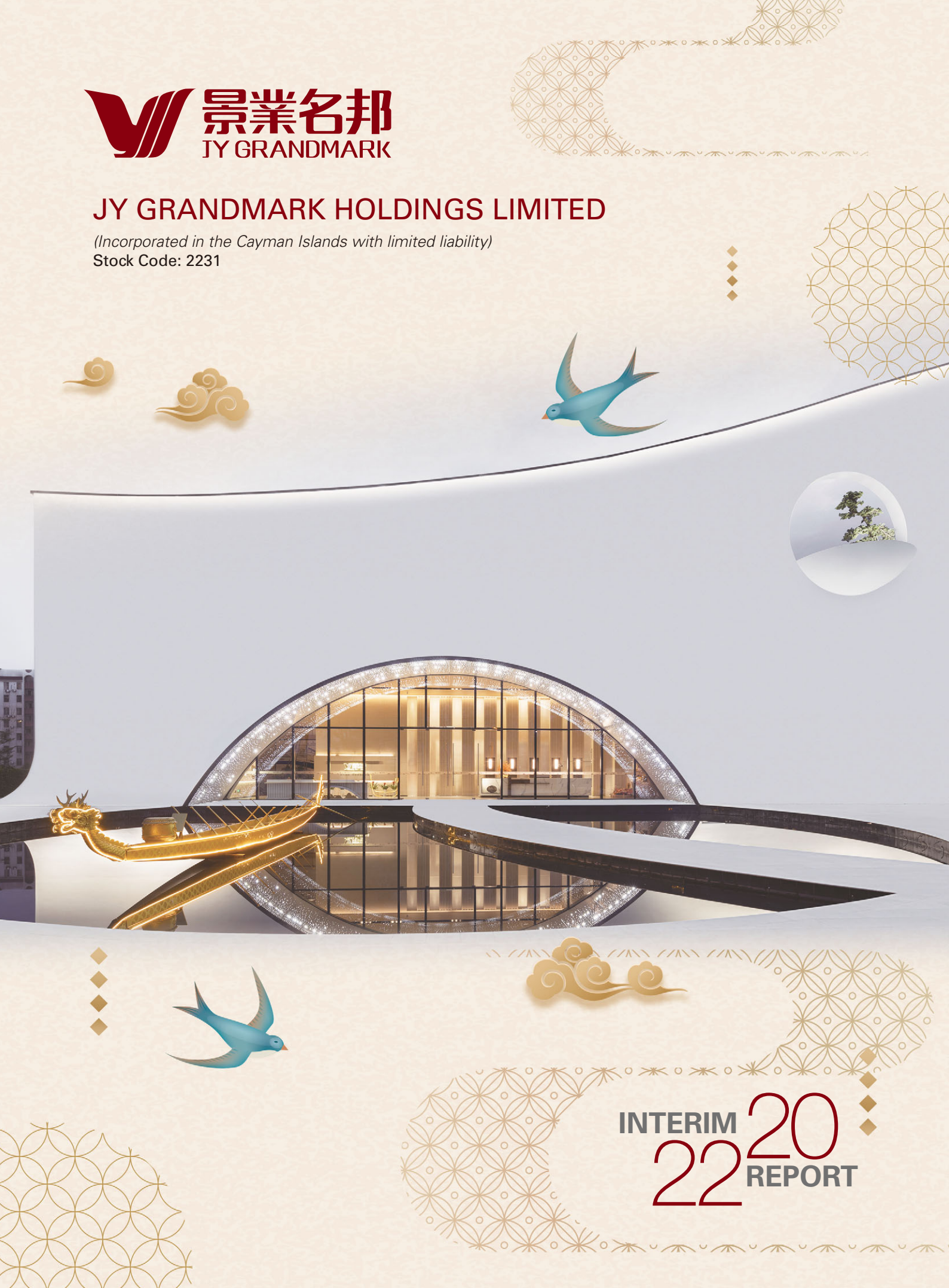




JY GRANDMARK HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2231



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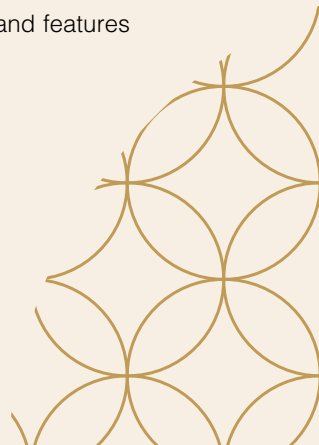


Company Profile

JY Grandmark Holdings Limited (Stock Code: 2231.HK) was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 5 December 2019 and the Group has been included as a constituent of the MSCI China Small Cap Index since May 2020.

JY Grandmark 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, with business presence in Guangdong, Hainan, Yunnan, Jiangsu and Hunan provinces. As at 30 June 2022, the Group had a land bank of approximately 4 million sq.m. on an attributable basis.



The Group positions itself as an “Eco-friendly and People-oriented Property Developer” (生態人文地產發展商). It develops homes and communities that it considers to be truly liveable for buyers by leveraging the natural resources, unique landscapes and features as well as rich culture of its selected project sites.





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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
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:
Iu, 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

X1301-C4884, No. 106 (Self-named Building 1)
Fengze East Road
Nansha 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

Listing Information

A. Equity Securities

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

B. Debt Securities

- 7.5% senior notes in an aggregate principal amount of US Dollar ("**US\$**") 152,100,000 due 2023 (stock code: 4470.HK) are listed on the Stock Exchange (the "**New Senior Notes**").

Financial Calendar 2022

Announcement of 2022 interim results

31 August



Chairman's Statement



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

Mr. CHAN Sze Ming Michael
Chairman



Dear Shareholders,

I wish to present the business review and prospects of JY Grandmark Holdings Limited (“**JY Grandmark**” or the “**Company**”) and its subsidiaries (together with the Company, the “**Group**”) for the six months ended 30 June 2022 (the “**Period under Review**”) to the shareholders of the Company (the “**Shareholders**”).

Results and Dividends

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

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

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

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

Business Review for the First Half of 2022

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

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

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

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

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

The Group going all out to guarantee delivery and fulfill commitments

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

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

Achieving both revenue and brand enhancement in property management business

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

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

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

Significant progress in the urban renewal business

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

Summary

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

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

Strategies and Prospects for the Second Half of 2022

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

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

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

Chairman's Statement (Continued)

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

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

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

Appreciation

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

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

CHAN Sze Ming Michael

Chairman of the Board

Guangzhou, the PRC, 31 August 2022

Management Discussion and Analysis

BUSINESS AND FINANCIAL REVIEW

Overall performance

During the Period under Review, the aggregated contracted sales of the Group, including those of the Group's joint ventures and associates, was approximately RMB1,262.0 million, representing a decrease of 49.2% as compared to RMB2,486.4 million for the six months ended 30 June 2021. The total contracted sales GFA was approximately 111,000 sq.m., representing a decrease of 43.7% as compared to approximately 197,000 sq.m. for the six months ended 30 June 2021.

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

Revenue

Our revenue represents consolidated revenue from (i) property development and sales; (ii) hotel operations; (iii) property management; and (iv) commercial property investment which are all derived in the PRC. During the Period under Review, revenue of the Group amounted to RMB308.2 million (1H2021: RMB1,042.8 million), representing a year-on-year decrease of 70.4%.

Property development and sales

We focus on the development of quality residential properties with comfortable and convenient living environment. During the Period under Review, revenue from recognised sales of property development of the Group amounted to RMB259.9 million, representing a decrease of 73.8% from RMB992.4 million for the same period of 2021, accounting for 84.3% of the Group's total revenue. The decrease in revenue recognised was primarily due to decline in the aggregate GFA completed and delivered. Recognised average selling price was RMB7,113 per sq.m. during the Period under Review (1H2021: RMB8,864 per sq.m.).

The following table sets forth the breakdown of our revenue from property development and sales by geographical location for the six months ended 30 June 2022 and 2021.

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

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

Management Discussion and Analysis (Continued)

Hotel operations

Apart from property development and sales, we also operate Just Stay Hotel and Just Stay Resort under our hotel operations business. During the Period under Review, revenue from hotel operations of the Group amounted to RMB32.4 million, which decreased by 6.1% from RMB34.5 million for the same period of 2021. The slight decrease was primarily due to sporadic outbreak of COVID-19 pandemic and the corresponding lockdown policy implemented in Guangzhou.

Property management

We also derived income from our property management services provided to purchasers of the residential properties. During the Period under Review, revenue from property management services of the Group amounted to RMB12.7 million, representing an increase of 19.8% as compared with RMB10.6 million for the same period of 2021, mainly due to increase in GFA of the properties under management.

Commercial property investment

Other than holding properties for development and sales, we also own commercial properties for leasing purpose. During the Period under Review, revenue from commercial property investment of the Group amounted to RMB3.2 million, representing a decrease of 38.5% as compared with RMB5.2 million in the corresponding period of 2021. The decrease was due to less GFA leased by the Group in the first half of 2022.

Cost of sales

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

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

Gross profit and gross profit margin

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

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

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

Selling and marketing expenses

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

Administrative expenses

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

Other (losses)/gains – net

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

Finance costs/(income) – net

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

Share of profit of investments accounted for using the equity method

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

Income tax expense

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

(Loss)/profit for the period

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

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

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

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

Cash positions and fund available

As at 30 June 2022, the total cash and bank balances of the Group were RMB1,497.5 million (31 December 2021: RMB2,299.8 million), of which RMB459.1 million (31 December 2021: RMB1,030.4 million) was cash and cash equivalents and RMB1,038.4 million (31 December 2021: RMB1,269.4 million) was restricted cash.

Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. As at 30 June 2022, the Group had placed cash deposits of approximately RMB96.0 million (31 December 2021: RMB70.0 million) with designated banks as security for bank borrowings.

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

Borrowings

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

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

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

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

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

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

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

Management Discussion and Analysis (Continued)

Cost of borrowings

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

Net gearing ratio

As at 30 June 2022, net gearing ratio was maintained at an industry-low level of 61.6%. The Group will continue to optimise the asset-debt structure and maintain adequate liquidity in the long-run.

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

Contingent liabilities

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

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

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

Commitments

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

Currency risks

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2022, the Group did not have plan for material investments and capital assets.

SIGNIFICANT INVESTMENTS, MAJOR ACQUISITIONS AND DISPOSALS

During the Period under Review, save as disclosed in this interim report, the Group did not hold other significant investments in, or conduct material acquisitions and disposals of subsidiaries, associates or joint ventures.

EVENTS AFTER THE PERIOD UNDER REVIEW

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

INTERIM DIVIDEND

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

REVIEW OF ACCOUNTS

The Company's audit committee (the "**Audit Committee**") has reviewed the interim results of the Group for the six months ended 30 June 2022.

The interim results of the Group for the six months ended 30 June 2022 has not been audited but has been reviewed by PricewaterhouseCoopers, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company has adopted the corporate governance code (the "**Corporate Governance Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code on corporate governance. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code during the six months ended 30 June 2022.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any member of the Group has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

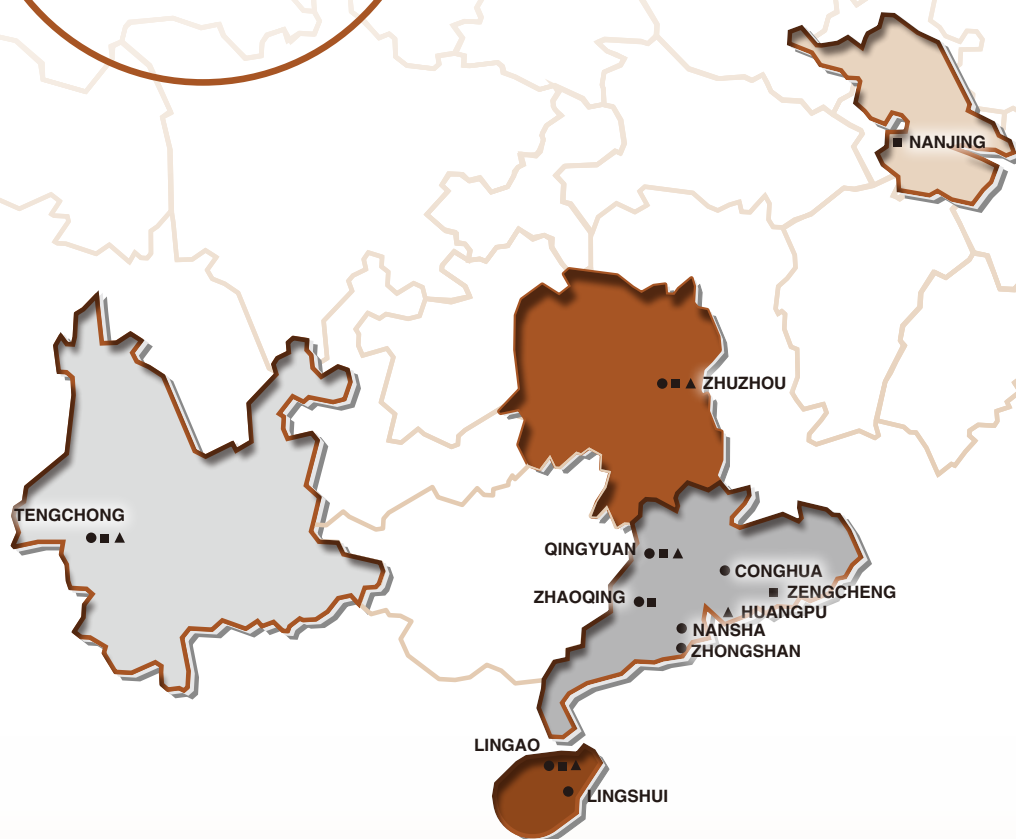
Land Bank

Project Overview

(As at 30 June 2022)

12 cities
Total land bank
approximately
4 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 at 30 June 2022, the Group had a total of 38 property projects in 12 cities. 35 of these properties were developed and owned by the Group, and 3 were developed by the Group's joint ventures and associates. As at 30 June 2022, the Group had a land bank of approximately 4 million sq.m. on an attributable basis. The average cost of land was approximately RMB1,815 per sq.m., excluding Zhongshan JY Yarra New Street (the completed property held for sale held by a joint venture of 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 at 30 June 2022.

Location	No. of project	Completed	Under development	Future development	Completed	Under development	Future development	Total land bank (sq.m.)
		No. of project	No. of project	No. of project	Saleable/leasable GFA (sq.m.)	Aggregate GFA (including non-saleable/non-leasable GFA) (sq.m.)	Estimated aggregate GFA for future development (sq.m.)	
Guangdong		7	7	3				
Conghua	3				35,908	–	–	35,908
Nansha	1				17,426	–	–	17,426
Zhongshan	1				27,205	–	–	27,205
Qingyuan	6				127,143	296,180	804,275	1,227,598
Zhaoqing	2				31,391	171,912	–	203,303
Huangpu	1				–	–	120,363	120,363
Zengcheng	3				–	249,024	–	249,024
Hainan		6	1	1				
Lingshui	5				286	–	–	286
Lingao	3				10,500	24,468	143,237	178,205
Yunnan		2	1	5				
Tengchong	8				32,761	86,765	1,079,170	1,198,696
Jiangsu		–	1	–				
Nanjing	1				–	36,385	–	36,385
Hunan		1	2	1				
Zhuzhou	4				75,223	145,824	474,826	695,873
Total	38	16	12	10	357,843	1,010,558	2,621,871	3,990,272

Land Bank (Continued)

Land bank as at 30 June 2022

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 Saleable/leasable GFA x Group interest (note 1) (sq.m.)	Under development (including non-saleable/non-leasable GFA) x Group interest (note 1) (sq.m.)	Future development Estimated aggregate GFA for future development x Group interest (note 2) (sq.m.)	Total estimated GFA (note 2) (sq.m.)	Construction completion time/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	5,427	-	-	5,427	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	29,648	-	-	29,648	2018.10
3	JY Hot Spring Villas	100%	Guangdong	No. 288 Yuquan Avenue, Liangkou Town, Conghua District, Guangzhou City, Guangdong Province, the PRC	Hotel rooms	131,091	833	-	-	833	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	17,426	-	-	17,426	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	-	27,205	-	-	27,205	-
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	108,185	-	-	108,185	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	20,140	-	-	20,140	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	12,621	-	113,842	126,463	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	75,223	-	-	75,223	2020.12
15	JY Egret Bay Phase I (previously known as JY Well-being Valley Phase I (06# Lot))	100%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	28,779	10,500	3,331	-	13,831	2020.12

No.	Project	Interest of the Group	Province	Location	Property type	Site area x Group interest (note 1) (sq.m.)	Completed	Under development	Future development	Total estimated GFA (note 2) (sq.m.)	Construction completion time/estimated construction completion time
							Saleable/leasable GFA unsold/not leased x Group interest (sq.m.)	Aggregate GFA (including non-saleable/non-leasable GFA) x Group interest (sq.m.)	Estimated aggregate GFA for future development x Group interest (sq.m.)		
16	JY Egret Bay Phase II (previously known as JY Well-being Valley Phase II (07# Lot))	100%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	59,717	-	21,137	80,093	101,230	2023.06
17	JY Well-being Valley Phase III (04# Lot)	100%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	51,513	-	-	63,144	63,144	2024.12
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	18,958	133,801	-	152,759	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	2023.12
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	-	86,001	132,349	218,350	2023.12
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 Jinxiang 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	2024.12
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 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	-	91,512	183,129	274,641	2023.12
26	Jing Ye Square (previously known as JY Mountain Lake Gulf 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	2023.12
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	2023.06
28	JY Uniworld (previously known as 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	31,391	28,739	-	60,130	2020.10

Land Bank (Continued)

No.	Project	Interest of the Group	Province	Location	Property type	Completed	Under development	Future development	Total estimated GFA (note 2) (sq.m.)	Construction completion time/estimated construction completion time	
						Site area x Group interest (note 1) (sq.m.)	Saleable/leasable GFA unsold/not leased x Group interest (sq.m.)	Aggregate GFA (including non-saleable/non-leasable) x Group interest (sq.m.)			Estimated aggregate GFA for future development x Group interest (sq.m.)
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	2023.06
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	2024.12
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	51%	Guangdong	Kengbei Village, Zhongxin Town, Zengcheng District, Guangzhou City, Guangdong Province, the PRC	Residential	16,376	–	71,577	–	71,577	2023.06
34	JY Uniworld (previously known as Zengcheng Shitan Project)	100%	Guangdong	West of Xincheng Avenue, Shitan Town, Zengcheng District, Guangzhou City, Guangdong Province, the PRC	Residential	26,938	–	115,839	–	115,839	2023.10
35	JY Logan Jiuyun Mansion (previously known as Nanjing Liuhe Project)	26%	Jiangsu	Lot at South of Qinyuan Road, East of Yanan Road, Xiongzhou 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	28,622	–	–	120,363	120,363	2024.12
37	Zhongxin Town Project in Zengcheng	50%	Guangdong	East of Xinxin Highway, Zhongxin Town, Zengcheng District, Guangzhou City, Guangdong Province, the PRC	Residential	12,995	–	61,608	–	61,608	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
						2,117,117	357,843	1,010,558	2,621,871	3,990,272	

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 contained in Appendix 14 to the Listing Rules as its own code on corporate governance. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code during the six months ended 30 June 2022.

Compliance with the Model Code for Securities Transactions by the Directors

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

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 2022, the interests 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 pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be and/or 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 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 ⁽²⁾
Mr. CHAN Sze Ming Michael	Founder of a discretionary trust ⁽¹⁾	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 2022.

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.* (中山市景悦投資有限公司) ("Zhongshan Jingyue")	2.5% ⁽¹⁾

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 2022, so far as known to the Directors and chief executive of the Company, none of the Directors or the chief executive of the Company had interests and/or short positions in any share, underlying share and debenture of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be and/or 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.

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

As at 30 June 2022, the following persons or corporations (other than the Directors and chief executive of the Company) who had interests 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 of Director	Nature of interest	Number of ordinary shares held or interest in the Company	Approximate percentage of issued share capital of the Company ⁽⁴⁾
Mr. CHAN Sze Ming Michael	Founder of a discretionary trust	1,200,000,000 ⁽²⁾	72.9%
IQ EQ (BVI) Limited	Trustee of a discretionary trust	1,200,000,000 ⁽²⁾	72.9%
Sze Ming Limited	Beneficial owner	1,200,000,000 ⁽²⁾	72.9%
Ms. SHUM Wing Yin	Interest of spouse	1,200,000,000 ⁽³⁾	72.9%

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

Notes:

- (1) All interest stated are long positions.
- (2) 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.
- (3) 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.
- (4) 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 2022.

Save as disclosed above, as at 30 June 2022, 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 and/or short position 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 2022, the Group had a total of 867 employees (30 June 2021: 1,098 employees). For the Period under Review, the Group has recognised staff costs of RMB61.7 million (1H2021: RMB89.9 million). The Group has 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 has 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 is committed to cultivating all-level skilled employees. The Group has 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 has 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 "Corporate Governance and Other Information – 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 2022. 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 2022.

Changes in Member of Board of Director's and Chief Executive's Information under Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, there is no change in Directors' information since the date of the annual report of the Company for the year ended 31 December 2021 and up to the date of this interim report.

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.

Events after the Period under Review

No significant events affecting the Group had occurred during the period from 1 July 2022 to the date of this interim report.

Issue of 7.5% Senior Notes Due 2023

The Company issued the New Senior Notes in an aggregate principal amount of US\$152,100,000 in Hong Kong on 27 January 2022. The issue of the New Senior Notes comprised of the exchange offer of the senior notes in an aggregate principal amount of US\$155,000,000 in Hong Kong issued by the Company on 8 February 2021 amounting to US\$149,600,000 and completion of concurrent new money issuance amounting to US\$2,500,000.

The interest rate of the New Senior Notes is fixed at 7.5% per annum. The New Senior Notes will mature on 26 January 2023, and are puttable for early redemption at the principal amount at any time prior to 26 January 2023. The New Senior Notes were listed on the Stock Exchange on 28 January 2022. 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 10 January 2022, 21 January 2022, 27 January 2022 and 28 January 2022 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 has resolved not to declare the payment of interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: an interim dividend totalling RMB59,756,000 was declared).

Audit Committee

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 the applicable Corporate Governance Code. 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 2022, 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 and on the website of the Stock Exchange at www.hkexnews.hk.

The Audit Committee has considered and reviewed the interim results of the Group for the six months ended 30 June 2022 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 information for the six months ended 30 June 2022. The accounting information given in this interim report has not been audited.

* For ease of reference, the names of companies and entities established in the PRC have been included in this interim report in English by way of translation if such Chinese entities do not have English names as part of their legal names, 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>	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	269,718	288,664
Right-of-use assets	13	244,214	248,953
Investment properties	13	276,375	280,044
Intangible assets	13	4,203	3,232
Other receivables and prepayments	16	11,640	11,634
Deferred income tax assets		239,008	176,033
Investments accounted for using the equity method	12	115,239	140,394
		1,160,397	1,148,954
Current assets			
Inventories		1,407	1,656
Contract costs	5	87,435	39,885
Properties under development	14	7,850,814	7,494,460
Completed properties held for sale	15	1,519,826	1,505,612
Trade and other receivables and prepayments	16	1,345,793	1,299,571
Prepaid taxes	17	136,874	136,467
Restricted cash	18	1,038,431	1,269,375
Cash and cash equivalents	19	459,084	1,030,394
		12,439,664	12,777,420
Total assets		13,600,061	13,926,374

Interim Condensed Consolidated Statement of Financial Position (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

	<i>Notes</i>	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	20	14,746	14,746
Other reserves	21	1,610,302	1,687,351
Retained earnings	21	1,221,943	1,407,730
		2,846,991	3,109,827
Non-controlling interests		1,549,411	1,669,012
Total equity		4,396,402	4,778,839
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		225,614	198,269
Bank and other borrowings	22	2,101,674	2,256,776
Lease liabilities		58,891	60,203
		2,386,179	2,515,248
Current liabilities			
Bank and other borrowings	22	2,106,149	2,238,921
Trade and other payables	23	4,312,983	3,957,452
Lease liabilities		3,998	5,551
Current income tax liabilities		394,350	430,363
		6,817,480	6,632,287
Total liabilities		9,203,659	9,147,535
Total equity and liabilities		13,600,061	13,926,374

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

The financial statements on pages 27 to 66 were approved by the Board of Directors on 31 August 2022 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	
		2022 Unaudited RMB'000	2021 Unaudited RMB'000
Revenue	5	308,168	1,042,796
Cost of sales	6	(246,753)	(630,669)
Gross profit		61,415	412,127
Selling and marketing expenses	6	(37,769)	(48,256)
Administrative expenses	6	(55,928)	(75,760)
Net impairment losses on financial assets		(2,121)	(1,779)
Net impairment losses on completed properties held for sale and properties under development	6	(276,942)	–
Other income		1,798	20,475
Other expenses		(10,125)	(457)
Other (losses)/gains – net	7	(4,440)	2,378
Operating (loss)/profit		(324,112)	308,728
Finance costs	8	(17,228)	(4,246)
Finance income	8	3,850	8,655
Finance (costs)/income – net	8	(13,378)	4,409
Share of profit of investments accounted for using the equity method	12	4,008	8,360
(Loss)/profit before income tax		(333,482)	321,497
Income tax expense	9	28,094	(153,099)
(Loss)/profit for the period		(305,388)	168,398
(Loss)/profit attributable to:			
Owners of the Company		(185,787)	170,804
Non-controlling interests		(119,601)	(2,406)
		(305,388)	168,398
Other comprehensive (loss)/income for the period			
<i>Item that may be reclassified to profit or loss</i>			
– Currency translation differences		(61,081)	5,621
Other comprehensive (loss)/income for the period, net of tax		(61,081)	5,621
Total comprehensive (loss)/income for the period		(366,469)	174,019
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(246,868)	176,425
Non-controlling interests		(119,601)	(2,406)
		(366,469)	174,019
(Loss)/earnings per share (expressed in RMB per share)			
– Basic and diluted (loss)/earnings per share	10	(0.11)	0.10

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

Interim Condensed Consolidated Statement of 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
Six months ended 30 June 2022						
(Unaudited)						
Balance at 1 January 2022	14,746	1,687,351	1,407,730	3,109,827	1,669,012	4,778,839
Comprehensive loss						
– Loss for the period	–	–	(185,787)	(185,787)	(119,601)	(305,388)
– Other comprehensive loss	–	(61,081)	–	(61,081)	–	(61,081)
Total comprehensive loss	–	(61,081)	(185,787)	(246,868)	(119,601)	(366,469)
Transactions with owners in their capacity as owners:						
Dividends declared	–	(15,968)	–	(15,968)	–	(15,968)
Total transactions with owners	–	(15,968)	–	(15,968)	–	(15,968)
Balance at 30 June 2022	14,746	1,610,302	1,221,943	2,846,991	1,549,411	4,396,402
Six months ended 30 June 2021						
(Unaudited)						
Balance at 1 January 2021	14,746	1,836,263	1,184,234	3,035,243	1,417,808	4,453,051
Comprehensive income						
– Profit for the period	–	–	170,804	170,804	(2,406)	168,398
– Other comprehensive income	–	5,621	–	5,621	–	5,621
Total comprehensive income	–	5,621	170,804	176,425	(2,406)	174,019
Transactions with owners in their capacity as owners:						
Dividends paid	–	–	(110,787)	(110,787)	(94,877)	(205,664)
Capital injections from non-controlling interests	–	–	–	–	137,700	137,700
Total transactions with owners	–	–	(110,787)	(110,787)	42,823	(67,964)
Balance at 30 June 2021	14,746	1,841,884	1,244,251	3,100,881	1,458,225	4,559,106

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	
		2022 Unaudited RMB'000	2021 Unaudited RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations		407,602	(63,801)
Income tax paid		(73,011)	(52,360)
Interest paid		(153,828)	(115,760)
Net cash generated from/(used in) operating activities		180,763	(231,921)
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired		–	(11,800)
Purchases of property, plant and equipment		(1,502)	(2,622)
Proceeds from disposal of property, plant and equipment		19,843	–
Purchases of intangible assets		(1,522)	(1,010)
Investment in an associate		–	(11,000)
Dividends received from an associate		30,000	–
Cash advanced to related parties		(85,309)	–
Cash repayments from related parties		–	53,210
Interest received on financial assets at fair value through profit or loss		49	2,489
Interest received		3,850	2,641
Net cash (used in)/generated from investing activities		(34,591)	31,908
Cash flows from financing activities			
Proceeds from borrowings		151,279	495,478
Repayments of borrowings		(446,587)	(434,839)
Advances from non-controlling interests		–	119,160
Repayments to non-controlling interests		(400,095)	–
Capital injection from non-controlling interests		–	137,700
(Increase)/decrease in restricted cash for securing bank borrowings		(26,000)	197,276
Lease payments		(2,924)	(4,119)
Dividends paid to non-controlling interests		–	(94,877)
Dividends paid to the Company's shareholders		–	(110,787)
Net cash (used in)/generated from financing activities		(724,327)	304,992
Net (decrease)/increase in cash and cash equivalents			
Exchange gains/(losses) on cash and cash equivalents		6,845	(5,276)
Cash and cash equivalents at beginning of period		1,030,394	2,037,665
Cash and cash equivalents at end of period	19	459,084	2,137,368

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 Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

The interim financial information has not been audited.

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

(a) Going concern basis

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Basis of preparation and accounting policies (continued)

(a) Going concern basis (continued)

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

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

- (i) Certain of the Group's bank and other borrowings are subject to certain financial covenant requirements and the Group will continue to monitor its compliance with these covenant requirements. Should the Group be unable to comply with any covenant requirements, the management of the Group will discuss and negotiate with the respective lenders and will seek to obtain a waiver of compliance with the covenant requirements from the lenders or to agree with the respective lenders to revise the terms and covenant requirements, if needed;
- (ii) In January 2022, the Group successfully exchanged its senior notes with an aggregate principal amount of US\$152 million due on 7 February 2022 with a newly issued senior note of the same amount due on 26 January 2023 (the "**New Senior Notes**"). The Group will closely monitor its liquidity position to satisfy the repayment of the New Senior Notes before the due date and will also negotiate with the lenders to seek their agreement for further extended maturity before the year ending 2022;
- (iii) The Group had unutilised uncommitted project loan facilities and general facilities of RMB465 million as at 30 June 2022. The Group will also work with the banks to extend such facilities and to secure new facilities to provide sufficient funding for the Group's project related payments or other operating expenditures. The Directors are of the opinion that such banking facilities will be successfully renewed when they expire;
- (iv) The Group will continue to implement plans and measures to accelerate the pre-sales and sales of its properties under development and completed properties held for sale, and to speed up the collection of outstanding sales proceeds;
- (v) As at 30 June 2022, the Group's restricted cash amounted to RMB1,038 million, which mainly represented the restricted pre-sale proceeds in designated bank accounts and can be used to settle certain construction payables or project loans subject to the approval of the local State-Owned Land and Resource Bureau. The Group will closely monitor the process of construction of its property development projects to ensure that construction and related payments are fulfilled, the relevant properties sold under pre-sale arrangement are completed and delivered to the customers on schedule as planned, such that the Group is able to release restricted cash to meet its other financial obligations; and
- (vi) The Group will also continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating expenditure.

Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Basis of preparation and accounting policies (continued)

(a) Going concern basis (continued)

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

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

- (i) Continuous compliance by the Group of the terms and conditions of the bank and other borrowings and, where applicable, successful negotiation with the lenders to obtain waiver or to revise the terms and conditions of the borrowings for the continuous compliance thereof as and when needed;
- (ii) Successful and timely extension and renewal of its banking facilities and its bank and other borrowings, including project loans, upon maturity as well as obtaining new financing from financial institutions; in particular the successful negotiation with the lenders to secure their agreement to exchange the Group's New Senior Notes maturing in January 2023 with new senior notes with further extended maturity. The Group's ability to obtain these financing depends on (1) current and ongoing regulatory environments and how the relevant policies and measures might affect the Group and/or the relevant financial institutions; (2) whether the lenders of existing borrowings are agreeable to the terms and conditions for such extension or renewal; and (3) the Group's ability to continuously comply with the relevant terms and conditions of its bank and other borrowings including the senior notes;
- (iii) Successful implementation of the plans and measures to accelerate the pre-sales and sales of properties under developments and completed properties held for sale, and timely collection of the relevant sales proceeds;
- (iv) Successful completion and delivery of properties to the customers on schedule such that restricted pre-sale proceeds in the designated bank accounts will be released to meet its other financial obligations as planned; and
- (v) Successful in obtaining other additional sources of financing other than those mentioned above as and when needed.

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

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Basis of preparation and accounting policies (continued)

(b) Changes in accounting policies

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

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

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

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

(ii) New standards and amendments not yet adopted

The following new standards and amendments have been published that are not mandatory for the six months ended 30 June 2022 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	Originally 1 January 2022, but extended to 1 January 2023 by the HKICPA
HKFRS 17	Insurance contracts	Originally 1 January 2021, but extended to 1 January 2023 by the HKICPA
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate and joint venture	To be determined
Hong Kong Interpretation 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	Applied when an entity applies “Classification of Liabilities as Current or Non-current – Amendments to HKAS 1”

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

Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

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 2021, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings.

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 2021.

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.

(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 2022 is as follows:

	Property development and sales Unaudited RMB'000	Commercial property investment Unaudited RMB'000	Hotel operations Unaudited RMB'000	Property management Unaudited RMB'000	Total Unaudited RMB'000
Segment revenue	259,853	–	32,658	19,101	311,612
Recognised at a point in time	259,853	–	–	–	259,853
Recognised over time	–	–	32,658	19,101	51,759
Revenue from other sources: rental income	–	9,796	–	–	9,796
Inter-segment revenue	–	(6,565)	(231)	(6,444)	(13,240)
Revenue from external customers	259,853	3,231	32,427	12,657	308,168
Gross profit	55,262	2,986	1,574	1,593	61,415
Selling and marketing expenses					(37,769)
Administrative expenses					(55,928)
Net impairment losses on financial assets					(2,121)
Net impairment losses on completed properties held for sale and properties under development	(276,942)	–	–	–	(276,942)
Other income					1,798
Other expenses					(10,125)
Other losses – net					(4,440)
Finance costs – net					(13,378)
Share of profit of investments accounted for using the equity method (Note 12)	4,008	–	–	–	4,008
Loss before income tax					(333,482)
Income tax expense					28,094
Loss for the period					(305,388)
Depreciation and amortisation recognised as expenses	7,250	–	7,267	137	14,654
Fair value losses on investment properties – net (Note 13)	–	(3,669)	–	–	(3,669)

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 2021 is as follows:

	Property development and sales Unaudited RMB'000	Commercial property investment Unaudited RMB'000	Hotel operations Unaudited RMB'000	Property management Unaudited RMB'000	Total Unaudited RMB'000
Segment revenue	992,435	–	34,595	16,946	1,043,976
Recognised at a point in time	992,435	–	–	–	992,435
Recognised over time	–	–	34,595	16,946	51,541
Revenue from other sources:					
rental income	–	9,705	–	–	9,705
Inter-segment revenue	–	(4,471)	(56)	(6,358)	(10,885)
Revenue from external customers	992,435	5,234	34,539	10,588	1,042,796
Gross profit	406,222	4,666	(2,071)	3,310	412,127
Selling and marketing expenses					(48,256)
Administrative expenses					(75,760)
Net impairment losses on financial assets					(1,779)
Other income					20,475
Other expenses					(457)
Other gains – net					2,378
Finance income – net					4,409
Share of profit of investments accounted for using the equity method (Note 12)	8,360	–	–	–	8,360
Profit before income tax					321,497
Income tax expense					(153,099)
Profit for the period					168,398
Depreciation and amortisation recognised as expenses	6,303	–	7,700	80	14,083
Fair value gains on investment properties – net (Note 13)	–	1,188	–	–	1,188

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

(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 2022 is as follows:

	Property development and sales Unaudited RMB'000	Commercial property investment Unaudited RMB'000	Hotel operations Unaudited RMB'000	Property management Unaudited RMB'000	Total Unaudited RMB'000
Segment assets	12,803,067	276,375	260,798	20,813	13,361,053
Segment assets include:					
Investments accounted for using the equity method (<i>Note 12</i>)	115,239	–	–	–	115,239
Addition to non-current assets (other than financial instruments and deferred income tax assets)	2,376	–	621	27	3,024
Segment liabilities	4,299,215	30,312	17,390	28,955	4,375,872

The segment assets and liabilities provided to the executive directors for the reportable segments as at 31 December 2021 is as follows:

	Property development and sales Audited RMB'000	Commercial property investment Audited RMB'000	Hotel operations Audited RMB'000	Property management Audited RMB'000	Total Audited RMB'000
Segment assets	13,180,743	280,044	279,917	9,637	13,750,341
Segment assets include:					
Investments accounted for using the equity method (<i>Note 12</i>)	140,394	–	–	–	140,394
Addition to non-current assets (other than financial instruments and deferred income tax assets)	5,459	–	1,745	741	7,945
Segment liabilities	3,967,252	7,142	22,615	26,197	4,023,206

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

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

(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 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Sale commissions	87,435	39,885

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 2022, the amount of amortisation was RMB17,208,000 (six months ended 30 June 2021: RMB17,194,000). 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 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Contract liabilities related to sales of properties	2,323,732	1,557,643
Contract liabilities related to others	10,285	7,560
	2,334,017	1,565,203

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 2022 related to carried-forward contract liabilities:

	Six months ended 30 June	
	2022 Unaudited RMB'000	2021 Unaudited RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period		
Sales of properties	63,098	535,953
Others	7,560	6,442
	70,658	542,395

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

(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, administrative expenses and provision for impairment of completed properties held for sale and properties under development are analysed as follows:

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

7 Other (losses)/gains – net

	Six months ended 30 June	
	2022 Unaudited RMB'000	2021 Unaudited RMB'000
Interest on financial assets at fair value through profit or loss	49	2,489
Gains/(losses) on disposals of property, plant and equipment	8,710	(14)
Fair value (losses)/gains on investment properties (<i>Note 13</i>)	(3,669)	1,188
Net foreign exchange losses	(9,530)	(1,285)
	(4,440)	2,378

Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

8 Finance costs/(income) – net

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

9 Income tax expense

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

(All amounts in RMB Yuan thousands unless otherwise stated)

9 Income tax expense (continued)

(a) PRC corporate income tax

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

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

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

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

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

(c) Overseas income tax

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

(d) Hong Kong profits tax

No provision for Hong Kong profits tax has been made in this interim condensed consolidated financial information as the Group's companies did not have assessable profit in Hong Kong for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

10 (Loss)/earnings per share

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

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

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

11 Dividend

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

12 Investments accounted for using the equity method

The amounts recognised in the balance sheet are as follows:

	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Investments in a joint venture (<i>Note(a)(i)</i>)	–	–
Investments in associates	115,239	140,394
	115,239	140,394

The amounts recognised in the statement of comprehensive income are as follows:

	Six months ended 30 June	
	2022 Unaudited RMB'000	2021 Unaudited RMB'000
A joint venture (<i>Note(a)</i>)	–	(3,565)
Associates (<i>Note(b)</i>)	4,008	11,925
	4,008	8,360

(a) A joint venture

	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Opening balances	–	24,543
Additions	–	196,348
Share of results	–	(5,404)
Transfer to a subsidiary	–	(215,487)
Ending balances	–	–

- (i) The Group's interest in a joint venture is accounted using equity method. As at 30 June 2022, the Group's shares of losses of a joint venture exceeds its interests in the underlying entities, and the unrecognised share of losses of the joint venture amounted to RMB30,232,000 (31 December 2021: RMB18,909,000).

Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

12 Investments accounted for using the equity method (continued)

(b) Associates

The movement of investment in associates is as follows:

	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Opening balances	140,394	84,200
Addition	–	55,346
Dividends received	(30,000)	(30,000)
Share of results	4,008	29,038
Realisation of unrealised profits	837	1,810
Ending balances	115,239	140,394

As at 30 June 2022 and 31 December 2021, there were no significant contingencies relating to the Group's interests in the associates.

13 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
Six months ended 30 June 2022 (Unaudited)				
Opening net book amount as at 1 January 2022	288,664	248,953	280,044	3,232
Additions	1,502	–	–	1,522
Disposals	(11,133)	–	–	–
Depreciation/amortisation charges	(9,389)	(4,812)	–	(551)
Fair value changes	–	–	(3,669)	–
Exchange difference	74	73	–	–
Closing net book amount as at 30 June 2022	269,718	244,214	276,375	4,203
Six months ended 30 June 2021 (Unaudited)				
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)	–	–
Closing net book amount as at 30 June 2021	295,427	255,133	290,440	2,835

(All amounts in RMB Yuan thousands unless otherwise stated)

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

- (a) As at 30 June 2022, property, plant and equipment with net book amounts totalling RMB242,854,000 (31 December 2021: RMB248,843,000), right-of-use assets of RMB12,448,000 (31 December 2021: RMB12,720,000) and investment properties of RMB182,365,000 (31 December 2021: RMB179,484,000) were pledged as collateral for the Group's bank and other borrowings (Note 22).
- (b) As at 30 June 2022, property, plant and equipment mainly comprised hotels of RMB242,854,000 (31 December 2021: RMB248,843,000) which are located in the PRC.
- (c) As at 30 June 2022 and 31 December 2021, 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 2022.

	Property category	Fair value at 30 June 2022	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Retail properties	182,365,000	Term and reversionary method	Market rents (RMB/square metre)	106-235	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	40,000,000	Term and reversionary method	Market rents (RMB/square metre)	114-120	The higher the market price, the higher the fair value
				Term and reversionary yields	3.50%-4.25%	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)	1,969	The higher the market price, the higher the fair value
				Term and reversionary yields	5.13%	The higher the term yields, the lower the fair value
	Land	6,000,000	Direct comparison	Market price (RMB/square metre)	2,591	The higher the market price, the higher the fair value
				Term and reversionary yields	5.13%	The higher the term yields, the lower the fair value
Buildings	15,010,000	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)

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

(d) (continued)

	Property category	Fair value at 31 December 2021	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Retail properties	179,484,000	Term and reversionary method	Market rents (RMB/square metre)	104-232	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	46,500,000	Term and reversionary method	Market rents (RMB/square metre)	116-122	The higher the market price, the higher the fair value
				Term and reversionary yields	3.50%-4.25%	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)	1,971	The higher the market price, the higher the fair value
				Term and reversionary yields	5.13%	The higher the term yields, the lower the fair value
	Land	6,000,000	Direct comparison	Market price (RMB/square metre)	2,596	The higher the market price, the higher the fair value
				Term and reversionary yields	5.13%	The higher the term yields, the lower 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

(All amounts in RMB Yuan thousands unless otherwise stated)

14 Properties under development

	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Properties under development expected to be completed:		
– Land use rights	5,663,456	5,295,245
– Contractual rights of land (Note (a))	190,810	417,941
– Construction costs	1,565,666	1,301,660
– Interests capitalised	632,065	479,614
	8,051,997	7,494,460
Less: provision for impairment loss of properties under development	(201,183)	–
	7,850,814	7,494,460

- (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 2022 is 6.43% (six months ended 30 June 2021: 6.80%).
- (d) As at 30 June 2022, properties under development with net book value of RMB2,121,115,000 (31 December 2021: RMB2,328,613,000), were pledged as collateral for the Group's bank and other borrowings (Note 22).
- (e) As at 30 June 2022, the balance of provision in respect of write-down of the properties under development was amounted to RMB201,183,000 (31 December 2021: RMB nil).

Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

15 Completed properties held for sale

	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Completed properties held for sale developed by the Group:		
Land use rights	377,975	367,688
Construction costs	1,125,716	1,060,120
Interest capitalised	91,894	77,804
	1,595,585	1,505,612
Less: provision for impairment of completed properties held for sale	(75,759)	–
	1,519,826	1,505,612

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

As at 30 June 2022, completed properties held for sale with net book value of RMB584,776,000 (31 December 2021: RMB623,748,000), were pledged as collateral for the Group's bank and other borrowings (Note 22).

As at 30 June 2022, the balance of provision in respect of write-down of the completed properties held for sale was amounted to RMB75,759,000 (31 December 2021: RMB nil).

(All amounts in RMB Yuan thousands unless otherwise stated)

16 Trade and other receivables and prepayments

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

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

As at 30 June 2022, trade receivables with net book value of RMB8,242,000 (31 December 2021: RMB2,154,000) were pledged as collateral for the Group's bank and other borrowings (Note 22).

Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

16 Trade and other receivables and prepayments (continued)

(a) Details of trade receivables are as follows:

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

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

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

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

The Group's trade receivables are denominated in RMB.

(All amounts in RMB Yuan thousands unless otherwise stated)

16 Trade and other receivables and prepayments (continued)

(b) Details of other receivables are as follows:

	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Deposits for acquisition of land use rights	156,258	91,258
Other receivables due from non-controlling interests (<i>Note (i)</i>)	514,363	450,247
Other receivables due from related parties	173,455	68,207
Others	71,092	75,149
	915,168	684,861
Less: allowance for impairment	(8,103)	(5,868)
Other receivables – net	907,065	678,993

(i) Other receivables represent cash advances amounted to approximately RMB324,429,000 made to non-controlling interests, which are unsecured, interest free and repayable on demand, and the remaining amount mainly represent consideration due from a non-controlling shareholder of a subsidiary.

(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:

	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Prepayments for property development projects	23,948	23,985
Prepaid taxes and other taxes	9,737	6,862
Others	24,593	30,423
Other prepayments	58,278	61,270

Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

17 Prepaid taxes

Details of prepaid taxes are as follows:

	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Corporate income taxes	19,596	18,488
Land appreciation taxes	73,359	45,005
Value added taxes	43,919	72,974
	136,874	136,467

18 Restricted cash

	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Guarantee deposits for construction of pre-sold properties (<i>Note (a)</i>)	922,594	842,837
Guarantee deposits for borrowings (<i>Note (b)</i>)	96,000	70,000
Guarantee deposits for urban development project	–	310,000
Others	19,837	46,538
	1,038,431	1,269,375
Denominated in:		
– RMB	1,033,455	1,263,730
– United States Dollars (“US\$”)	–	192
– Hong Kong Dollars (“HK\$”)	4,976	5,453
	1,038,431	1,269,375

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

(All amounts in RMB Yuan thousands unless otherwise stated)

18 Restricted cash (continued)

- (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.

As at 30 June 2022, the Group has placed cash deposits of approximately RMB96,000,000 (31 December 2021: RMB70,000,000) with designated banks as security for bank borrowings (Note 22).

19 Cash and cash equivalents

	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Cash at bank and in hand	1,497,515	2,299,769
Less: restricted cash	(1,038,431)	(1,269,375)
Cash and cash equivalents	459,084	1,030,394

Cash and cash equivalents are denominated in the following currencies:

	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Denominated in RMB	412,444	687,462
Denominated in HK\$	40,425	330,431
Denominated in US\$	6,215	12,501
	459,084	1,030,394

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.

Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

20 Share capital

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Total
Authorised				
As at 30 June 2022 (Unaudited)	2,500,000,000			
Issued and fully paid				
Six months ended 30 June 2022 (Unaudited)				
As at 1 January 2022 and 30 June 2022	1,646,173,000	HK\$16,462,000	RMB14,746,000	RMB14,746,000
Six months ended 30 June 2021 (Unaudited)				
As at 1 January 2021 and 30 June 2021	1,646,173,000	HK\$16,462,000	RMB14,746,000	RMB14,746,000

21 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
Six months ended 30 June 2022 (Unaudited)						
Balance at 1 January 2022	1,525,281	154,328	7,742	1,687,351	1,407,730	3,095,081
Loss for the period	-	-	-	-	(185,787)	(185,787)
Dividends declared	(15,968)	-	-	(15,968)	-	(15,968)
Other comprehensive loss	-	-	(61,081)	(61,081)	-	(61,081)
Balance at 30 June 2022	1,509,313	154,328	(53,339)	1,610,302	1,221,943	2,832,245
Six months ended 30 June 2021 (Unaudited)						
Balance at 1 January 2021	1,726,596	130,606	(20,939)	1,836,263	1,184,234	3,020,497
Profit for the period	-	-	-	-	170,804	170,804
Dividends paid	-	-	-	-	(110,787)	(110,787)
Other comprehensive income	-	-	5,621	5,621	-	5,621
Balance at 30 June 2021	1,726,596	130,606	(15,318)	1,841,884	1,244,251	3,086,135

(All amounts in RMB Yuan thousands unless otherwise stated)

22 Bank and other borrowings

	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Bank borrowings	3,165,624	3,484,088
Senior notes (<i>Note (a)</i>)	1,042,199	1,011,609
	4,207,823	4,495,697
Included in non-current liabilities:		
– Secured (<i>Notes (c) & (d)</i>)	2,624,043	2,881,725
– Unsecured (<i>Note (d)</i>)	541,581	602,363
Less: current portion of non-current liabilities	(1,063,950)	(1,227,312)
	2,101,674	2,256,776
Included in current liabilities:		
– Unsecured (<i>Note (d)</i>)	1,042,199	1,011,609
Add: current portion of non-current liabilities	1,063,950	1,227,312
	2,106,149	2,238,921
Total borrowings	4,207,823	4,495,697

Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

22 Bank and other borrowings (continued)

- (a) On 27 January 2022, the Company issued the New Senior Notes with nominal interest rate 7.5% due 26 January 2023 in an aggregate principal amount of US\$152,100,000. The issue of the New Senior Notes comprised of the exchange offer of the existing 2021 Notes amounting to US\$149,600,000 and completion of concurrent new money issuance amounting to US\$2,500,000. The New Senior Notes were listed on the Stock Exchange on 28 January 2022.

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

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

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

- (c) As at 30 June 2022, bank and other borrowings totalling RMB2,624,043,000 (31 December 2021: RMB2,881,725,000) of the Group were secured by the following assets together with the Group's shares of certain subsidiaries:

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

(All amounts in RMB Yuan thousands unless otherwise stated)

22 Bank and other borrowings (continued)

- (d) The Group's unsecured borrowings of RMB1,583,780,000 (31 December 2021: RMB1,613,972,000) as at 30 June 2022 were guaranteed by certain subsidiaries.

The Group's secured borrowings of RMB2,624,043,000 (31 December 2021: RMB2,881,725,000) as at 30 June 2022 were guaranteed by the Company, certain subsidiaries and the ultimate controlling shareholder.

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

	Six months ended 30 June	
	2022 Unaudited	2021 Unaudited
Bank borrowings	6.24%	6.48%
Senior notes	8.34%	8.62%

- (f) The carrying amounts of the borrowings approximate their fair values as at 30 June 2022 and 31 December 2021 as the impact of discounting of borrowing with fixed interest rate is not significant or the borrowings carry floating interest rate.

23 Trade and other payables

	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Trade payables (Note (a))	778,560	902,718
Notes payable	96,664	184,247
Amounts due to non-controlling interests and their related parties (Note (b))	609,233	945,212
Amounts due to a related party	19,939	–
Outstanding consideration payables for acquisitions	35,195	35,195
Contract liabilities (Note 5)	2,334,017	1,565,203
Deposits payables (Note (c))	62,996	39,041
Accrued expenses	32,716	53,539
Salaries payable	7,017	16,115
Other taxes payable	187,689	133,457
Interest payable	9,664	9,234
Dividends payable (Note (11))	15,968	–
Other payables (Note (d))	123,325	73,491
	4,312,983	3,957,452

Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

23 Trade and other payables (continued)

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

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

The Group's trade payables as at 30 June 2022 is denominated in RMB, US\$ and HK\$.

	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
RMB	777,469	901,680
US\$	945	898
HK\$	146	140
	778,560	902,718

- (b) Amounts included certain cash advances from non-controlling interest and their related parties of approximately RMB370,847,000 which bears interest rate at 4.75% and is repayable according to respective arrangements, and the remaining amounts due to non-controlling interest and their related parties are interest free and repayable on demand.
- (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.

(All amounts in RMB Yuan thousands unless otherwise stated)

24 Guarantee

	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Guarantee in respect of mortgage facilities for certain purchasers (<i>Note (a)</i>)	2,047,136	1,636,560
Guarantees for borrowings of a joint venture (<i>Note (b)</i>)	387,500	387,500
	2,434,636	2,024,060

- (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 2022, the Group had provided guarantees for borrowing of the Group's joint venture amounting to RMB387,500,000 (31 December 2021: RMB387,500,000).

Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

25 Commitments

Commitments for property development expenditure:

	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Contracted but not provided for:		
Acquisition of land use rights	238,790	459,000
Property development activities	1,182,140	1,525,173
	1,420,930	1,984,173

26 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
Guangzhou Zhujing Real Estate Development Co., Ltd.* ("Guangzhou Zhujing")	Associate of the Group
Nanjing Longguang Jingye Property Service Co., Ltd.* ("Nanjing Longguang")	Associate of the Group
Zhongshan Jingyue Investment Co., Ltd.* ("Zhongshan Jingyue")	Joint venture of the Group

* The English names of the related parties represents the best effort by the management of the Group in translating their Chinese names as they do not have official English names.

(All amounts in RMB Yuan thousands unless otherwise stated)

26 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 2022:

	Six months ended 30 June	
	2022 Unaudited RMB'000	2021 Unaudited RMB'000
(i) Provision of guarantee in respect of borrowings outstanding – ultimate controlling shareholder	1,133,764	1,139,089
(ii) Rendering of property management services – Donghuzhou	789	393
(iii) Rendering of management consultancy services – Donghuzhou	8,652	7,538
– Guangzhou Jingyu Real Estate Development Co., Ltd. (“ Guangzhou Jingyu ”)	–	631
Total	8,652	8,169
(iv) Property management service fee charged by – Nanjing Longguang	1,304	–
(v) Providing guarantees for borrowings – Zhongshan Jingyue	387,500	407,500
– Guangzhou Jingyu	–	87,210
Total	387,500	494,710

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)

26 Related party transactions (continued)

(c) Balances with related parties

	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Amounts due from associates and a joint venture		
Trade balances		
– Donghuzhou	2,963	3,052
– Guangzhou Zhujing	294	395
	3,257	3,447
Non-trade balances		
– Zhongshan Jingyue (Note (i))	89,720	–
– Donghuzhou	–	5,957
– Guangzhou Zhujing	81,494	61,123
	171,214	67,080
Total amounts due from related parties	174,471	70,527
Amounts due to an associate		
Non-trade balances		
– Donghuzhou	19,939	–
Total amounts due to related parties	19,939	–

- (i) Up to the report day, RMB38,013,000 of the balance of other receivables due from related parties was subsequently settled.
- (ii) Amounts due from and due to 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 2022 and 2021 are set out below:

	Six months ended 30 June	
	2022 Unaudited RMB'000	2021 Unaudited RMB'000
Key management compensation		
– Salaries and other employee benefits	5,227	7,818
– Pension costs	27	30
	5,254	7,848