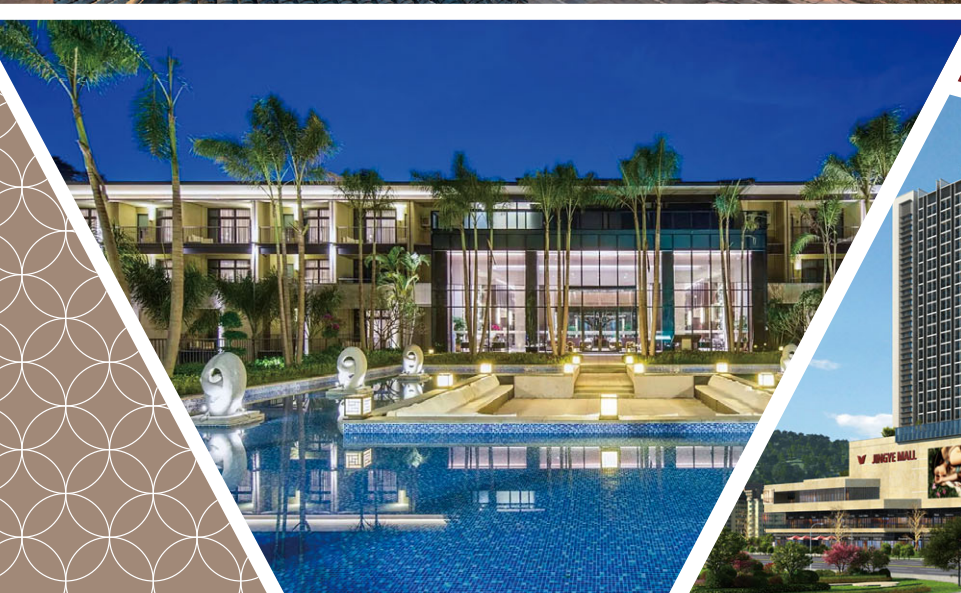




# JY GRANDMARK HOLDINGS LIMITED

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

Stock Code: 2231



2023  
INTERIM  
REPORT





## Company Profile

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

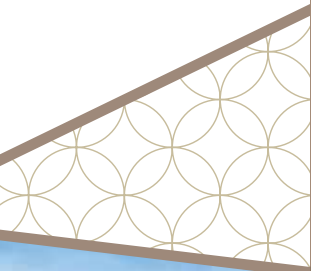
JY Grandmark is a property developer, operator and property management service provider based in the PRC. It runs four principal businesses, namely (i) property development and sales, (ii) hotel operations, (iii) property management and (iv) commercial property investment, with business presence in Guangdong, Hainan, Yunnan, Jiangsu and Hunan provinces. As at 30 June 2023, the total gross floor area of the Group's land reserves reached approximately 3.85 million sq.m..

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

### Listing Information

#### Equity Securities

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

#### Debt Securities

9.5% senior notes in an aggregate principal amount of US\$152,100,000 due 2024 (stock code: 5677) are listed on the Stock Exchange (the "**New Senior Notes**").

### Financial Calendar 2023

Announcement of 2023 interim results

30 August

# CHAIRMAN'S STATEMENT



**Mr. CHAN Sze Ming Michael**  
*Chairman*

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







**Dear Shareholders,**

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

**Results Review**

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

Under such a complex international situation, China’s economy was under pressure both domestically and internationally. With the end of the COVID-19 pandemic and the return of the economic order in China, under the combined effect of the release of the previous pent-

up demand, the support of the government’s economic stability policy and the low base effect, China’s economy has experienced a fluctuating recovery growth, and the GDP growth rate in the first half of the year was generally good.

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

## CHAIRMAN'S STATEMENT (CONTINUED)

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

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

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

JY Grandmark has adopted the “one strategy for one project” precise sales policy and marketing strategy in the first half of the year; at the same time, the Company rapidly and repeatedly adjusted marketing tactics and techniques, thoroughly sorted out and studied customers’ needs, and effectively enhanced its overall customer acquisition and conversion capability through the linkage chain of “fully releasing the value of the project through online new media communication, and improving the living experience of the project community to expand targeted customers offline”. In addition, the Company insisted on

exploring the marketing model of “internal consolidation and external expansion”. Internally, we continued to implement the marketing policy of “all staff, all people, all aspects” to enhance the marketing efficiency of each project team; externally, we promoted the targeted recreational vacation residence and health care projects including JY Gaoligong Town in Yunnan and JY Jiangshan Shili. By expanding the market through marketing, the Company has launched marketing campaigns in first-tier cities such as Xi’an, Beijing, and Guangzhou for recreational vacation residence and health care projects, further opening up the market and achieving a double harvest in both reputation and performance. During the period under review, we vigorously explored the large volume sales to increase cash inflow and optimise financial management.

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

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

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



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

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

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

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

## CHAIRMAN'S STATEMENT (CONTINUED)

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

### Prospects and Expectation

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

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

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

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

### Appreciation

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

**CHAN Sze Ming Michael**

*Chairman of the Board*

Hong Kong, 30 August 2023



# MANAGEMENT DISCUSSION AND ANALYSIS

## Business and Financial Review

### Overall performance

During the Period under Review, the aggregated contracted sales of the Group, including those of the Group's joint venture and associates, was approximately RMB905.1 million, representing a decrease of 28.3% as compared to RMB1,262.0 million for the six months ended 30 June 2022. The corresponding contracted GFA was approximately 93,000 sq.m., representing a decrease of 16.2% as compared to approximately 111,000 sq.m. for the six months ended 30 June 2022.

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

### Revenue

Our revenue represents consolidated revenue from (i) property development and sales; (ii) hotel operations; (iii) property management; and (iv) commercial property investment which are all derived in the PRC. During the Period under Review, revenue of the Group amounted to RMB325.8 million (1H2022: RMB308.2 million), representing a year-on-year increase of 5.7%.

### Property development and sales

We focus on the development of quality residential properties with comfortable and convenient living environment. During the Period under Review, revenue from property development and sales business of the Group amounted to RMB271.4 million, representing an increase of 4.4% as compared to RMB259.9 million for the same period of 2022, accounting for 83.3% of the Group's total revenue. The increase in revenue was mainly as a result of the growth in aggregate GFA of properties delivered.

The following table sets forth the breakdown of our revenue from property development and sales by geographical location for the six months ended 30 June 2023 and 2022.

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

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

### Hotel operations

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

### Property management

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

### Commercial property investment

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

### Cost of sales

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

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

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

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

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

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

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



### Selling and marketing expenses

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

### Administrative expenses

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

### Other losses – net

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

### Finance costs – net

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

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

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

### Income tax expense

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

### Loss for the period

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

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

### Liquidity, Financial and Capital Resources

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

#### Overall financial position

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

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

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

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

#### Cash positions and fund available

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

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

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

#### Borrowings

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

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

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



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

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

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

### Cost of borrowings

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

### Contingent liabilities

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

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

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

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

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

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

### Commitments

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

### Currency risks

The Group's businesses are principally conducted in Renminbi ("RMB"). The monetary assets and liabilities of the Group's subsidiaries in the PRC are mainly denominated in RMB and the foreign exchange risk is immaterial. The non-PRC subsidiaries' functional currency is Hong Kong Dollar ("HK\$"). As at 30 June 2023 and 31 December 2022, major non-HK\$ assets and liabilities of the non-PRC subsidiaries are cash and cash equivalents, restricted cash, other receivables and borrowings, which are denominated in RMB or US Dollar ("US\$"). Fluctuation of the exchange rate of HK\$ against RMB or US\$ could affect the Group's results of operations.

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

### Future Plans for Material Investments and Capital Assets

As at 30 June 2023, the Group did not have plan for material investments and capital assets.

### Significant Investments, Major Acquisitions and Disposals

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

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

### Events after the Period under Review

No significant events affecting the Group had occurred during the period from 30 June 2023 to the date of this interim report.

### Interim Dividend

The Board has resolved not to declare the payment of interim dividend for the six months ended 30 June 2023.

### Review of Accounts

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

The interim results of the Group for the six months ended 30 June 2023 has not been audited but has been reviewed by PricewaterhouseCoopers, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

### Extract of Report on Review of Interim Financial Information

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

#### Conclusion

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

#### Material uncertainty related to going concern

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

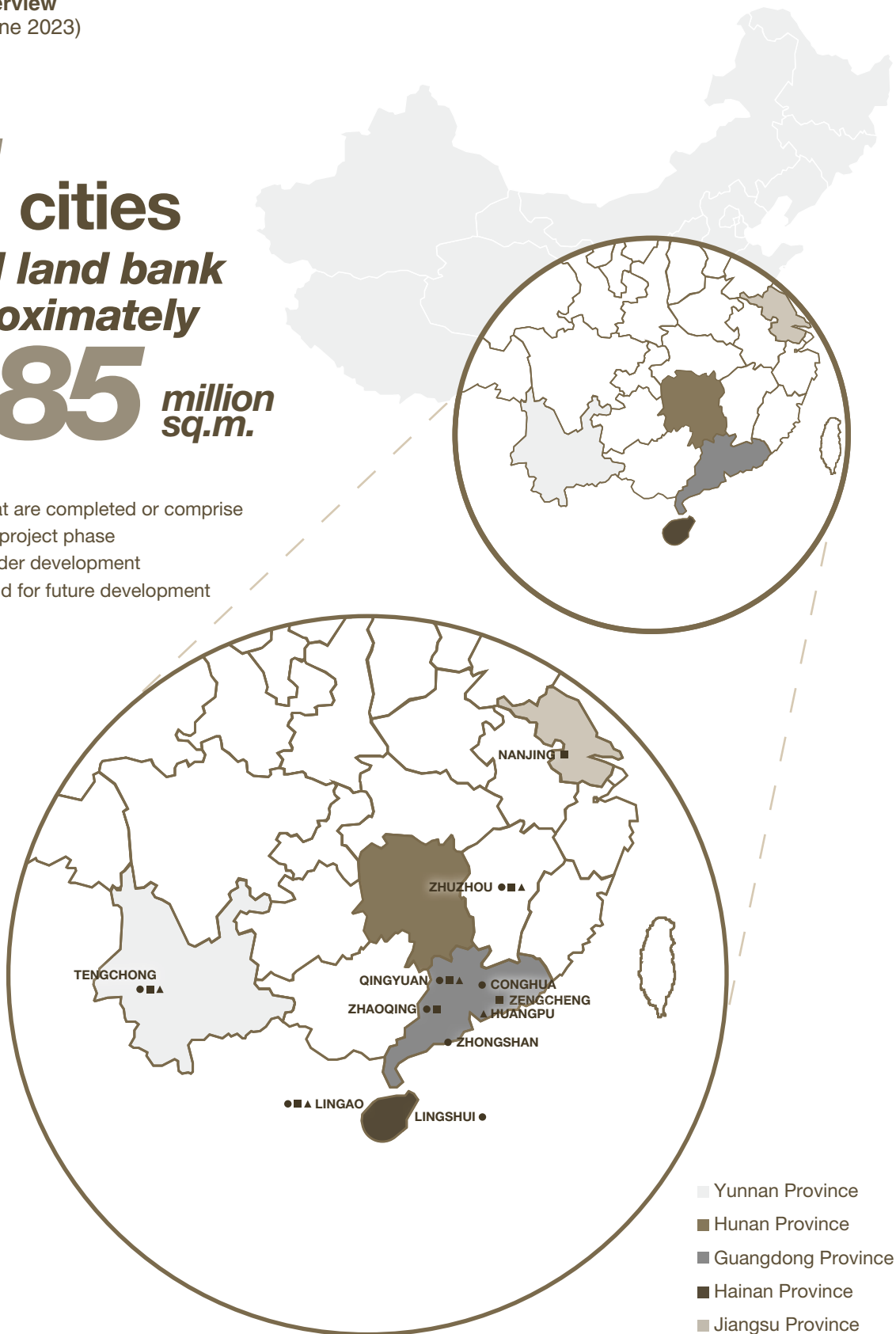


# LAND BANK

Project Overview  
(As at 30 June 2023)

**11** cities  
**Total land bank**  
**approximately**  
**3.85** million sq.m.

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



## LAND BANK AS AT 30 JUNE 2023

### I. Land bank calculated by cities

As at 30 June 2023, the Group had a total of 36 property projects in 11 cities. 34 of these properties were developed and owned by the Group, and 2 were developed by the Group's joint venture and associates. As at 30 June 2023, the Group had a land bank of approximately 3.85 million sq.m. on an attributable basis.

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 2023.

Location	No. of project	Completed	Under development	Future development	Completed	Under development	Future development	Total land bank
<b>Guangdong</b>		<b>6</b>	<b>6</b>	<b>3</b>				
Conghua	3	3	–	–	33,368	–	–	33,368
Zhongshan	1	1	–	–	26,697	–	–	26,697
Qingyuan	6	1	3	2	115,563	257,126	804,275	1,176,964
Zhaoqing	2	1	1	–	62,164	159,081	–	221,245
Huangpu	1	–	–	1	–	–	120,363	120,363
Zengcheng	2	–	2	–	–	187,416	–	187,416
<b>Hainan</b>		<b>6</b>	<b>1</b>	<b>1</b>				
Lingshui	5	5	–	–	286	–	–	286
Lingao	3	1	1	1	10,734	21,137	143,237	175,108
<b>Yunnan</b>		<b>2</b>	<b>1</b>	<b>5</b>				
Tengchong	8	–	–	–	19,350	86,765	1,079,170	1,185,285
<b>Jiangsu</b>		<b>–</b>	<b>1</b>	<b>–</b>				
Nanjing	1	–	–	–	–	36,385	–	36,385
<b>Hunan</b>		<b>1</b>	<b>2</b>	<b>1</b>				
Zhuzhou	4	–	–	–	71,444	145,824	474,826	692,094
<b>Total</b>	<b>36</b>	<b>15</b>	<b>11</b>	<b>10</b>	<b>339,606</b>	<b>893,734</b>	<b>2,621,871</b>	<b>3,855,211</b>

## LAND BANK (CONTINUED)

### 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	Under development	Future development	Total estimated GFA (note 2) (sq.m.)	Construction completion time/estimated 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	3,904	-	-	3,904	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	28,901	-	-	28,901	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	563	-	-	563	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 Yarra New Street (previously known as Zhongshan Yueheng Project)	50%	Guangdong	Yarra City Commercial Street, Southern District, Zhongshan City, Guangdong Province, the PRC	Shop	-	26,697	-	-	26,697	-
10	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	101,323	-	-	101,323	2020.12
11	JY Gaoligong Town Phase I	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	9,476	-	-	9,476	2019.12



LAND BANK (CONTINUED)

No.	Project	Interest of the Group	Province	Location	Property type	Completed	Under development	Future development	Aggregate GFA		Construction completion time/estimated construction time
									Saleable/leasable GFA	Estimated aggregate GFA for future development	
						Site area x Group interest (note 1) (sq.m.)	unsold/not leased x Group interest (sq.m.)	non-saleable/non-leasable GFA x Group interest (sq.m.)	x Group interest (sq.m.)	Total estimated GFA (note 2) (sq.m.)	
12	JY Gaoligong Town Phase II	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	9,874	-	113,842	123,716	2020.12
13	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	71,444	-	-	71,444	2020.12
14	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	10,734	-	-	10,734	2020.12
15	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	2023.12
16	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
17	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	14,240	94,747	-	108,987	2021.06
18	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	2024.12
19	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	2024.12
20	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	2025.12
21	JY Yingde Jinxiong Project	100%	Guangdong	West of Baojing Road, South of Yingzhou Avenue, Yingcheng District, Yingde City, Qingyuan City, Guangdong Province, the PRC	Urban redevelopment: Commercial and residential property to be redeveloped	160,314	-	-	400,784	400,784	2025.12
22	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	2025.06
23	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	2025.12

## LAND BANK (CONTINUED)

No.	Project	Interest of the Group	Province	Location	Property type	Completed	Under development	Future development	Aggregate		Construction completion time/estimated completion time
									Saleable/leasable GFA	Estimated aggregate GFA for future development	
						Site area x Group interest (note 1) (sq.m.)	unsold/not leased x Group interest (sq.m.)	(including non-saleable/non-leasable GFA) x Group interest (sq.m.)	x Group interest (sq.m.)	Total estimated GFA (note 2) (sq.m.)	
24	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	2024.12
25	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	2024.12
26	Zhaoqing International Technology and Innovation Centre (Zone A)	100%	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	–	159,081	–	159,081	2024.12
27	JY Uniworld (previously known as Zhaoqing International Technology and Innovation Centre (Zone B))	100%	Guangdong	17 Yongli Avenue, New Area, Dinghu District, Zhaoqing City, Guangdong Province, the PRC	Residential and commercial	40,335	62,164	–	–	62,164	2020.10
28	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	2023.12
29	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
30	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	2025.12
31	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	2026.06
32	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	2023.11
33	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	2023.11
34	JY Logan Jiuyun Mansion (previously known as Nanjing Liuhe Project)	26%	Jiangsu	Lot at South of Qinyuan Road, East of Yan'an Road, Xiongzhou Street, Liuhe District, Nanjing City, Jiangsu Province, the PRC	Residential	13,002	–	36,385	–	36,385	2023.10

LAND BANK (CONTINUED)

No.	Project	Interest of the Group	Province	Location	Property type	Site area x Group interest (note 1) (sq.m.)	Saleable/leasable GFA unsold/not leased x Group interest (sq.m.)	Under	Future	Total estimated GFA (note 2) (sq.m.)	Construction completion time/estimated construction completion time
								Completed	development		
							Aggregate GFA		Estimated aggregate GFA for future development		
35	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	2025.12
36	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	2025.12
						<b>2,086,331</b>	<b>339,606</b>	<b>893,734</b>	<b>2,621,871</b>	<b>3,855,211</b>	

Notes:

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



# CORPORATE GOVERNANCE AND OTHER INFORMATION

## Compliance with the Corporate Governance Code

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company has adopted the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code on corporate governance. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code during the six months ended 30 June 2023.

## Compliance with the Model Code for Securities Transactions by the Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding the securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the six months ended 30 June 2023.

## 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 2023, the interest and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be and were recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

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

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

#### Notes:

- (1) These ordinary shares of the Company are held by Sze Ming Limited. The entire issued capital of Sze Ming Limited is held by IQ EQ (BVI) Limited as trustee of Chan S. M. Michael Family Trust, a discretionary trust with Mr. CHAN Sze Ming Michael as settlor and protector and established in accordance with the laws of the British Virgin Islands. There are certain discretionary beneficiaries including Mr. CHAN Sze Ming Michael, his parents, his siblings and his descendants. Mr. CHAN Sze Ming Michael is taken to be interested in these ordinary shares of the Company held by Sze Ming Limited pursuant to the SFO.
- (2) The calculation is based on the total number of issued ordinary shares of 1,646,173,000 shares of the Company as at 30 June 2023.

## 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% <sup>(1)</sup>

Note:

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

Save as disclosed above, as at 30 June 2023, 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 interest and/or short positions in any share, underlying share and debenture of the Company or any of its associated corporations (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 short positions which they are 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 pursuant to 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 2023, the following persons or corporations (other than the Directors and chief executive of the Company) who had interest and/or short positions in the shares or underlying shares of the Company which would be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Nature of interest	Number of ordinary shares held or interest in the Company	Approximate percentage of issued share capital of the Company <sup>(4)</sup>
Mr. CHAN Sze Ming Michael	Founder of a discretionary trust	1,200,000,000 <sup>(2)</sup>	72.9%
IQ EQ (BVI) Limited	Trustee of a discretionary trust	1,200,000,000 <sup>(2)</sup>	72.9%
Sze Ming Limited	Beneficial owner	1,200,000,000 <sup>(2)</sup>	72.9%
Ms. SHUM Wing Yin	Interest of spouse	1,200,000,000 <sup>(3)</sup>	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 2023.

Save as disclosed above, as at 30 June 2023, so far as known to the Directors and chief executive of the Company, there was no person or corporation (other than the Directors and chief executives of the Company) had any interest or short positions in the shares or underlying shares of the Company which would be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO, or which were recorded in the register required to be kept under Section 336 of SFO.

## Employees and Remuneration Policies

As at 30 June 2023, the Group had a total of 843 employees (30 June 2022: 867 employees). For the Period under Review, the Group has recognised staff costs of RMB49.5 million (1H2022: RMB61.7 million). The Group provided employees with salaries and benefits that, in its opinion, were competitive with market standards and regularly reviewed the remuneration policies based on employees' contributions and industry standards. The Company maintains a share option scheme for the purpose of providing incentives and rewards to the participants for their contribution to the Group. The Group 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 purpose 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.

The number of options available for grant under the Share Option Scheme at the beginning and the end of the Period under Review is 160,000,000.

### 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 2023. 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 2023.

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

Subsequent to the date of the 2022 annual report of the Company and as at the date of this report, there is no change in the information of the directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

On 29 December 2022, the Company as borrower, Hang Seng Bank Limited as agent (the “**Agent**”) and certain other financial institutions as lenders, among others, entered into a facility agreement (the “**Facility Agreement**”) in relation to a term loan facility in the aggregate principal amount of HK\$517,470,000 (the “**Facility**”) for a term of 36 months from the date of the Facility Agreement subject to the terms and conditions as set out therein.

Pursuant to the Facility Agreement, if (a) 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 (b) 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, (i) the Company shall promptly notify the Agent upon becoming aware of that event; (ii) a lender shall not be obliged to fund the utilization; and (iii) the Facility will be immediately and automatically cancelled and all outstanding loans together with accrued interest and all other amounts accrued or outstanding under the finance documents 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 2023 to the date of this interim report.

### Issuance of US\$152,100,000 9.5% Senior Notes due 2024

On 12 January 2023, the Company issued the New Senior Notes with nominal interest rate 9.5% due 11 January 2024 in an aggregate principal amount of US\$152,100,000, representing 100% exchange offer of the existing senior notes due 26 January 2023. The New Senior Notes were listed on the Stock Exchange on 13 January 2023. Please refer to the announcements of the Company dated 10 January 2023, 12 January 2023 and 13 January 2023 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 2023 (six months ended 30 June 2022: nil).

### 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 2023, 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 have been made available on the Company's website at [www.jygrandmark.com](http://www.jygrandmark.com) and on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The Audit Committee has considered and reviewed the interim results of the Group for the six months ended 30 June 2023 and this interim report before recommendation to the Board for approval. It has, in conjunction with the external auditor of the Company, PricewaterhouseCoopers, reviewed the interim condensed financial statements for the six months ended 30 June 2023. 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 COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	Six months ended 30 June	
		2023 Unaudited RMB'000	2022 Unaudited RMB'000
Revenue	5	325,841	308,168
Cost of sales	6	(277,018)	(246,753)
<b>Gross profit before impairment losses on completed properties held for sale and properties under development</b>		<b>48,823</b>	61,415
Net impairment losses on completed properties held for sale and properties under development	6	(341,524)	(276,942)
<b>Gross loss after impairment losses on completed properties held for sale and properties under development</b>		<b>(292,701)</b>	(215,527)
Selling and marketing expenses	6	(31,746)	(37,769)
Administrative expenses	6	(40,548)	(55,928)
Net impairment reversal/(losses) on financial assets		23,419	(2,121)
Other income		8,755	1,798
Other expenses		(139)	(10,125)
Other losses – net	7	(27,590)	(4,440)
<b>Operating loss</b>		<b>(360,550)</b>	(324,112)
Finance costs	8	(15,717)	(17,228)
Finance income	8	2,514	3,850
Finance costs – net	8	(13,203)	(13,378)
Share of (loss)/profit of investments accounted for using the equity method	12	(7,550)	4,008
<b>Loss before income tax</b>		<b>(381,303)</b>	(333,482)
Income tax expense	9	(40,169)	28,094
<b>Loss for the period</b>		<b>(421,472)</b>	(305,388)
<b>Loss attributable to:</b>			
Owners of the Company		(377,280)	(185,787)
Non-controlling interests		(44,192)	(119,601)
		(421,472)	(305,388)
<b>Other comprehensive loss for the period</b>			
Item that may be reclassified to profit or loss			
– Currency translation differences		(51,513)	(61,081)
<b>Other comprehensive loss for the period, net of tax</b>		<b>(51,513)</b>	(61,081)
<b>Total comprehensive loss for the period</b>		<b>(472,985)</b>	(366,469)
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		(428,793)	(246,868)
Non-controlling interests		(44,192)	(119,601)
		(472,985)	(366,469)
<b>Loss per share (expressed in RMB per share)</b>			
– Basic and diluted loss per share	10	(0.23)	(0.11)

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in RMB Yuan thousands unless otherwise stated)

	<i>Notes</i>	<b>As at 30 June 2023 Unaudited RMB'000</b>	As at 31 December 2022 Audited RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	<b>277,155</b>	285,510
Right-of-use assets	13	<b>212,683</b>	214,143
Investment properties	13	<b>227,260</b>	264,124
Intangible assets	13	<b>3,213</b>	3,748
Other receivables	16	<b>11,554</b>	11,563
Deferred income tax assets		<b>344,957</b>	349,805
Investments accounted for using the equity method	12	<b>328</b>	43,671
		<b>1,077,150</b>	1,172,564
<b>Current assets</b>			
Inventories		<b>921</b>	1,173
Contract costs	5	<b>130,402</b>	120,468
Properties under development	14	<b>7,197,531</b>	7,330,809
Completed properties held for sale	15	<b>1,250,129</b>	1,347,186
Trade and other receivables and prepayments	16	<b>1,397,598</b>	1,481,623
Prepaid taxes	17	<b>151,860</b>	148,781
Restricted cash	18	<b>526,248</b>	697,625
Cash and cash equivalents	19	<b>191,714</b>	187,025
		<b>10,846,403</b>	11,314,690
Assets classified as held for sale	12	<b>35,793</b>	–
		<b>10,882,196</b>	11,314,690
<b>Total assets</b>		<b>11,959,346</b>	12,487,254

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(All amounts in RMB Yuan thousands unless otherwise stated)

		<b>As at 30 June 2023 Unaudited RMB'000</b>	As at 31 December 2022 Audited RMB'000
	<i>Notes</i>		
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	20	<b>14,746</b>	14,746
Other reserves	21	<b>1,495,470</b>	1,546,983
Retained earnings	21	<b>308,101</b>	685,381
		<b>1,818,317</b>	2,247,110
<b>Non-controlling interests</b>		<b>1,426,721</b>	1,470,913
<b>Total equity</b>		<b>3,245,038</b>	3,718,023
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<b>229,242</b>	200,280
Bank and other borrowings	22	<b>767,675</b>	1,831,420
Lease liabilities		<b>67,502</b>	58,073
		<b>1,064,419</b>	2,089,773
<b>Current liabilities</b>			
Bank and other borrowings	22	<b>2,702,983</b>	1,797,073
Trade and other payables	23	<b>1,430,430</b>	1,647,784
Contract liabilities	5	<b>3,126,315</b>	2,837,108
Lease liabilities		<b>5,573</b>	4,186
Current income tax liabilities		<b>384,588</b>	393,307
		<b>7,649,889</b>	6,679,458
<b>Total liabilities</b>		<b>8,714,308</b>	8,769,231
<b>Total equity and liabilities</b>		<b>11,959,346</b>	12,487,254

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 68 were approved by the Board of Directors on 30 August 2023 and were signed on its behalf.

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**CHAN Sze Ming Michael**  
*Director*

\_\_\_\_\_  
**LIU Huaxi**  
*Director*



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company				Non-controlling interests	Total
	Share capital	Other reserves	Retained earnings	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Six months ended 30 June 2023</b> <b>(Unaudited)</b>						
<b>Balance at 1 January 2023</b>	<b>14,746</b>	<b>1,546,983</b>	<b>685,381</b>	<b>2,247,110</b>	<b>1,470,913</b>	<b>3,718,023</b>
Comprehensive loss						
– Loss for the period	–	–	(377,280)	(337,280)	(44,192)	(421,472)
– Other comprehensive loss	–	(51,513)	–	(51,513)	–	(51,513)
Total comprehensive loss	–	(51,513)	(377,280)	(428,793)	(44,192)	(472,985)
<b>Balance at 30 June 2023</b>	<b>14,746</b>	<b>1,495,470</b>	<b>308,101</b>	<b>1,818,317</b>	<b>1,426,721</b>	<b>3,245,038</b>
<b>Six months ended 30 June 2022</b> <b>(Unaudited)</b>						
<b>Balance at 1 January 2022</b>	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)
<b>Transactions with owners in their capacity as owners:</b>						
Dividends declared	–	(15,968)	–	(15,968)	–	(15,968)
Total transactions with owners	–	(15,968)	–	(15,968)	–	(15,968)
<b>Balance at 30 June 2022</b>	14,746	1,610,302	1,221,943	2,846,991	1,549,411	4,396,402

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)

	<i>Note</i>	Six months ended 30 June	
		2023 Unaudited RMB'000	2022 Unaudited RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		581,090	407,602
Income tax paid		(23,939)	(73,011)
Interest paid		(138,104)	(153,828)
Net cash generated from operating activities		419,047	180,763
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(506)	(1,502)
Proceeds from disposal of property, plant and equipment		8	19,843
Purchases of intangible assets		–	(1,522)
Proceeds from disposal of investment properties		16,838	–
Net cash inflow from disposal of a subsidiary, net of cash disposed of		676	–
Net cash inflow from disposal of an associate, net of cash disposed of		30,000	–
Dividends received from an associate		–	30,000
Cash advanced to related parties and non-controlling interests		(82,593)	(85,309)
Purchases of financial assets at fair value through profit or loss		(40,016)	(125,000)
Proceeds from disposal of financial assets at fair value through profit or loss		40,027	125,049
Interest received		2,514	3,850
Net cash used in investing activities		(33,052)	(34,591)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		–	151,279
Repayments of borrowings		(231,257)	(446,587)
Repayments to non-controlling interests		(147,875)	(400,095)
Increase in restricted cash for securing bank borrowings		–	(26,000)
Lease payments		(2,357)	(2,924)
Net cash used in financing activities		(381,489)	(724,327)
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Exchange gains on cash and cash equivalents		183	6,845
Cash and cash equivalents at beginning of period		187,025	1,030,394
<b>Cash and cash equivalents at end of period</b>	19	<b>191,714</b>	459,084

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

### (a) Going concern basis

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

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

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

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

(All 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) Subsequent to 30 June 2023, the Group successfully obtained written waiver from the lenders of the Syndicated Loan to waive the requirement from compliance with the relevant financial covenant for the year ending 31 December 2023. The Group will continue to monitor its compliance with these covenant requirements before the expiry, which is 29 December 2025, of the Syndicated Loan. Should the Group be unable to comply with any covenant requirements, management of the Group will discuss and negotiate with the respective lenders and will seek to obtain a waiver of compliance with the covenant requirements from the lenders or to agree with the respective lenders to revise the terms and covenant requirements, if needed;
- (ii) In January 2023, the Group successfully exchanged its senior notes with an aggregate principal amount of United States Dollars ("**US\$**")152 million (equivalent to RMB1,024 million) due on 26 January 2023 with a newly issued senior note of the same amount due on 11 January 2024 (the "**New Senior Notes**"). The Group will closely monitor its liquidity position to satisfy the repayment of the New Senior Notes by the due date and will also negotiate with the lenders to seek their agreement for further extended maturity, if needed;
- (iii) The Group had unutilised uncommitted project loan facilities of RMB256 million as at 30 June 2023. The Group will also negotiate with the banks to extend such facilities and to secure new facilities to provide sufficient funding for the Group's project related payments or other operating expenditures. The Directors are of the opinion that such banking facilities will be successfully renewed when they expire;
- (iv) The Group will continue to actively adjust pre-sales and sales activities to better respond to market needs, and make efforts to achieve the latest budgeted pre-sales and sales volumes and amounts. The Group will also continue to implement plans and measures to accelerate the pre-sales and sales of its properties under development and completed properties held for sale, and to speed up the collection of outstanding sales proceeds;



## 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)

- (v) As at 30 June 2023, the Group's restricted cash amounted to RMB526 million, which mainly represented the restricted pre-sale proceeds in designated bank accounts and can be used to settle certain construction payables or project loans subject to the approval of the local State-Owned Land and Resource Bureau. The Group will closely monitor the process of construction of its property development projects to ensure that construction and related payments are fulfilled, the relevant properties sold under pre-sale arrangement are completed and delivered to the customers on schedule as planned, so that the Group is able to release restricted cash to meet its other financial obligations; and
- (vi) The Group will also continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating expenditure.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2023. In the opinion of the Directors, in light of the above and taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2023. Accordingly, the Directors consider that it is appropriate to prepare the interim condensed consolidated financial information on a going concern basis.

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

- (i) Continuous compliance the terms and conditions of the bank and other borrowings and, where applicable, successful negotiation with the lenders to obtain 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 and the Group's senior notes, upon maturity as well as obtaining new financing from financial institutions; in particular the successful negotiation with the lenders to secure their agreement to exchange the Group's New Senior Notes maturing in January 2024 with new senior notes with further extended maturity. The Group's ability to obtain these financing depends on (1) current and ongoing regulatory environments and how the relevant policies and measures might affect the Group and/or the relevant financial institutions; (2) whether the lenders of existing borrowings agree the terms and conditions for such extension or renewal; and (3) the Group's ability to continuously comply with the relevant terms and conditions of its bank and other borrowings including the senior notes;
- (iii) Successfully adjust pre-sales and sales activities to achieve budgeted pre-sales and sales volumes and amounts, and successful implementation of the plans and measures to accelerate the pre-sales and sales of properties under developments and completed properties held for sale, and timely collection of the relevant sales proceeds;

## 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)

- (iv) Successful completion and delivery of properties to the customers on schedule such that restricted pre-sale proceeds in the designated bank accounts will be released to meet its other financial obligations as planned; and
- (v) Successful in obtaining other additional sources of financing other than those mentioned above as and when needed.

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

#### (b) Changes in accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those annual financial statements, except the adoption of new and amended standards and interpretation as described below.

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

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

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

## NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts in RMB Yuan thousands unless otherwise stated)

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

#### (b) Changes in accounting policies (continued)

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

The following new standards and amendments have been published that are not mandatory for the six months ended 30 June 2023 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	Originally 1 January 2022, but extended to 1 January 2024 by the HKICPA
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKFRS 16	Lease liability in sale and leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate and joint venture	To be determined
Hong Kong Interpretation 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	Applied when an entity applies “Classification of Liabilities as Current or Non-current – Amendments to HKAS 1”

## 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 2022, 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 2022.

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

### 5 Revenue and segment information

#### (a) Description of segments and principal activities

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

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

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



## NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 5 Revenue and segment information (continued)

#### (b) Segment performance

The segment information provided to the executive directors for the reportable segments for the six months ended 30 June 2023 is as follows:

	Property development and sales Unaudited RMB'000	Commercial property investment Unaudited RMB'000	Hotel operations Unaudited RMB'000	Property management Unaudited RMB'000	Total Unaudited RMB'000
Segment revenue	271,420	–	35,671	20,674	327,765
Recognised at a point in time	271,420	–	–	–	271,420
Recognised over time	–	–	35,671	20,674	56,345
Revenue from other sources:					
rental income	–	7,230	–	–	7,230
Inter-segment revenue	–	(4,038)	(82)	(5,034)	(9,154)
Revenue from external customers	271,420	3,192	35,589	15,640	325,841
Gross profit/(loss) before impairment losses on completed properties held for sale and properties under development	46,892	3,019	(1,509)	421	48,823
Net impairment losses on completed properties held for sale and properties under development	(341,524)	–	–	–	(341,524)
Gross (loss)/profit after impairment losses on completed properties held for sale and properties under development	(294,632)	3,019	(1,509)	421	(292,701)
Selling and marketing expenses					(31,746)
Administrative expenses					(40,548)
Net impairment reversals on financial assets					23,419
Other income					8,755
Other expenses					(139)
Other losses – net					(27,590)
Finance costs – net					(13,203)
Share of loss of investments accounted for using the equity method (Note 12)	(7,550)	–	–	–	(7,550)
Loss before income tax					(381,303)
Income tax expense					(40,169)
Loss for the period					(421,472)
Depreciation and amortisation recognised as expenses	7,373	–	6,965	126	14,464
Fair value losses on investment properties – net (Note 13)	–	(3,977)	–	–	(3,977)

## 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 2022 is as follows:

	Property development and sales Unaudited RMB'000	Commercial property investment Unaudited RMB'000	Hotel operations Unaudited RMB'000	Property management Unaudited RMB'000	Total Unaudited RMB'000
Segment revenue	259,853	–	32,658	19,101	311,612
Recognised at a point in time	259,853	–	–	–	259,853
Recognised over time	–	–	32,658	19,101	51,759
Revenue from other sources:					
rental income	–	9,796	–	–	9,796
Inter-segment revenue	–	(6,565)	(231)	(6,444)	(13,240)
Revenue from external customers	259,853	3,231	32,427	12,657	308,168
Gross profit before impairment losses on completed properties held for sale and properties under development	55,262	2,986	1,574	1,593	61,415
Net impairment losses on completed properties held for sale and properties under development	(276,942)	–	–	–	(276,942)
Gross (loss)/profit after impairment losses on completed properties held for sale and properties under development	(221,680)	2,986	1,574	1,593	(215,527)
Selling and marketing expenses					(37,769)
Administrative expenses					(55,928)
Net impairment losses on financial assets					(2,121)
Other income					1,798
Other expenses					(10,125)
Other losses – net					(4,440)
Finance costs – net					(13,378)
Share of profit of investments accounted for using the equity method (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)

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.

## NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 5 Revenue and segment information (continued)

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

The segment assets and liabilities provided to the executive directors for the reportable segments as at 30 June 2023 is as follows:

	Property development and sales Unaudited RMB'000	Commercial property investment Unaudited RMB'000	Hotel operations Unaudited RMB'000	Property management Unaudited RMB'000	Total Unaudited RMB'000
Segment assets	11,130,925	227,260	244,672	11,532	11,614,389
Segment assets include:					
Investments accounted for using the equity method ( <i>Note 12</i> )	328	–	–	–	328
Addition to non-current assets (other than financial assets and deferred income tax assets)	15,635	–	430	19	16,084
Segment liabilities	4,574,094	1,229	19,410	35,087	4,629,820

The segment assets and liabilities provided to the executive directors for the reportable segments as at 31 December 2022 is as follows:

	Property development and sales Audited RMB'000	Commercial property investment Audited RMB'000	Hotel operations Audited RMB'000	Property management Audited RMB'000	Total Audited RMB'000
Segment assets	11,607,873	264,124	252,525	12,927	12,137,449
Segment assets include:					
Investments accounted for using the equity method ( <i>Note 12</i> )	43,671	–	–	–	43,671
Addition to non-current assets (other than financial assets and deferred income tax assets)	2,448	–	26,055	70	28,573
Segment liabilities	4,472,569	21,021	19,145	34,416	4,547,151

## 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)

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

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

#### (i) Segment assets

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

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

Segment assets are reconciled to total assets as follows:

	As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Segment assets	11,614,389	12,137,449
Unallocated:		
– Deferred income tax assets	344,957	349,805
Total assets	11,959,346	12,487,254

## NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 5 Revenue and segment information (continued)

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

##### (ii) Segment liabilities

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

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

Segment liabilities are reconciled to total liabilities as follows:

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

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

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

	<b>As at 30 June 2023 Unaudited RMB'000</b>	As at 31 December 2022 Audited RMB'000
Sale commissions	<b>130,402</b>	120,468

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 2023, the amount of amortisation was RMB14,082,000 (six months ended 30 June 2022: RMB17,208,000). 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 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Contract liabilities related to sales of properties	<b>3,110,710</b>	2,819,312
Contract liabilities related to others	<b>15,605</b>	17,796
	<b>3,126,315</b>	2,837,108

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 2023 and 2022 related to carried-forward contract liabilities:

	Six months ended 30 June	
	2023 Unaudited RMB'000	2022 Unaudited RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period		
Sales of properties	<b>180,452</b>	63,098
Others	<b>9,368</b>	7,560
	<b>189,820</b>	70,658

(iv) The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities, which are expected to be recognised in 1 to 3 years as at 30 June 2023 and 2022.

## NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 6 Expenses by nature

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

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

### 7 Other losses – net

	Six months ended 30 June	
	2023 Unaudited RMB'000	2022 Unaudited RMB'000
Interest on financial assets at fair value through profit or loss	11	49
(Losses)/gains on disposals of investment properties and property, plant and equipment	(16,053)	8,710
Fair value losses on investment properties ( <i>Note 13</i> )	(3,977)	(3,669)
Net impairment losses on right-of-use assets ( <i>Note 13</i> )	(8,584)	–
Gains on termination of leases	627	–
Net foreign exchange gains/(losses)	386	(9,530)
	(27,590)	(4,440)

## NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 8 Finance costs – net

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

### 9 Income tax expense

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

## NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(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 2023 (six months ended 30 June 2022: nil).

## NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 10 Loss per share

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

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

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

### 11 Dividend

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

### 12 Investments accounted for using the equity method

The amounts recognised in the statement of financial position are as follows:

	As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Investments in a joint venture ( <i>Note(a)(i)</i> )	–	–
Investments in associates	<b>328</b>	43,671
	<b>328</b>	43,671

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

	Six months ended 30 June	
	2023 Unaudited RMB'000	2022 Unaudited RMB'000
A joint venture ( <i>Note(a)</i> )	–	–
Associates ( <i>Note(b)</i> )	<b>(7,550)</b>	4,008
	<b>(7,550)</b>	4,008

## 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)

#### (a) A joint venture

	As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Opening balances	–	–
Additions	–	–
Share of results	–	–
Ending balances	–	–

- (i) The Group's interest in a joint venture is accounted using equity method. As at 30 June 2023, 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 RMB52,976,000 (31 December 2022: RMB44,865,000).

#### (b) Associates

The movement of investment in associates is as follows:

	As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Opening balances	43,671	140,394
Addition	–	–
Dividends received	–	(65,000)
Share of results	(7,550)	3,037
Realisation of unrealised profits	–	862
Disposal of an associate	–	(35,622)
Transfer to assets classified as held for sale (i)	(35,793)	–
Ending balances	328	43,671

- (i) On 21 June 2023, the Group, Guangzhou Tianhan Investment Co., Ltd. and Shenzhen Zhongzhou Land Co., Ltd. ("**Transferors**") entered into the transfer contract with Guangzhou Kejun Enterprise Management Partnership (Limited Partnership) ("**Transferee**") pursuant to which, the Transferors have conditionally agreed to transfer to the Transferee their 49% of the equity interest in the Guangzhou Zhujing Real Estate Co., Ltd. ("**Guangzhou Zhujing**") at an aggregate consideration of approximately RMB166 million. The transaction will be completed in one year.



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**

	Property, plant and equipment RMB'000	Right-of-use assets RMB'000	Investment properties RMB'000	Intangible assets RMB'000
<b>Six months ended 30 June 2023 (Unaudited)</b>				
Opening net book amount as at 1 January 2023	285,510	214,143	264,124	3,748
Additions	506	15,578	–	–
Disposals	(12)	(3,489)	(32,887)	–
Depreciation/amortisation charges	(8,898)	(5,119)	–	(535)
Fair value changes	–	–	(3,977)	–
Impairment loss	–	(8,584)	–	–
Exchange difference	49	154	–	–
<b>Closing net book amount as at 30 June 2023</b>	<b>277,155</b>	<b>212,683</b>	<b>227,260</b>	<b>3,213</b>
<b>Six months ended 30 June 2022 (Unaudited)</b>				
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	–	–
<b>Closing net book amount as at 30 June 2022</b>	<b>269,718</b>	<b>244,214</b>	<b>276,375</b>	<b>4,203</b>

- (a) As at 30 June 2023, property, plant and equipment with net book amounts totalling RMB230,875,000 (31 December 2022: RMB236,865,000), right-of-use assets of RMB11,905,000 (31 December 2022: RMB12,177,000) and investment properties of RMB172,714,000 (31 December 2022: RMB173,124,000) were pledged as collateral for the Group's bank and other borrowings (Note 22).
- (b) As at 30 June 2023, property, plant and equipment mainly comprised hotels of RMB230,875,000 (31 December 2022: RMB236,865,000) which are located in the PRC.
- (c) As at 30 June 2023 and 31 December 2022, 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.

## 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) Details of investment properties are as follows:

	Property category	Fair value at 30 June 2023	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office, retail properties	172,714,000	Term and reversionary method	Market rents (RMB/square metre)	100-222	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	3,546,000	Direct comparison	Market price (RMB/square metre)	8,915	The higher the market price, the higher the fair value
Investment properties under construction	Land located in Lianhuashan Town, Panyu District, Guangzhou Province, the PRC	31,000,000	Direct comparison	Market price (RMB/square metre)	1,900	The higher the market price, the higher the fair value
	Land located in Nancun Town, Panyu District, Guangzhou Province, the PRC	5,700,000	Direct comparison	Market price (RMB/square metre)	2,500	The higher the market price, the higher the fair value
	Buildings	14,300,000	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) Details of investment properties are as follows: (continued)

	Property category	Fair value at 31 December 2022	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office, retail properties	173,124,000	Term and reversionary method	Market rents (RMB/square metre)	100-223	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)	91-96	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 located in Lianhuashan Town, Panyu District, Guangzhou Province, the PRC	31,000,000	Direct comparison	Market price (RMB/square metre)	1,873	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 located in Nancun Town, Panyu District, Guangzhou Province, the PRC	5,700,000	Direct comparison	Market price (RMB/square metre)	2,466	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	14,300,000	Term and reversionary method	Market rents (RMB/square metre)	26	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)

### 14 Properties under development

	As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Properties under development expected to be completed:		
– Land use rights	4,929,598	4,986,531
– Contractual rights of land (Note (a))	184,035	177,492
– Construction costs	1,785,915	1,753,750
– Interests capitalised	851,894	739,563
	<b>7,751,442</b>	7,657,336
Less: provision for impairment of properties under development	<b>(553,911)</b>	(326,527)
	<b>7,197,531</b>	7,330,809

- (a) Contractual rights of land mainly represents the construction land acquired from the collective economic organisations, 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 2023 is 7.88% (six months ended 30 June 2022: 6.43%).
- (d) As at 30 June 2023 properties under development with net book value of RMB1,753,778,000 (31 December 2022: RMB1,763,960,000), were pledged as collateral for the Group's bank and other borrowings (Note 22).
- (e) As at 30 June 2023, the balance of provision in respect of write-down of the properties under development was amounted to RMB553,911,000 (31 December 2022: RMB326,527,000).

## 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 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Completed properties held for sale developed by the Group:		
Land use rights	<b>371,664</b>	364,408
Construction costs	<b>1,025,870</b>	1,048,835
Interest capitalised	<b>116,952</b>	85,787
	<b>1,514,486</b>	1,499,030
Less: provision for impairment of completed properties held for sale	<b>(264,357)</b>	(151,844)
	<b>1,250,129</b>	1,347,186

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

As at 30 June 2023, completed properties held for sale with net book value of RMB811,455,000 (31 December 2022: RMB871,823,000), were pledged as collateral for the Group's bank and other borrowings (Note 22).

As at 30 June 2023, the balance of provision in respect of write-down of the completed properties held for sale was amounted to RMB264,357,000 (31 December 2022: RMB151,844,000).

## NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 16 Trade and other receivables and prepayments

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

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

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

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

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

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

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

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

The Group's trade receivables are denominated in RMB (2022: same).

## NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

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

- (i) Other receivables represent cash advances amounted to approximately RMB383,793,000 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.
- (ii) The balance including certain cash advances to a related party totalled approximately RMB203,350,000, which earned interest rate at 11% and are repayable on demand. The remaining balance, which is due to a related party, is interest free and repayable on demand.
- (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 statement of financial position when the Group obtains contractual usage rights of the relevant lands.
- (d) Details of other prepayments are as follows:

	As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Prepayments for property development projects	30,290	43,714
Prepaid other taxes	13,739	11,246
Others	18,880	18,718
Other prepayments	<b>62,909</b>	73,678

## 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 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Corporate income taxes	19,091	19,588
Land appreciation taxes	99,753	90,395
Value added taxes	33,016	38,798
	<b>151,860</b>	148,781

### 18 Restricted cash

	As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Guarantee deposits for construction of pre-sold properties ( <i>Note (a)</i> )	466,049	615,090
Guarantee deposits for borrowings ( <i>Note (b)</i> )	26,000	26,000
Others	34,199	56,535
	<b>526,248</b>	697,625
Denominated in:		
– RMB	515,743	687,073
– US\$	218	211
– Hong Kong Dollars (“ <b>HK\$</b> ”)	10,287	10,341
	<b>526,248</b>	697,625

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

## NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(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 2023, the Group has placed cash deposits of approximately RMB26,000,000 (31 December 2022: RMB26,000,000) with designated banks as security for bank borrowings (Note 22).

### 19 Cash and cash equivalents

	As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Cash at bank and in hand	717,962	884,650
Less: restricted cash	(526,248)	(697,625)
Cash and cash equivalents	191,714	187,025

Cash and cash equivalents are denominated in the following currencies:

	As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Denominated in RMB	185,636	181,063
Denominated in HK\$	5,071	4,991
Denominated in US\$	1,007	971
	191,714	187,025

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
<b>Authorised</b>				
As at 30 June 2023 and 30 June 2022 (Unaudited)	<b>2,500,000,000</b>			
<b>Issued and fully paid</b>				
As at 30 June 2023 and 30 June 2022 (Unaudited)	<b>1,646,173,000</b>	<b>HK\$16,462,000</b>	<b>RMB14,746,000</b>	<b>RMB14,746,000</b>

### 21 Other reserves and retained earnings

	Combined reserves	Statutory reserve <i>(Note (a))</i>	Exchange difference	Total reserves	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Six months ended 30 June 2023 (Unaudited)</b>						
<b>Balance at 1 January 2023</b>	1,509,313	154,818	(117,148)	1,546,983	685,381	2,232,364
Loss for the period	-	-	-	-	(377,280)	(377,280)
Other comprehensive loss	-	-	(51,513)	(51,513)	-	(51,513)
<b>Balance at 30 June 2023</b>	<b>1,509,313</b>	<b>154,818</b>	<b>(168,661)</b>	<b>1,495,470</b>	<b>308,101</b>	<b>1,803,571</b>
<b>Six months ended 30 June 2022 (Unaudited)</b>						
<b>Balance at 1 January 2022</b>	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)
<b>Balance at 30 June 2022</b>	<b>1,509,313</b>	<b>154,328</b>	<b>(53,339)</b>	<b>1,610,302</b>	<b>1,221,943</b>	<b>2,832,245</b>

- (a) Pursuant to the relevant rules and regulation concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, those subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserves fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserves fund may be distributed to equity holders in form of bonus issue.

## NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 22 Bank and other borrowings

	<b>As at 30 June 2023 Unaudited RMB'000</b>	As at 31 December 2022 Audited RMB'000
Bank borrowings	<b>2,287,751</b>	2,506,186
Senior notes ( <i>Note (a)</i> )	<b>1,134,053</b>	1,084,647
Other borrowings ( <i>Note (b)</i> )	<b>48,854</b>	37,660
	<b>3,470,658</b>	3,628,493
Included in non-current liabilities:		
– Secured ( <i>Notes (d) &amp; (e)</i> )	<b>2,208,111</b>	2,425,313
– Unsecured ( <i>Note (e)</i> )	<b>76,000</b>	77,000
Less: current portion of non-current liabilities	<b>(1,516,436)</b>	(670,893)
	<b>767,675</b>	1,831,420
Included in current liabilities:		
– Secured ( <i>Notes (d) &amp; (e)</i> )	<b>3,487</b>	3,719
– Unsecured ( <i>Note (e)</i> )	<b>1,183,060</b>	1,122,461
Add: current portion of non-current liabilities	<b>1,516,436</b>	670,893
	<b>2,702,983</b>	1,797,073
Total borrowings	<b>3,470,658</b>	3,628,493



## NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 22 Bank and other borrowings (continued)

- (a) On 12 January 2023, the Company issued senior notes with nominal interest rate 9.5% due 11 January 2024 in an aggregate principal amount of US\$152,100,000 (the “**2023 Notes**”). The issue of the 2023 Notes was related to the exchange offer of the existing 2022 notes amounting to US\$152,100,000. The 2023 Notes were listed on the Stock Exchange on 13 January 2023.

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

- (b) As at 30 June 2023, two third parties offered loans to the Group, with an average interest rate of 12% per annum and the expiring date is within one year, one of which amounted to HK\$40,000,000 was guaranteed by the Company.
- (c) As at 30 June 2023, the Group’s borrowings are denominated in the following currencies:

	<b>As at 30 June 2023 Unaudited RMB’000</b>	As at 31 December 2022 Audited RMB’000
RMB	<b>1,822,480</b>	2,043,737
HK\$	<b>514,125</b>	500,109
US\$	<b>1,134,053</b>	1,084,647
	<b>3,470,658</b>	3,628,493

- (d) As at 30 June 2023, bank and other borrowings totalling RMB2,211,598,000 (31 December 2022: RMB2,429,032,000) of the Group were secured by the following assets together with the Group’s shares of certain subsidiaries:

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

## NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 22 Bank and other borrowings (continued)

- (e) The Group's unsecured borrowings of RMB1,259,060,000 (31 December 2022: RMB1,199,461,000) as at 30 June 2023 were guaranteed by certain subsidiaries or the ultimate controlling shareholder.

The Group's secured borrowings of RMB2,211,598,000 (31 December 2022: RMB2,429,032,000) as at 30 June 2023 were guaranteed by the Company, certain subsidiaries, the ultimate controlling shareholder or third parties.

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

	Six months ended 30 June	
	2023 Unaudited	2022 Unaudited
Bank borrowings	7.46%	6.24%
Senior notes	10.32%	8.34%

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

## 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 recognition dates is as follows:

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

The Group's trade payables as at 30 June 2023 is denominated in RMB, US\$ and HK\$.

	As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
RMB	<b>768,994</b>	831,213
US\$	<b>1,018</b>	981
HK\$	<b>158</b>	153
	<b>770,170</b>	832,347

- (b) Amounts due to non-controlling interests 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, maintenance funds which are unsecured, interest free and repayable on demand, and provision for guarantee (*Note 24 (b)*).

## NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 24 Guarantee

	<b>As at 30 June 2023 Unaudited RMB'000</b>	As at 31 December 2022 Audited RMB'000
Guarantee in respect of mortgage facilities for certain purchasers ( <i>Note (a)</i> )	<b>2,121,325</b>	2,084,461
Guarantees for a joint venture ( <i>Note (b)</i> )	<b>358,000</b>	361,875
Guarantees for assets classified as held for sale ( <i>Note (c)</i> )	<b>302,880</b>	310,700

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

- (b) As at 30 June 2023, the Group had provided guarantees for borrowings of the Group's joint venture amounting to RMB358,000,000 (31 December 2022: RMB361,875,000), with a provision amounting to RMB7,700,000 has been made in the financial statements for the guarantee.
- (c) As at 30 June 2023, the Group had provided guarantees for other payables of the Group's associate amounting to RMB302,880,000 (31 December 2022: RMB310,700,000). The Group's investment in the associate was classified as assets held for sale as at 30 June 2023.

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

## 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 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Contracted but not provided for: Property development activities	<b>1,274,693</b>	1,319,279

### 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 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.

## NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(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 2023:

	Six months ended 30 June	
	2023 Unaudited RMB'000	2022 Unaudited RMB'000
(i) Guarantee provided by shareholder in respect of borrowings outstanding – ultimate controlling shareholder	1,066,871	1,133,764
(ii) Rendering of property management services – Guangzhou Nansha Donghuzhou Real Estate Development Co., Ltd. (“Donghuzhou”)	–	789
(iii) Rendering of management consultancy services – Donghuzhou	–	8,652
(iv) Property management service fee charged by – Nanjing Longguang	327	1,304
(v) Rendering of interest income – Guangzhou Zhujing	8,128	–

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 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Amounts due from related parties		
Trade balances		
– Guangzhou Zhujing	<b>157</b>	371
	<b>157</b>	371
Non-trade balances		
– Zhongshan Jingyue ( <i>Note (i)</i> )	<b>50,853</b>	50,853
– Guangzhou Zhujing	<b>203,350</b>	147,090
	<b>254,203</b>	197,943
Total amounts due from related parties	<b>254,360</b>	198,314

- (i) Amounts due from Guangzhou Zhujing represent the cash advances which are unsecured and repayable on demand, and the amount due from other related parties mainly represent the cash advances which are unsecured, interest-free and repayable on demand.

	As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Providing guarantees to related parties		
– Zhongshan Jingyue	<b>358,000</b>	361,875
– Guangzhou Zhujing	<b>302,880</b>	310,700
	<b>660,880</b>	672,575



## NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 26 Related party transactions (continued)

#### (d) Key management compensation

Key management compensation for the six months ended 30 June 2023 and 2022 are set out below:

	Six months ended 30 June	
	2023 Unaudited RMB'000	2022 Unaudited RMB'000
Key management compensation		
– Salaries and other employee benefits	4,843	5,227
– Pension costs	25	27
	<b>4,868</b>	5,254