaranteed by certain subsidiaries.

The Group's secured borrowings of RMB1,505,537,000 (31 December 2020: RMB1,548,014,000) as at 30 June 2021 were guaranteed by the Company, certain subsidiaries and the ultimate controlling shareholder.

- (e) The annual weighted average effective interest rates were as follows:

	<b>Six months ended 30 June</b>	
	<b>2021 Unaudited</b>	<b>2020 Unaudited</b>
Bank borrowings	<b>6.48%</b>	6.01%
Senior notes	<b>8.62%</b>	8.48%

- (f) The carrying amounts of the borrowings approximate their fair values as at 30 June 2021 and 31 December 2020 as the impact of discounting of borrowing with fixed interest rate is not significant or the borrowings carry floating interest rate.

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 25 Trade and other payables

	<b>As at 30 June 2021 Unaudited RMB'000</b>	<b>As at 31 December 2020 Audited RMB'000</b>
Trade payables ( <i>Note (a)</i> )	<b>1,135,642</b>	810,620
Notes payable	<b>46,200</b>	105,171
Amounts due to non-controlling interests	<b>541,735</b>	422,575
Outstanding consideration payables for acquisitions ( <i>Note (b)</i> )	<b>35,195</b>	46,995
Contract liabilities ( <i>Note 5</i> )	<b>984,501</b>	1,036,001
Deposits payables ( <i>Note (c)</i> )	<b>45,431</b>	43,928
Accrued expenses	<b>24,923</b>	40,223
Salaries payable	<b>17,126</b>	43,467
Other taxes payable	<b>156,834</b>	129,091
Interest payable	<b>34,093</b>	27,242
Other payables ( <i>Note (d)</i> )	<b>433,319</b>	73,947
	<b>3,454,999</b>	2,779,260

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

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

The Group's trade payables as at 30 June 2021 is denominated in RMB, US\$ and HK\$.

	<b>As at 30 June 2021 Unaudited RMB'000</b>	<b>As at 31 December 2020 Audited RMB'000</b>
RMB	<b>1,134,590</b>	809,557
US\$	<b>910</b>	919
HK\$	<b>142</b>	144
	<b>1,135,642</b>	810,620



## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 25 Trade and other payables (continued)

- (b) The amounts mainly comprise the consideration payables for the acquisitions, which are repayable according to the terms and conditions agreed with the original shareholders.
- (c) The deposits payables mainly include: (i) the deposits from property purchasers of the Group; and (ii) quality guarantee and bidding deposit from constructors. The deposits are unsecured, interest free and repayable according to terms and conditions mutually agreed with the counter parties.
- (d) Other payables mainly represent payables to third parties and maintenance funds, which are unsecured, interest free and repayable on demand.

### 26 Guarantee

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Guarantee in respect of mortgage facilities for certain purchasers ( <i>Note (a)</i> )	1,457,978	1,341,643
Guarantees for borrowings of a joint venture ( <i>Note (b)</i> )	494,710	422,500
	<b>1,952,688</b>	1,764,143

- (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.

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

- (b) As at 30 June 2021, the Group had provided guarantees for borrowing of the Group's joint ventures amounting to RMB494,710,000 (31 December 2020: RMB422,500,000).

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 27 Commitments

Commitments for property development expenditure:

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Contracted but not provided for:		
Acquisition of land use rights	254,700	703,770
Property development activities	1,341,027	1,671,392
	<b>1,595,727</b>	2,375,162

### 28 Related party transactions

The ultimate holding company of the Company is Sze Ming Limited, and the ultimate controlling shareholder of the Company is CHAN Sze Ming Michael, who owns 72.9% of the Company's shares.

#### (a) Name and relationship with related parties

Name	Relationship
CHAN Sze Ming Michael	Ultimate controlling shareholder
Guangzhou Nansha Donghuzhou Real Estate Development Co., Ltd. ("Donghuzhou")	Associate of the Group
Zhongshan Jingyue Investment Co., Ltd. ("Zhongshan Jingyue")	Joint venture of the Group
Guangzhou Xinze Jiyong Real Estate Development Co., Ltd ("Guangzhou Xinze")	Joint venture of the Group
Guangzhou Jingyu Real Estate Development Co., Ltd. ("Guangzhou Jingyu")	Subsidiary of joint venture of the Group



## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 28 Related party transactions (continued)

#### (b) Transactions with related parties

The Group had the following transactions with related parties for the six months ended 30 June 2021:

	Six months ended 30 June	
	2021 Unaudited RMB'000	2020 Unaudited RMB'000
(i) Provision of guarantee in respect of borrowings outstanding – ultimate controlling shareholder	<b>453,900</b>	445,000
(ii) Rendering of property management services – Donghuzhou	<b>393</b>	481
(iii) Rendering of management consultancy services – Donghuzhou	<b>7,538</b>	1,754
– Guangzhou Jingyu	<b>631</b>	–
Total	<b>8,169</b>	1,754
(iv) Rendering of property fitting out work – Donghuzhou	–	45,872
(v) Providing guarantees for borrowings – Zhongshan Jingyue	<b>407,500</b>	–
– Guangzhou Jingyu	<b>87,210</b>	–
– Donghuzhou	–	133,000
Total	<b>494,710</b>	133,000

The prices for the above transactions were determined in accordance with the terms of the underlying agreements.

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 28 Related party transactions (continued)

#### (c) Balances with related parties

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Amounts due from an associate and joint ventures		
Trade balances		
– Guangzhou Jingyu	631	–
– Donghuzhou	417	5,761
	<b>1,048</b>	5,761
Non-trade balances		
– Guangzhou Jingyu	56,131	109,360
– Guangzhou Xinze	1,964	1,964
– Donghuzhou	6,057	6,038
	<b>64,152</b>	117,362
Total amounts due from related parties	<b>65,200</b>	123,123

Amounts due from related parties mainly represent the cash advances which are unsecured, interest-free and repayable on demand.

#### (d) Key management compensation

Key management compensation for the six months ended 30 June 2021 and 2020 are set out below:

	Six months ended 30 June	
	2021 Unaudited RMB'000	2020 Unaudited RMB'000
Key management compensation		
– Salaries and other employee benefits	7,818	6,510
– Pension costs	30	5
	<b>7,848</b>	6,515