



JY GRANDMARK HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2231

2024

Interim Report





Company Profile

JY Grandmark Holdings Limited (Stock Code: 2231) was listed on the Stock Exchange on 5 December 2019.

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 2024, 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 (resigned on 30 June 2024)

Independent Non-executive Directors

Mr. MA Ching Nam

Mr. LEONG Chong

Mr. WU William Wai Leung

Audit Committee

Mr. WU William Wai Leung (*Chairman*)

Mr. MA Ching Nam

Mr. LEONG Chong

Remuneration Committee

Mr. LEONG Chong (*Chairman*)

Mr. MA Ching Nam

Mr. WU William Wai Leung

Mr. LIU Huaxi

Nomination Committee

Mr. MA Ching Nam (*Chairman*)

Mr. LEONG Chong

Mr. WU William Wai Leung

Mr. LIU Huaxi

Legal Advisers

As to Hong Kong law:

Iu, Lai & Li Solicitors & Notaries

As to PRC law:

Jingtian & Gongcheng

As to Cayman Islands law:

Conyers Dill & Pearman

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited

Shops 1712-1716

17th Floor, Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

Registered Office

Cricket Square

Hutchins Drive, PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands



Principal Place of Business in Hong Kong

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

Principal Place of Business and Head Office in the PRC

X1301-C4884, No. 106 (Self-named Building 1)
Fengze East Road
Nansha District, Guangzhou City
Guangdong Province, the PRC

Auditor

D & Partners CPA Limited

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
The Bank of East Asia, Limited
Industrial and Commercial Bank of China,
Guangdong Branch

Company's Website

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\$159,284,612 due 2025 (stock code: 4300) are listed on the Main Board of the Stock Exchange.

Financial Calendar 2024

Announcement of 2024 interim results 30 August 2024



CHAIRMAN'S STATEMENT



The Group was committed to optimising its debt management. Through the implementation of a variety of flexible measures, including the securing of new sources of financing, strengthening of the liquidation of funds, the extension of financing debts and the disposal of non-core assets, the Group took the initiative to improve its debt structure, revitalise its assets, alleviate the Group's liquidity pressure, and actively resolve operational risks.

Mr. CHAN Sze Ming Michael
Chairman



Dear Shareholders,

On behalf of JY Grandmark Holdings Limited (“**JY Grandmark**” or the “**Company**”) and its subsidiaries (together with the Company, the “**Group**”), I wish to present the unaudited consolidated results review and prospects of the Group for the half year ended 30 June 2024 to the shareholders of the Company (the “**Shareholders**”).

Results Review

In the first half of 2024, due to the combined effects of multiple cyclical factors such as sticky inflation, geopolitical conflicts, the divergence of monetary policies among major central banks, and the surge of debt and political risks in the year of international election, the resilience of global economic growth exceeded expectations, but the growth momentum was weak, and the international situation remained severe and complex. The external environment is characterised by rising instability and uncertainty. Domestically, China is also

faced with many challenges posed by insufficient effective demand, weak social expectations, a multitude of hidden risks in key areas, and continued deepening of structural adjustments.

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

CHAIRMAN’S STATEMENT (CONTINUED)

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

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

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

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

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

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

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

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

Prospects and Expectation

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

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

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

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

Appreciation

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

CHAN Sze Ming Michael

Chairman of the Board

Hong Kong, 30 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

Overall performance

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

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

Revenue

Our revenue represents consolidated revenue from (i) property development and sales; (ii) hotel operations; (iii) property management; and (iv) commercial property investment which are all derived in the PRC. During the Period under Review, revenue of the Group amounted to RMB2,304.0 million (first half of 2023: RMB325.8 million), representing a significant year-on-year growth of 607.2%.

Property development and sales

We focus on the development of quality residential properties with comfortable and convenient living environment. During the Period under Review, revenue from property development and sales business of the Group recorded a substantial growth of 729.2%, from RMB271.4 million in the first half of 2023 to RMB2,250.4 million in the same period of 2024, accounting for 97.7% of the Group’s total revenue during the Period under Review. The marked increase in revenue was mainly as a result of the increase in the aggregate GFA of properties delivered during the first half of 2024.

The following table sets forth the breakdown of our revenue from property development and sales by geographical location for the six months ended 30 June 2024 and 2023.

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

Note: Other revenue/(loss) represented service income (or loss) from property development and management.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Hotel operations

Apart from property development and sales, we also operate Just Stay Hotel, Just Stay Resort and Just Stay Inn under our hotel operations business. During the Period under Review, revenue from hotel operations of the Group amounted to RMB33.6 million, representing a slight decrease by 5.6% from RMB35.6 million in the same period of 2023. The downward trend was mainly due to a recent surge in demand for outbound and long-distance travel, leading to a reduction in demand for local resort hotels.

Property management

We also derived income from our property management services provided to purchasers of the residential properties. During the Period under Review, revenue from property management services of the Group reached RMB17.1 million, representing a steady increase of 9.6% as compared with RMB15.6 million in the same period of 2023, mainly driven by stable growth in total GFA of properties under management.

Commercial property investment

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

Cost of sales

Cost of sales of the Group primarily represents costs of properties sold which are directly associated with the Group's property development activities, as well as costs incurred in relation to other businesses. During the Period under Review, cost of sales of the Group amounted to RMB2,090.3 million, representing an increase of 654.6% as compared with RMB277.0 million in the first half of 2023. The significant increase in cost of sales was in line with more properties being delivered during the Period under Review.

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

During the Period under Review, the Group's gross profit before impairment losses on completed properties held for sale and properties under development amounted to RMB213.7 million, representing an increase of 337.9% as compared with RMB48.8 million in the corresponding period of 2023. The Group's gross profit margin before impairment losses on completed properties held for sale and properties under development decreased to 9.3% from 15.0% for the same period of 2023.

During the Period under Review, the Group's gross profit margin before impairment losses on completed properties held for sale and properties under development from our property development and sales decreased to 9.1% from 17.3% in the first half of 2023. Such decrease was mainly due to lower recognised average selling price in order to accelerate the pace of sales in view of the weakening sales trend in PRC property sector during the Period under Review.

Analysing based on the gross profit margin before impairment losses on completed properties held for sale and properties under development by city, top three cities ranked by revenue including Nanjing, Guangzhou and Qingyuan attained an average gross profit margin before impairment losses on completed properties held for sale and properties under development of 9.2%, and the revenue of these three cities accounted for 97.9% of our total revenue from property development and sales during the Period under Review.

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

During the Period under Review, net impairment losses on completed properties held for sale and properties under development amounting to RMB165.8 million (first half of 2023: RMB341.5 million) was provided for in accordance with the remeasurement of net realisable value of the property projects based on the prevailing selling prices as well as other related market conditions.

Selling and marketing expenses

Our selling and marketing expenses consist primarily of commission fees, advertising costs, employee benefit expenses and other miscellaneous expenses. During the Period under Review, selling and marketing expenses of the Group amounted to RMB110.1 million, representing an increase of 247.3% as compared with RMB31.7 million in the same period of 2023. The upward trend was mainly attributable to the increase in commission fees recognised by RMB82.3 million year-on-year, as a result of the growth in recognised revenue from property development and sales. We have capitalised the commission fees incurred as contract costs and subsequently recognised the amounts as expenses when the related revenue are recognised. Excluding commission fees, other selling and marketing expenses during the Period under Review decreased by 22.4% year-on-year, mainly attributable to the efforts on cost control measures over marketing activities throughout the period.

Administrative expenses

Administrative expenses primarily comprised of employee benefit expenses, depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets, tax and other levies, entertainment expenses for our business, office and travelling expenses and other miscellaneous expenses. During the Period under Review, the Group's administrative expenses amounted to RMB36.7 million, representing a decrease of 9.4% as compared with RMB40.5 million in the corresponding period of 2023. The decrease was also resulted from continuous cost control measures imposed.

Other losses – net

During the Period under Review, our other losses – net primarily consisted of net impairment losses on right-of-use assets, gains or losses on disposals of investment properties and property, plant and equipment, fair value losses on investment properties and net foreign exchange gains or losses. The Group's other losses – net decreased from RMB27.6 million in the first half of 2023 to RMB10.8 million in the same period of 2024, mainly due to decrease in losses on disposals of investment properties and property, plant and equipment by RMB16.2 million.

Finance costs – net

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

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

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

Income tax credit/(expense)

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

Loss for the period

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

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

Liquidity, Financial and Capital Resources

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

Cash positions and fund available

As at 30 June 2024, the total cash and bank balances of the Group were RMB267.9 million (31 December 2023: RMB464.2 million), of which RMB32.2 million (31 December 2023: RMB125.0 million) was cash and cash equivalents and RMB235.6 million (31 December 2023: RMB339.2 million) was restricted cash.

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

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

Borrowings

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Cost of borrowings

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

Net gearing ratio

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

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

Contingent liabilities

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

As at 30 June 2024, the outstanding guarantees were RMB1,653.0 million (31 December 2023: RMB2,070.9 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages.

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

(b) As at 30 June 2024, the Group had provided guarantees for borrowings of the Group's joint venture amounting to RMB355.4 million (31 December 2023: RMB355.4 million), with a provision amounting to RMB38.0 million (31 December 2023: RMB22.0 million) being made in the financial statements for the guarantee.

Commitments

As at 30 June 2024, the commitments of the Group for property development expenditure amounted to RMB1,090.9 million (31 December 2023: RMB1,123.1 million).

Currency risks

The Group's businesses are principally conducted in Renminbi ("**RMB**"). The monetary assets and liabilities of the Group's subsidiaries in the PRC are mainly denominated in RMB and the foreign exchange risk is immaterial. The non-PRC subsidiaries' functional currency is Hong Kong Dollar ("**HK\$**"). As at 30 June 2024 and 31 December 2023, major non-HK\$ assets and liabilities of the non-PRC subsidiaries are cash and cash equivalents, restricted cash, other receivables, borrowings and other payables, which are denominated in RMB or US Dollar ("**US\$**"). Fluctuation of the exchange rate of HK\$ against RMB or US\$ could affect the Group's results of operations.

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

Future Plans for Material Investments and Capital Assets

As at 30 June 2024, the Group did not have plan for material investments and capital assets.

Significant Investments, Major Acquisitions and Disposals

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

Events After the Period Under Review

Change of Auditor

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

Interim Dividend

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

Review of Accounts

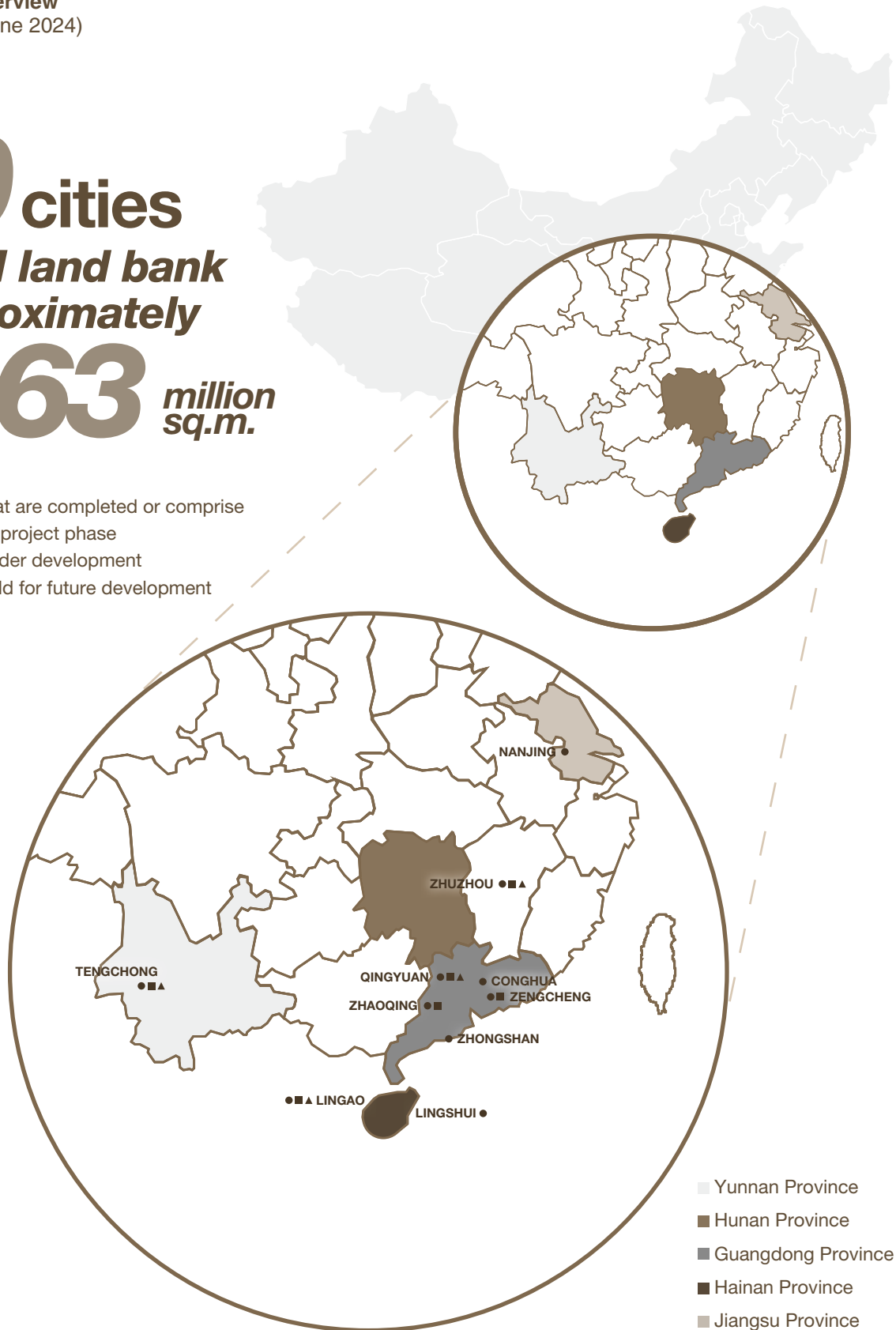
The Company’s audit committee (“**Audit Committee**”) has reviewed the interim results of the Group for the six months ended 30 June 2024.

LAND BANK

Project Overview
(As at 30 June 2024)

10 cities
Total land bank
approximately
3.63 million sq.m.

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



- Yunnan Province
- Hunan Province
- Guangdong Province
- Hainan Province
- Jiangsu Province

LAND BANK AS AT 30 JUNE 2024

I. Land bank calculated by cities

As at 30 June 2024, the Group had a total of 35 property projects in 11 cities. 34 of these properties were developed and owned by the Group, and 1 was developed by the Group's joint venture. As at 30 June 2024, the Group had a land bank of approximately 3.63 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 2024.

Location	No. of project	Completed	Under development	Future development	Completed	Under development	Future development	Total land bank (sq.m.)
		No. of project	No. of project	No. of project	Saleable/leasable/unsold/not leased (sq.m.)	Aggregate GFA (including non-saleable/non-leasable GFA) (sq.m.)	Estimated aggregate GFA for future development (sq.m.)	
Guangdong		8	4	2				
Conghua	3	3			33,189	–	–	33,189
Zhongshan	1	1			25,978	–	–	25,978
Qingyuan	6	1	3	2	125,031	217,973	804,275	1,147,279
Zhaoqing	2	1	1		60,250	159,081	–	219,331
Zengcheng	2	2			45,933	101,326	–	147,259
Hainan		6	1	1				
Lingshui	5	5			286	–	–	286
Lingao	3	1	1	1	9,537	21,137	143,237	173,911
Yunnan		2	1	5				
Tengchong	8				11,276	86,765	1,079,170	1,177,211
Jiangsu		1	–	–				
Liuhe	1				11,686	–	–	11,686
Hunan		1	2	1				
Zhuzhou	4				69,758	145,824	474,826	690,408
Total	35	18	8	9	392,924	732,106	2,501,508	3,626,538

LAND BANK (CONTINUED)

II. Land bank calculated by project

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	3,815	0	0	3,815	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	28,811	0	0	28,811	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	0	0	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	0	0	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	0	0	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	0	0	0	0	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	0	0	0	0	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	0	0	0	0	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	-	25,978	0	0	25,978	-
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	92,898	0	0	92,898	2020.12

LAND BANK (CONTINUED)

No.	Project	Interest of the Group	Province	Location	Property type	Site area x Group interest (note 1) (sq.m.)	Completed	Under development	Future development	Aggregate GFA (including non-saleable/non-leasable GFA) x Group interest (note 2) (sq.m.)	Estimated aggregate GFA for future development x Group interest (note 2) (sq.m.)	Total estimated GFA (note 2) (sq.m.)	Construction completion time/estimated completion time
11	JY Gaoligong Town Phase I	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	4,898	0	0	4,898			2019.12
12	JY Gaoligong Town Phase II	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	6,378	0	113,842	120,220			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	69,758	0	0	69,758			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	9,537	0	0	9,537			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	0	21,137	80,093	101,230			2025.06
16	JY Well-being Valley Phase III (04# Lot)	100%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	51,513	0	0	63,144	63,144			2025.12
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	32,133	55,594	0	87,727			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	0	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	0	86,001	132,349	218,350			2025.12
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	0	0	182,630	182,630			2025.12

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 completion time
									Saleable/leasable GFA (including non-saleable/non-leasable)	Estimated aggregate GFA for future development	
						Site area x Group interest (note 1) (sq.m.)	unsold/not leased x Group interest (sq.m.)	GFA x Group interest (sq.m.)	x Group interest (sq.m.)	Total estimated GFA (note 2) (sq.m.)	
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	0	0	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	0	0	68,893	68,893	2025.12
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	0	0	236,787	236,787	2026.12
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	0	91,512	183,129	274,641	2025.12
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	0	54,312	54,910	109,222	2025.12
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	0	159,081	0	159,081	2025.12
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	60,250	0	0	60,250	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	0	86,765	181,078	267,843	2024.12
29	JY Jiangshan Shili Zone B	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	48,559	0	0	145,677	145,677	2025.12
30	JY Jiangshan Shili Zone C	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	30,724	0	0	92,172	92,172	2026.12

No.	Project	Interest of the Group	Province	Location	Property type	Site area x Group interest (note 1) (sq.m.)	Completed	Under development	Future development	Aggregate GFA (including non-saleable/non-leasable) x Group interest (sq.m.)	Estimated aggregate GFA for future development x Group interest (note 2) (sq.m.)	Construction completion time/estimated completion time
31	JY Jiangshan Shili Zone D	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	67,072	0	0	201,216	201,216	2027.06	
32	Jinke JY Grand Garden	51%	Guangdong	Kengbei Village, Zhongxin Town, Zengcheng District, Guangzhou City, Guangdong Province, the PRC	Residential	16,376	26,871	44,707	0	71,578	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	19,062	56,619	0	75,681	2024.03	
34	JY Logan Jiuyun Mansion (previously known as Nanjing Liuhe Project)	26%	Jiangsu	Lot at South of Qinyuan Road, East of Yanan Road, Xiongzhou Street, Liuhe District, Nanjing City, Jiangsu Province, the PRC	Residential	13,002	11,686	0	0	11,686	2023.12	
35	JY Yunshan Xigu	100%	Yunnan	JY Yunshan Xigu, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	132,971	0	0	276,292	276,292	2025.12	
						2,057,709	392,924	732,106	2,501,508	3,626,538		

Notes:

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

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 Part 2 of Appendix C1 to the Listing Rules as its own code on corporate governance. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code during the six months ended 30 June 2024.

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 C3 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding the securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the six months ended 30 June 2024.

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 2024, 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 ⁽²⁾
Mr. CHAN Sze Ming Michael	Founder of a discretionary trust ⁽¹⁾	1,200,000,000	72.9%

Notes:

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

(2) The calculation is based on the total number of issued ordinary shares of 1,646,173,000 shares of the Company as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, 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 2024, 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 of Director	Nature of interest	Number of ordinary shares held or interest in the Company	Approximate percentage of issued share capital of the Company ⁽⁴⁾
IQ EQ (BVI) Limited	Trustee of a discretionary trust	1,200,000,000 ⁽²⁾	72.9%
Sze Ming Limited	Beneficial owner	1,200,000,000 ⁽²⁾	72.9%
Ms. SHUM Wing Yin	Interest of spouse	1,200,000,000 ⁽³⁾	72.9%

Notes:

- All interest stated are long positions.
- 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.
- 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.
- 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 2024.

Save as disclosed above, as at 30 June 2024, 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) who 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 2024, the Group had a total of 662 employees (30 June 2023: 843 employees). For the Period under Review, the Group has recognised staff costs of RMB48.9 million (first half of 2023: RMB49.5 million). The Group provided employees with salaries, bonuses 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 then 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 as at both 1 January 2024 and 30 June 2024 is 160,000,000.

Detail of the Share Option(s) Granted

As at 1 January 2024 and 30 June 2024, there was no outstanding options. During the six months ended 30 June 2024, no options has been granted, exercised, vested, lapsed or cancelled, and no shares of the Company has been issued pursuant to the Share Option Scheme. Accordingly, no shares of the Company may be issued in respect of options granted under the Share Option Scheme during the six months ended 30 June 2024.

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 2024.

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

Subsequent to the date of the 2023 annual report of the Company and up to the date of this interim 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 Under 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

Change of Auditor

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

Issuance of US\$159,284,612 9.5% Senior Notes Due 2025

On 11 January 2024, the Company issued senior notes with nominal interest rate 9.5% due 9 January 2025 in an aggregate principal amount of US\$159,284,612 (the "**2024 Notes**"), representing exchange offer of the outstanding senior notes which were issued by the Company on 12 January 2023 in an aggregate principal amount of US\$152,100,000 in Hong Kong. The 2024 Notes were listed on the Stock Exchange on 12 January 2024. Please refer to the announcements of the Company dated 20 December 2023, 10 January 2024, 11 January 2024 and 12 January 2024 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 2024 (six months ended 30 June 2023: 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 2024, 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 and on the website of the Stock Exchange at www.hkexnews.hk.

The Audit Committee has considered and reviewed the interim results of the Group for the six months ended 30 June 2024 and this interim report before recommendation to the Board for approval. It has, in conjunction with the external auditor of the Company, D & Partners CPA Limited, reviewed the interim condensed financial statements for the six months ended 30 June 2024. 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

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	Six months ended 30 June	
		2024 Unaudited RMB'000	2023 Unaudited RMB'000
Revenue	5	2,304,025	325,841
Cost of sales	6	(2,090,320)	(277,018)
Gross profit before impairment losses on completed properties held for sale and properties under development		213,705	48,823
Net impairment losses on completed properties held for sale and properties under development	6	(165,805)	(341,524)
Gross profit/(loss) after impairment losses on completed properties held for sale and properties under development		47,900	(292,701)
Selling and marketing expenses	6	(110,093)	(31,746)
Administrative expenses	6	(36,677)	(40,548)
Net impairment (losses)/reversal on financial assets		(64,556)	23,419
Other income		499	8,755
Other expenses		(414)	(139)
Other losses – net	7	(10,764)	(27,590)
Operating loss		(174,105)	(360,550)
Finance costs	8	(17,736)	(15,717)
Finance income	8	767	2,514
Finance costs – net	8	(16,969)	(13,203)
Share of profit/(loss) of investments accounted for using the equity method	12	434	(7,550)
Loss before income tax		(190,640)	(381,303)
Income tax credit/(expense)	9	8,262	(40,169)
Loss for the period		(182,378)	(421,472)
(Loss)/profit attributable to:			
Owners of the Company		(262,941)	(377,280)
Non-controlling interests		80,563	(44,192)
		(182,378)	(421,472)
Other comprehensive loss for the period			
Item that may be reclassified to profit or loss			
– Currency translation differences		(13,268)	(51,513)
Other comprehensive loss for the period, net of tax		(13,268)	(51,513)
Total comprehensive loss for the period		(195,646)	(472,985)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(276,209)	(428,793)
Non-controlling interests		80,563	(44,192)
		(195,646)	(472,985)
Loss per share (expressed in RMB per share)			
– Basic and diluted loss per share	10	(0.16)	(0.23)

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

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

	<i>Notes</i>	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	278,652	289,448
Right-of-use assets	13	84,441	89,503
Investment properties	13	147,841	156,151
Intangible assets	13	2,378	2,774
Other receivables	16	15,865	11,578
Deferred income tax assets		284,630	261,917
Investments accounted for using the equity method	12	1,079	645
		814,886	812,016
Current assets			
Inventories		1,648	914
Contract costs	5	54,519	150,899
Properties under development	14	3,589,761	5,375,845
Completed properties held for sale	15	2,324,748	2,150,865
Trade and other receivables and prepayments	16	1,146,634	1,183,343
Prepaid taxes	17	160,279	165,973
Restricted cash	18	235,632	339,242
Cash and cash equivalents	19	32,249	125,006
		7,545,470	9,492,087
Total assets		8,360,356	10,304,103

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

	<i>Notes</i>	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	20	14,746	14,746
Other reserves	21	1,515,273	1,528,541
Accumulated losses	21	(1,413,814)	(1,150,873)
		116,205	392,414
Non-controlling interests		1,244,275	1,163,712
Total equity		1,360,480	1,556,126
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		247,693	239,045
Bank and other borrowings	22	33,108	29,000
Lease liabilities		64,813	66,111
		345,614	334,156
Current liabilities			
Bank and other borrowings	22	3,175,505	3,173,236
Trade and other payables	23	1,596,750	1,520,889
Contract liabilities	5	1,490,947	3,330,169
Lease liabilities		7,497	4,639
Current income tax liabilities		383,563	384,888
		6,654,262	8,413,821
Total liabilities		6,999,876	8,747,977
Total equity and liabilities		8,360,356	10,304,103

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

The financial statements on pages 27 to 66 were approved by the Board of Directors on 30 August 2024 and were signed on its behalf.

CHAN Sze Ming Michael
Director

LIU Huaxi
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company					
	Share capital RMB'000	Other reserves RMB'000	Retained earnings (accumulated losses) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Six months ended 30 June 2024 (Unaudited)						
Balance at 1 January 2024	14,746	1,528,541	(1,150,873)	392,414	1,163,712	1,556,126
Comprehensive loss						
– (Loss)/income for the period	–	–	(262,941)	(262,941)	80,563	(182,378)
– Other comprehensive loss	–	(13,268)	–	(13,268)	–	(13,268)
Total comprehensive loss	–	(13,268)	(262,941)	(276,209)	80,563	(195,646)
Balance at 30 June 2024	14,746	1,515,273	(1,413,814)	116,205	1,244,275	1,360,480
Six months ended 30 June 2023 (Unaudited)						
Balance at 1 January 2023	14,746	1,546,983	685,381	2,247,110	1,470,913	3,718,023
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)
Balance at 30 June 2023	14,746	1,495,470	308,101	1,818,317	1,426,721	3,245,038

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

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Six months ended 30 June	
		2024 Unaudited RMB'000	2023 Unaudited RMB'000
Cash flows from operating activities			
Cash generated from operations		5,859	581,090
Income tax paid		(1,433)	(23,939)
Interest paid		(19,860)	(138,104)
Net cash (used in)/generated from operating activities		(15,434)	419,047
Cash flows from investing activities			
Purchases of property, plant and equipment		(66)	(506)
Proceeds from disposal of property, plant and equipment		601	8
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
Cash advanced to related parties and non-controlling interests		–	(82,593)
Purchases of financial assets at fair value through profit or loss		–	(40,016)
Proceeds from disposal of financial assets at fair value through profit or loss		–	40,027
Interest received		767	2,514
Net cash generated from/(used in) investing activities		1,302	(33,052)
Cash flows from financing activities			
Proceeds from borrowings		54,000	–
Repayment of borrowings		(130,215)	(231,257)
Repayments to non-controlling interests		(674)	(147,875)
Lease payments		(1,728)	(2,357)
Net cash used in financing activities		(78,617)	(381,489)
Net (decrease)/increase in cash and cash equivalents			
Exchange (losses)/gains on cash and cash equivalents		(8)	183
Cash and cash equivalents at beginning of period		125,006	187,025
Cash and cash equivalents at end of period	19	32,249	191,714

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024 (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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

(a) Going concern basis

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

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

Due to the slow down of Mainland China property market in first half of 2024, the Group’s operations had experienced a decline in the business of property development and sales. The pre-sales and sales volumes, amounts and collection of pre-sale and sales proceeds continue to decrease which failed to meet management’s expectation for the six months ended 30 June 2024.

The business of the Group is subject to extensive governmental regulations and macro-economic control measures of the real estate sector implemented by the PRC government from time to time, and some of these policies and measures may have unfavourable impact to the working capital available to the Group. In addition, the Group has committed construction cost payable for the projects which have properties sold under pre-sale arrangement that is scheduled to delivery to the customers within next twelve months.

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (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) In respect of borrowings, the Group has been actively negotiating with all the lenders for renewal and extension for repayments of the borrowings. Out of the borrowings, the Group has successfully extended or modified the repayment terms of loans with aggregated principal amount of RMB2,916 million. The Directors are confident that the lenders will likely not exercise their rights to demand the Group's immediate repayment of the borrowings and the Group will reach final agreements and waiver with lenders in due course for any default borrowings;
- (ii) The Group has maintained active communication with other relevant lenders in respect of the Defaulted Borrowings. Based on latest communication, the Directors are confident to convince the relevant lenders not to exercise their rights to demand immediate repayment of these borrowings prior to their scheduled contractual repayment dates;
- (iii) In January 2024, the Group successfully exchanged its senior notes with an aggregate principal amount of US\$152 million (equivalent to RMB1,077 million) due 11 January 2024 with a newly issued senior note amounted to US\$159 million due on 9 January 2025 (the "**New Senior Notes**"). During the six months ended 30 June 2024, the Group successfully obtained written waiver from the lenders of New Senior Notes to waive the section of defaults and/or events of default of the New Senior Notes;
- (iv) The Group will continue to actively adjust pre-sales and sales activities to better respond to market needs, and make efforts to achieve the latest budgeted pre-sales and sales volumes and amounts. The Group will also continue to implement plans and measures to accelerate the pre-sales and sales of its properties under development and completed properties held for sale, and to speed up the collection of outstanding sales proceeds;
- (v) As at 30 June 2024, the Group's restricted cash amounted to RMB236 million, which mainly represented the restricted pre-sale proceeds in designated bank accounts and can be used to settle certain construction payables or project loans subject to the approval of the local State-Owned Land and Resource Bureau. The Group will closely monitor the process of construction of its property development projects to ensure that construction and related payments are fulfilled, the relevant properties sold under pre-sale arrangement are completed and delivered to the customers on schedule as planned, so that the Group is able to release restricted cash to meet its other financial obligations; and
- (vi) The Group will also continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating expenditure.

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

2. Basis of preparation and accounting policies (continued)

(a) Going concern basis (continued)

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2024. In the opinion of the Directors, in light of the above and taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2024. Accordingly, the Directors consider that it is appropriate to prepare the interim condensed consolidated financial information on a going concern basis.

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

- (i) Successful negotiations with the Group's existing lenders in respect of the borrowings, including the syndicated loan, that were either in default or otherwise in cross default, so that the relevant lenders will not exercise their contractual rights to demand immediate repayment of the relevant defaulted borrowings or cross-defaulted borrowings and grant the relevant waiver to the Group;
- (ii) Continuous compliance the terms and conditions of the bank and other borrowings and, where applicable, successful negotiation with the lenders to obtain wavier or to revise the terms and conditions of the borrowings for the continuous compliance thereof as and when needed;
- (iii) Successful and timely extension and renewal of its bank and other borrowings and the New Senior Notes, upon maturity as well as obtaining new financing from financial institutions as and when needed. The Group's ability to obtain these financing depends on (1) current and ongoing regulatory environments and how the relevant policies and measures might affect the Group and/or the relevant financial institutions; (2) whether the lenders of existing borrowings agree the terms and conditions for such extension or renewal; and (3) the Group's ability to continuously comply with the relevant terms and conditions of its bank and other borrowings including the senior notes;
- (iv) Successfully adjust pre-sales and sales activities to achieve budgeted pre-sales and sales volumes and amounts, and successful implementation of the plans and measures to accelerate the pre-sales and sales of properties under developments and completed properties held for sale, and timely collection of the relevant sales proceeds;
- (v) Successful completion and delivery of properties to the customers on schedule such that restricted pre-sale proceeds in the designated bank accounts will be released to meet its other financial obligations as planned; and
- (vi) Successful in obtaining other additional sources of financing other than those mentioned above as and when needed.

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

2. Basis of preparation and accounting policies (continued)

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements, except the adoption of new and amended standards and interpretation as described below.

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

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

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

(ii) New standards and amendments not yet adopted

The following new standards and amendments have been published that are no mandatory for the six months ended 30 June 2024 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretation 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (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 2023, 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 2023.

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)

For the six months ended 30 June 2024 (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 2024 is as follows:

	Property development and sales Unaudited RMB'000	Commercial property investment Unaudited RMB'000	Hotel Operations Unaudited RMB'000	Property management Unaudited RMB'000	Total Unaudited RMB'000
Segment revenue	2,250,430	–	33,698	31,481	2,315,609
Recognised at a point in time	2,250,430	–	–	–	2,250,430
Recognised over time	–	–	33,698	31,481	65,179
Revenue from other sources:					
rental income	–	5,483	–	–	5,483
Inter-segment revenue	–	(2,553)	(139)	(14,375)	(17,067)
Revenue from external customers	2,250,430	2,930	33,559	17,106	2,304,025
Gross profit before impairment losses on completed properties held for sale and properties under development	204,212	2,709	3,258	3,526	213,705
Net impairment losses on completed properties held for sale and properties under development	(165,805)	–	–	–	(165,805)
Gross profit after impairment losses on completed properties held for sale and properties under development	38,407	2,709	3,258	3,526	47,900
Selling and marketing expenses					(110,093)
Administrative expenses					(36,677)
Net impairment losses on financial assets					(64,556)
Other income					499
Other expenses					(414)
Other losses – net					(10,764)
Finance costs – net					(16,969)
Share of profit of investments accounted for using the equity method (Note 12)	434	–	–	–	434
Loss before income tax					(190,640)
Income tax credit					8,262
Loss for the period					(182,378)
Depreciation and amortisation recognised as expenses	8,021	–	7,752	139	15,912
Fair value losses on investment properties – net (Note 13)	–	(8,310)	–	–	(8,310)

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (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 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)

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)

For the six months ended 30 June 2024 (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 2024 is as follows:

	Property development and sales Unaudited RMB'000	Commercial property investment Unaudited RMB'000	Hotel Operations Unaudited RMB'000	Property management Unaudited RMB'000	Total Unaudited RMB'000
Segment assets	7,729,897	124,678	201,705	19,446	8,075,726
Segment assets include:					
Investments accounted for using the equity method (<i>Note 12</i>)	1,079	–	–	–	1,079
Addition to non-current assets (other than financial assets and deferred income tax assets)	–	–	66	–	66
Segment liabilities	3,118,363	849	16,139	24,656	3,160,007

The segment assets and liabilities provided to the executive directors for the reportable segments as at 31 December 2023 is as follows:

	Property development and sales 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	9,623,293	156,151	239,675	23,067	10,042,186
Segment assets include:					
Investments accounted for using the equity method (<i>Note 12</i>)	645	–	–	–	645
Addition to non-current assets (other than financial assets and deferred income tax assets)	54,878	–	404	45	55,327
Segment liabilities	4,858,068	1,135	24,577	38,028	4,921,808

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (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 2024 and 2023, no single external customer's transaction generated revenue accounting for 10% or more of the Group's total revenue.

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

(i) Segment assets

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

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

Segment assets are reconciled to total assets as follows:

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

5. Revenue and segment information (continued)

(b) Segment performance (continued)

(ii) Segment liabilities

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

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

Segment liabilities are reconciled to total liabilities as follows:

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Segment liabilities	3,160,007	4,921,808
Unallocated:		
– Current income tax liabilities	383,563	384,888
– Deferred income tax liabilities	247,693	239,045
– Short-term borrowings and current portion of long-term borrowings	3,175,505	3,173,236
– Long-term borrowings	33,108	29,000
Total liabilities	6,999,876	8,747,977

(c) Assets and liabilities related to contracts with customers

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

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Sale commissions	54,519	150,899

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 2024, the amount of amortisation was RMB96,380,000 (six months ended 30 June 2023: RMB14,082,000). There was no impairment loss in relation to the costs capitalised.

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (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 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Contract liabilities related to sales of properties	1,452,702	3,315,163
Contract liabilities related to others	38,245	15,006
	1,490,947	3,330,169

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 2024 and 2023 related to carried-forward contract liabilities:

	Six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period		
Sales of properties	2,156,479	180,452
Others	12,789	9,368
	2,169,268	189,820

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 2024 and 2023.

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (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	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Net impairment losses on completed properties held for sale and properties under development	165,805	341,524
Cost of properties sold – including construction cost, land cost and interest cost	2,014,827	224,431
Employee benefit expenses (including directors' emoluments)	43,656	42,927
Employee benefit expenditure – including directors' emoluments	48,895	49,481
Less: capitalised in properties under development	(5,239)	(6,554)
Commission fees	96,380	14,082
Hotel operations expenses	21,291	16,381
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	15,912	14,464
Advertising costs	5,034	10,212
Entertainment expenses	1,936	3,738
Taxes and other levies	26,605	5,566
Professional consulting fees	356	1,232
Office and travelling expenses	2,082	2,159
Auditor's remuneration	518	900
Others	8,493	13,220
Total	2,402,895	690,836

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

7. Other losses – net

	Six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Interest on financial assets at fair value through profit or loss	–	11
Gains/(losses) on disposals of investment properties and property, plant and equipment	163	(16,053)
Fair value losses on investment properties (<i>Note 13</i>)	(8,310)	(3,977)
Net impairment losses on right-of-use assets (<i>Note 13</i>)	–	(8,584)
Gains on termination of leases	–	627
Net foreign exchange (losses)/gains	(2,617)	386
	(10,764)	(27,590)

8. Finance costs – net

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

9. Income tax (credit)/expense

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

(a) PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

9. Income tax (credit)/expense (continued)

(b) PRC land appreciation tax (“LAT”)

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

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

(c) Overseas income tax

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

(d) Hong Kong profits tax

No provision for Hong Kong profits tax has been made in this interim condensed consolidated financial information as the Group’s companies did not have assessable profit in Hong Kong for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

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 2024 (six months ended 30 June 2023: 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 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Investments in a joint venture <i>(Note (a)(i))</i>	–	–
Investments in associates	1,079	645
	1,079	645

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

	Six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
A joint venture <i>(Note (a))</i>	–	–
Associates <i>(Note (b))</i>	434	(7,550)
	434	(7,550)

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (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 2024 Unaudited RMB'000	As at 31 December 2023 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 2024, 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 RMB72,517,000 (31 December 2023: RMB63,008,000).

(b) Associates

The movement of investment in associates is as follows:

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Opening balances	645	43,671
Share of results	434	(9,167)
Disposal of an associate	–	(33,859)
Ending balances	1,079	645

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (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
Six months ended 30 June 2024 (Unaudited)				
Opening net book amount as at 1 January 2024	289,448	89,503	156,151	2,774
Additions	66	–	–	–
Disposals	(435)	–	–	–
Depreciation/amortisation charges	(10,436)	(5,080)	–	(396)
Fair value changes	–	–	(8,310)	–
Exchange difference	9	18	–	–
Closing net book amount as at 30 June 2024	278,652	84,441	147,841	2,378
Six months ended 30 June 2023 (Unaudited)				
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	–	–
Closing net book amount as at 30 June 2023	277,155	212,683	227,260	3,213

- (a) As at 30 June 2024, property, plant and equipment with net book amounts totalling RMB217,644,000 (31 December 2023: RMB224,886,000), right-of-use assets of RMB11,634,000 (31 December 2023: RMB11,634,000) and investment properties of RMB93,295,000 (31 December 2023: RMB101,605,000) were pledged as collateral for the Group's bank and other borrowings (Note 22).
- (b) As at 30 June 2024, property, plant and equipment mainly comprised hotels of RMB217,644,000 (31 December 2023: RMB224,886,000) which are located in the PRC.
- (c) As at 30 June 2024 and 31 December 2023, 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)

For the six months ended 30 June 2024 (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 2024	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office, retail properties	93,295,000	Term and reversionary method	Market rents (RMB/square metre)	75-214	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)	1,863	The higher the market price, the higher the fair value
	Land located in Nancun Town, Panyu District, Guangzhou Province, the PRC	5,600,000	Direct comparison	Market price (RMB/square metre)	2,419	The higher the market price, the higher the fair value
	Buildings	14,400,000	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)

For the six months ended 30 June 2024 (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 2023	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office, retail properties	101,605,000	Term and reversionary method	Market rents (RMB/square metre)	99-220	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)	1,863	The higher the market price, the higher the fair value
	Land located in Nancun Town, Panyu District, Guangzhou Province, the PRC	5,600,000	Direct comparison	Market price (RMB/square metre)	2,419	The higher the market price, the higher the fair value
	Buildings	14,400,000	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)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

14. Properties under development

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Properties under development expected to be completed:		
– Land use rights	2,912,356	4,210,335
– Contractual rights of land (<i>Note (a)</i>)	159,409	158,662
– Construction costs	1,205,009	1,739,558
– Interests capitalised	949,538	913,545
	5,226,312	7,022,100
Less: provision for impairment of properties under development	(1,636,551)	(1,646,255)
	3,589,761	5,375,845

- (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 2024 is 10.07% (six months ended 30 June 2023: 7.88%).
- (d) As at 30 June 2024, properties under development with net book value of RMB1,124,706,000 (31 December 2023: RMB1,124,706,000), were pledged as collateral for the Group's bank and other borrowings (Note 22).
- (e) As at 30 June 2024, the balance of provision in respect of write-down of the properties under development was amounted to RMB1,636,551,000 (31 December 2023: RMB1,646,255,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

15. Completed properties held for sale

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Completed properties held for sale developed by the Group:		
Land use rights	1,305,528	1,050,273
Construction costs	1,393,447	1,436,464
Interests capitalised	205,432	160,610
	2,904,407	2,647,347
Less: provision for impairment of completed properties held for sale	(579,659)	(496,482)
	2,324,748	2,150,865

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

As at 30 June 2024, completed properties held for sale with net book value of RMB676,478,000 (31 December 2023: RMB632,575,000), were pledged as collateral for the Group's bank and other borrowings (Note 22).

As at 30 June 2024, the balance of provision in respect of write-down of the completed properties held for sale was amounted to RMB579,659,000 (31 December 2023: RMB496,482,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

16. Trade and other receivables and prepayments

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

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

As at 30 June 2024, trade receivables with net book value of RMB524,000 (31 December 2023: RMB1,097,000) were pledged as collateral for the Group's bank and other borrowings (Note 22).

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

16. Trade and other receivables and prepayments (continued)

(a) Details of trade receivables are as follows:

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

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

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

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

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

The Group's trade receivables are denominated in RMB (2023: same).

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

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

(i) Other receivables represent cash advances amounted to approximately RMB442,250,000 made to non-controlling interests, which are unsecured, interest free and repayable on demand, and the remaining amount mainly represent consideration due from a non-controlling shareholder of a subsidiary.

(c) Amounts represent up-front payments for acquiring land use rights for property development. The amounts will be transferred to properties under development in the 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 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Prepayments for property development projects	54,433	55,747
Prepaid other taxes	6,816	14,102
Others	27,952	27,705
Other prepayments	89,201	97,554

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

17. Prepaid taxes

Details of prepaid taxes are as follows:

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Corporate income taxes	19,098	19,098
Land appreciation taxes	105,627	105,299
Value added taxes	35,554	41,576
	160,279	165,973

18. Restricted cash

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Guarantee deposits for construction of pre-sold properties (<i>Note (a)</i>)	226,946	304,131
Guarantee deposits for borrowings (<i>Note (b)</i>)	145	5,500
Others	8,541	29,611
	235,632	339,242
Denominated in:		
– RMB	234,345	328,479
– US\$	215	214
– Hong Kong Dollars (“HK\$”)	1,072	10,549
	235,632	339,242

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)

For the six months ended 30 June 2024 (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 2024, the Group has placed cash deposits of approximately RMB145,000 (31 December 2023: RMB5,500,000) with designated banks as security for bank borrowings (Note 22).

19. Cash and cash equivalents

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Cash at bank and in hand	267,881	464,248
Less: restricted cash	(235,632)	(339,242)
Cash and cash equivalents	32,249	125,006

Cash and cash equivalents are denominated in the following currencies:

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Denominated in RMB	29,802	119,908
Denominated in HK\$	1,521	4,179
Denominated in US\$	926	919
	32,249	125,006

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)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

20. Share capital

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

21. Other reserves and retained earnings

	Combined Reserves RMB'000	Statutory Reserve (Note (a)) RMB'000	Exchange Difference RMB'000	Total Reserves RMB'000	Retained Earnings RMB'000	Total RMB'000
Six months ended 30 June 2024 (Unaudited)						
Balance at 1 January 2024	1,509,313	155,665	(136,437)	1,528,541	(1,150,873)	377,668
Loss for the period	-	-	-	-	(262,941)	(262,941)
Other comprehensive loss	-	-	(13,268)	(13,268)	-	(13,268)
Balance at 30 June 2024	1,509,313	155,665	(149,705)	1,515,273	(1,413,814)	101,459
Six months ended 30 June 2023 (Unaudited)						
Balance at 1 January 2023	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)
Balance at 30 June 2023	1,509,313	154,818	(168,661)	1,495,470	308,101	1,803,571

- (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)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

22. Bank and other borrowings

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Bank borrowings	1,921,421	2,030,179
Senior notes (<i>Note (a)</i>)	1,172,733	1,110,902
Other borrowings (<i>Note (b)</i>)	114,459	61,155
	3,208,613	3,202,236
Included in non-current liabilities:		
– Secured (<i>Notes (d) & (e)</i>)	1,898,171	1,951,750
– Unsecured (<i>Note (e)</i>)	–	75,000
Less: current portion of non-current liabilities	(1,865,063)	(1,997,750)
	33,108	29,000
Included in current liabilities:		
– Secured (<i>Notes (d) & (e)</i>)	23,087	3,266
– Unsecured (<i>Note (e)</i>)	1,287,355	1,172,220
Add: current portion of non-current liabilities	1,865,063	1,997,750
	3,175,505	3,173,236
Total borrowings	3,208,613	3,202,236

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

22. Bank and other borrowings (continued)

- (a) On 11 January 2024, the Company issued the New Senior Notes with nominal interest rate 9.5% due 9 January 2025 in an aggregate principal amount of US\$159,284,612. The issue of the New Senior Notes was related to the exchange offer of the existing 2023 Notes amounting to US\$152,100,000 and capitalised interest accrued and unpaid. The New Senior Notes were listed on the Stock Exchange on 12 January 2024.

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

- (b) As at 30 June 2024, three third parties offered loans to the Group, with an average interest rate of 10% per annum and the expiring date is within one year, one of which amounted to HK\$50,019,000 was guaranteed by the Company.
- (c) As at 30 June 2024, the Group's borrowings are denominated in the following currencies:

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

- (d) As at 30 June 2024, bank and other borrowings totalling RMB1,901,437,000 (31 December 2023: RMB1,955,016,000) of the Group were secured by the following assets together with the Group's shares of certain subsidiaries:

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

22. Bank and other borrowings (continued)

- (e) The Group's unsecured borrowings of RMB1,279,721,000 (31 December 2023: RMB1,247,220,000) as at 30 June 2024 were guaranteed by certain subsidiaries or the ultimate controlling shareholder.

The Group's secured borrowings of RMB1,901,437,000 (31 December 2023: RMB1,955,016,000) as at 30 June 2024 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	
	2024 Unaudited	2023 Unaudited
Bank borrowings	6.83%	7.46%
Senior notes	10.21%	10.32%

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

23. Trade and other payables (continued)

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

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

The Group's trade payables as at 30 June 2024 is denominated in RMB, US\$ and HK\$.

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
RMB	967,771	899,849
US\$	919	1,018
HK\$	144	158
	968,834	901,025

- (b) Amounts due to non-controlling interests and their related parties are interest free and repayable on demand.
- (c) The deposits payables mainly include: (i) the deposits from property purchasers of the Group; and (ii) quality guarantee and bidding deposit from constructors. The deposits are unsecured, interest free and repayable according to terms and conditions mutually agreed with the counter parties.
- (d) Other payables mainly represent payables to third parties, 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)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

24. Guarantee

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Guarantee in respect of mortgage facilities for certain purchasers (<i>Note (a)</i>)	1,653,017	2,070,851
Guarantees for a joint venture (<i>Note (b)</i>)	355,400	355,400

- (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 2024, the Group had provided guarantees for borrowings of the Group's joint venture amounting to RMB355,400,000 (31 December 2023: RMB355,400,000), with a provision amounting to RMB38,019,000 (31 December 2023: RMB22,019,000) has been made in the financial statements for the guarantee.

25. Commitments

Commitments for property development expenditure:

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Contracted but not provided for: Property development activities	1,090,922	1,123,094

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

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
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.

(b) Transactions with related parties

The Group had the following transactions with related parties for the six months ended 30 June 2024:

	Six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
(i) Guarantee provided by shareholder in respect of borrowings outstanding – ultimate controlling shareholder	945,234	1,066,871
(ii) Property management service fee charged by – Nanjing Longguang	–	327
(iii) Rendering of interest income – Guangzhou Zhujing Real Estate Development Co., Ltd.	–	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)

For the six months ended 30 June 2024 (All amounts in RMB Yuan thousands unless otherwise stated)

26. Related party transactions (continued)

(c) Balances with related parties

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Amount due from related party		
Non-trade balances		
– Zhongshan Jingyue (<i>Note (i)</i>)	51,943	51,943
Amount due to related party		
Non-trade balances		
– Zhongshan Yueheng Business Management Co., Ltd (<i>Note (i)</i>)	5,811	–

- (i) The amount due from a related party and amount due to a related party mainly represent the cash advances which are unsecured, interest-free and repayable on demand.

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Providing guarantees to related parties		
– Zhongshan Jingyue	355,400	355,400

(d) Key management compensation

Key management compensation for the six months ended 30 June 2024 and 2023 are set out below:

	Six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Key management compensation		
– Salaries and other employee benefits	2,686	4,843
– Pension costs	15	25
	2,701	4,868