



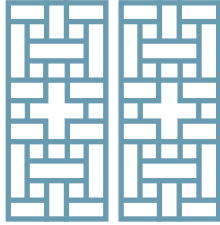
# JY GRANDMARK HOLDINGS LIMITED

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

Stock Code: 2231



2020  
INTERIM REPORT

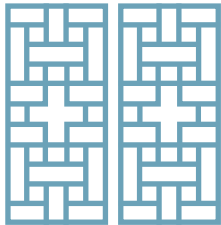


## Company Profile

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

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





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# Corporate Information

## Board of Directors

### Executive Directors

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

### Independent Non-executive Directors

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

### Audit Committee

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

### Remuneration Committee

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

### Nomination Committee

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

### Legal Advisers

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

As to the People's Republic of China ("PRC") law:  
Jingtian & Gongcheng

As to British Virgin Islands and Cayman Islands law:  
Conyers Dill & Pearman

### Compliance Adviser

Advent Corporate Finance Limited

### 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  
17<sup>th</sup> Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### Registered Office

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

### Principal Place of Business in Hong Kong

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

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

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

### Auditor

PricewaterhouseCoopers

### Company Secretary

Ms. WAI Ching Sum

### Authorised Representatives

Mr. CHAN Sze Ming Michael  
Ms. WAI Ching Sum

### Principal Banks

DBS Bank (Hong Kong) Limited  
The Bank of East Asia, Limited  
Hang Seng Bank Limited  
Chong Hing Bank Limited  
Industrial and Commercial Bank of China,  
Guangdong Branch

### Company's Website

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

### Stock Code

2231

# Chairman's Statement

Real estate development has come to the stock building age, and urban renewal becomes the blue ocean for real estate enterprises to actively deploy. Since the beginning of its establishment, the Group has taken urban renewal as one of its development businesses. Therefore, in its business plan, urban renewal will be a core business growth point of the Group.

Dear Shareholders,

I am pleased to present the business review and prospects of JY Grandmark Holdings Limited (“**JY Grandmark**” or the “**Company**”) and its subsidiaries (together with the Company, the “**Group**”) for the six months ended 30 June 2020 (the “**Period under Review**”) to the shareholders of the Company (the “**Shareholders**”).

## Results and Dividends

During the Period under Review, the contracted sales of the Group was approximately RMB1,089.5 million, representing a period-on-period decrease of 9.8%. The sales area was approximately 100,000 sq.m., representing an increase of 1.0% as compared to the six months ended 30 June 2019.

During the Period under Review, the Group's recognised revenue was RMB924.7 million, representing a period-on-period increase of 21.3%. Profit for the period was RMB194.1 million, representing an increase of 7.1% as compared to the six months ended 30 June 2019. Core net profit was RMB193.8 million, representing a period-on-period growth of 43.9%. Profit attributable to owners of the Company was RMB196.9 million, representing an increase of 6.4% as compared to the corresponding period of 2019.

The board of directors of the Company (the “**Board**”) declared payment of an interim dividend of RMB3.59 cents per share (equivalent to HK\$4.01 cents per share) for the six months ended 30 June 2020 (six months ended 30 June 2019: nil), and the dividend payout ratio is approximately 30% of the profit attributable to owners of the Company.



## Business Review for the First Half of 2020

### 1) Macro market conditions

In the first half of 2020, the national property market was affected by the outbreak of COVID-19, but as the epidemic got under control relatively quickly in Mainland China, the property market has shown a significant recovery trend: in February to June, the number of cities where prices of new home recorded month-on-month increase continued to grow; in June, the national investments in real estate development increased, reversing the trend of the slight year-on-year decline in the first five months, and both transaction volumes and prices of the property markets in the cities where the Group operates have also begun to rebound significantly. The stable and fast recovery of the market reflects that the real estate market is still in sound basic conditions: there is objective demand for purchasing as well as vibrancy for squeezing and outbreak in the market; and under the principles of “no speculation of residential properties” and “one city, one policy (因城施策)”, policies have also provided certain support to the market and enterprises, including, among others, moderately loose local policies and smooth adjustment of the loan prime rate in the PRC.

Under such macro background, the Group operated well in the first half of the year. The Group actively ensured the quality and quantity of constructions, and ensured the punctuality and effectiveness at the node for projects all over Mainland China. The Group expanded sales channels and achieved our basic operating indicators. Among the nine property projects for sale, certain have, driven by market and as a result of effective transfer, recorded substantial increase in results.

### 2) Market opportunities arise for “Eco-friendly and People-oriented Property”

We believe that the COVID-19 epidemic outbreak in around the first half of the year has brought a change to the supply side of the property market – “health” has gradually become a reference indicator with growing concern for the housing consumption preference. The demand for home purchasing and for home upgrade continues to rise, and tends to gradually exceed the rigid demand for home purchasing. Besides, environment and health are the major concern of purchasers looking for home upgrade under the epidemic.

The Group has been focusing on segmented markets and targeting at purchasers looking for a home upgrade and multi-house ownership. With “Eco-friendly and People-oriented Property” serving as our product development concept, we attach great importance to the health value that the internal and external living environment brings when selecting project sites, which helps our products get increasing popular in the market, and brings opportunities for the Group to further penetrate the market. Taking JY Hot Spring Villas (景業瓏泉灣) under the segment of Conghua hot spring restore which has superior ecological environment as an example, the project recorded a number of transactions of hot spring courtyard products and achieved a breakthrough in sales during the first half of 2020. In addition, Qingyuan residential project JY Grand Garden (景業雍景園), which is near to a national 4A-level tourist attraction and also has good ecological environment and is equipped with school supporting facilities, was in the leading position in terms of sales volume and sales among the local projects for sale during the first half of the year.

**3) Increase reserve of developing areas by approximately 1.1 million sq.m. through tenders, auctions or listing-for-sale**

As to the PRC land market, in the first half of the year, the government continued to launch land parcels for sales to ease the supply-demand relationship. We therefore believe that it is an appropriate timing for enterprises with good capital reserve to moderately increase their land reserve.

With good funding conditions, the Group also actively participated in tenders, auctions or listing-for-sale: in March 2020, it once again obtained nine land parcels in Tengchong, Yunnan province, increasing developing areas by approximately 1.006 million sq.m. Located in the Qushi resort area in Tengchong, Yunnan province where JY Gaoligong Town (景業高黎貢小鎮), a project of the Group for sale, was located, those land parcels have iconic landscapes and landforms and will be developed into projects under two different product lines. In July 2020, the Group formed a project company with Jinke Properties (金科地產) with shareholding of 51%: 49% and obtained a high-quality land parcel at the top of the metro in Kengbei Village, Zengcheng District, Guangzhou (廣州增城區坑貝村地鐵上蓋) with developing areas of approximately 100,000 sq.m. It is a new area under the Group's deployment in the Guangdong-Hong Kong-Macao Greater Bay Area.

"Economic zone of top level" and "entrance city of population flows" serve as the land selection standards of the Group, and are also important indicators ensuring land turnover and land premium. In addition to the Guangdong-Hong Kong-Macao Greater Bay Area that we regard as the core area of our expansion, the Group also pays great attention to lands in markets with high-growth potential, such as the Yangtze River Delta and Shaanxi province, to actively expand our presence in high-quality areas.

**4) Funding conditions**

With sound operating data, the Group gained recognition in the capital market. In March 2020, the 7.5% senior notes in the amount of US Dollar ("US\$") 150 million issued by the Company were over-subscribed by institutional and individual investors. In May 2020, the Company was included as a constituent of the MSCI China Small Cap Index by Morgan Stanley Capital International. In July 2020, the Company was on the list of "Top 20 Guangdong Property Enterprises with High Credit (廣東地產資信20強)" organised by the Guangzhou Province branches of the four state-owned banks, being Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China and Construction Bank of China. The recognition by the capital market provides stronger support for the development of the Group.

During the Period under Review, the Group was improving financial structure and broadened funding channels. The sound financial conditions and diversified funding channels enabled the Group to achieve sustainable and high-quality development under the background of tightening funding in the industry. As at 30 June 2020, net gearing ratio of the Group was at a healthy level of 67.2%.

## Future Strategies and Prospects

### 1) Business strategies and prospects for the second half of the year

With accumulated market demands in the first half of the year, we expect that there will be a significant increase in sales in the property market of the PRC as the market gradually recovers, especially in key cities. As such, the Group will capture the market opportunities in the second half of the year to actively promote the sales of projects in the Guangdong-Hong Kong-Macao Greater Bay Area which is the focus of the Group and accelerate the process of price adjustment to boost sales. At the same time, the Group will continue to pay attention to the land market in popular cities, with a view to seeking opportunities to acquire more quality land with high potentials for future development and supply.

From the perspective of supply and demand, we believe that the real estate consumption in the PRC has entered the "1 Plus Era" (that is, every family has at least one house on average), during which purchasers looking for a home upgrade will replace purchasers with fundamental demand as the major purchasing power in the market. As a result, the Group's market strategy in the second half of the year is to continue to create properties with high quality, high premiums and increasing demand for middle and high-end consumption markets, and fully meet the focus and demands of customers in the growing market through capturing the hot spots and future trend of the market. With "health" and "living experience" at its core, the Group will put more efforts on highlighting its product advantage featuring "Eco-friendly and People-oriented Properties" from site selection, planning to product research and development. Meanwhile, the Group will diversify its product lines, develop products with more styles and categories and expand its market share and brand influence in the market segment.

It was mentioned in the 2020 development direction of the property market in the PRC which was stressed at the Central Economic Work Conference that "more efforts should be put on urban renewal and inventory renovation and upgrading" and more support would be provided to encourage property developers to participate in urban construction and development from policy and credit levels. Therefore, the Group has taken the deployment of urban renewal business as one of its business focus in the second half of the year. It will actively participate in the urban renewal projects in key cities in core areas, such as Guangzhou and Foshan in the Guangdong-Hong Kong-Macao Greater Bay Area, acquire and organise valuable land, integrate its own industrial resources and cooperate with professional industrial operation institutions and platforms to accelerate the deployment and project development of urban renewal business, thus creating a new fast growth point for the Group in the second half of the year.

In addition, the Group will also continue to diversify its business strategies. Focusing on property development, the Group will accelerate the brand promotion and business expansion of its property service, improve the sales strategies and operating profits of its hotel operation and achieve the transformation of commercial property investment as soon as possible through the interconnection of all business segments, so as to enhance the overall profitability of the Group in a comprehensive way.

### 2) Deepen the building of "Eco-friendly and People-oriented properties" product line

The Group will adhere to the development concept of "Eco-friendly and People-oriented Property Developer", seize the rising demand of customers for improving their living environment and space, and deepen the building of a diversified "Eco-friendly and People-oriented" product line, thereby further enhancing our brand's market competitiveness.



In respect of projects that are about to enter the sales stage, the existing product line will be further deepened to highlight the “Eco-friendly and People-oriented” feature of the products. Based on landscape features and the living habits of different groups of people and taking into account the current market pursuit of “health”, breakthroughs in styles and customisation of differentiated apartment types will be realised and more efforts will be put into quality and details.

Among the projects that are about to enter the market, the Group's JY Jiangshan Shili (景業江山十里) and JY Yunshan Xigu (景業雲山溪谷) in Tengchong, Yunnan province will be developed into stacked house residential products; the Maofeng Mountain project in Guangzhou will bring properties with both residential and commercial functions and Lingnan new Chinese style, with the aim of building eco-friendly and people-oriented properties worth expecting by the market.

It is the Group's product strategy to realise both good reputation and high profits by building quality properties that meet the market needs and lead market trends and transferring higher added value into premium while ensuring the cost of projects developed under control.

### 3) **Make efforts to deploy urban renewal and accelerate business growth**

Real estate development has come to the stock building age, and urban renewal becomes the blue ocean for real estate enterprises to actively deploy. Since the beginning of its establishment, the Group has taken urban renewal as one of its development businesses. Therefore, in its business plan, urban renewal will be a core business growth point of the Group.

At present, the Group is actively considering the possibility of a number of urban renewal projects, such as the core areas of Guangzhou and Foshan. The overall planning area is approximately 4 million sq.m., which is planned to be transferred in the next three years and will bring rapid growth to the land reserve and results for the Group.

### **Appreciation**

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

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

**CHAN Sze Ming Michael**

*Chairman of the Board*

Hong Kong, 20 August 2020

# Management Discussion and Analysis

## BUSINESS AND FINANCIAL REVIEW

### Overall performance

During the Period under Review, the aggregated contracted sales of the Group, including those of the Group's associate, was approximately RMB1,089.5 million, representing a period-on-period decrease of 9.8% as compared to RMB1,208.1 million for the six months ended 30 June 2019. The aggregated sales area was approximately 100,000 sq.m., which increased by 1.0% period-on-period as compared to approximately 99,000 sq.m. for the six months ended 30 June 2019.

During the Period under Review, the Group's recognised revenue was RMB924.7 million (1H2019: RMB762.4 million), representing a period-on-period increase of 21.3%. The operating profit was RMB290.1 million (1H2019: RMB345.0 million), representing a decrease of 15.9% over the same period of 2019. Profit for the period was RMB194.1 million (1H2019: RMB181.2 million), representing an increase of 7.1% as compared with the same period in 2019. Core net profit amounted to RMB193.8 million, representing an increase of 43.9% as compared with RMB134.7 million in the first half of 2019.

### Revenue

Our revenue represents consolidated revenue from (i) property development and sales; (ii) hotel operations; (iii) commercial property investment; and (iv) property management which are all derived in the PRC. During the Period under Review, revenue of the Group amounted to RMB924.7 million (1H2019: RMB762.4 million), representing an increase of 21.3% as compared with the corresponding period of 2019.

### Property development and sales

We focus on the development of quality residential properties with comfortable and convenient living environment. During the Period under Review, revenue from recognised sales of property development of the Group amounted to RMB884.7 million, representing an increase of 24.2% from RMB712.5 million for the same period of 2019, accounting for 95.7% of the Group's total revenue. The increase in revenue recognised was primarily due to an increase in the aggregate gross floor area ("GFA") completed and delivered as a result of the Group's continuing expansion.

The following table sets forth the breakdown of our revenue from property development and sales by geographical location for the six months ended 30 June 2020 and 2019.

City	Six months ended 30 June 2020				Six months ended 30 June 2019			
	Recognised revenue from sales of properties	% of recognised revenue from sale of properties	Total GFA delivered	Recognised average selling price	Recognised revenue from sales of properties	% of recognised revenue from sale of properties	Total GFA delivered	Recognised average selling price
	RMB'000	%	Sq.m.	RMB/Sq.m.	RMB'000	%	Sq.m.	RMB/Sq.m.
Guangzhou	279,503	31.6%	17,062	16,382	395,292	55.5%	35,886	11,015
Lingshui	185,146	20.9%	8,146	22,728	301,440	42.3%	15,493	19,457
Zhongshan	16,780	1.9%	735	22,830	7,438	1.0%	336	22,137
Tengchong	365,059	41.3%	37,947	9,620	-	-	-	-
Others (Note)	38,214	4.3%	N/A	N/A	8,365	1.2%	N/A	N/A
Total/overall	884,702	100.0%	63,890	13,249	712,535	100.0%	51,715	13,616

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

### Hotel operations

Apart from property development and sales, we also operate Just Stay Hotel and Just Stay Resort under our hotel operations business. During the Period under Review, revenue from hotel operations of the Group amounted to RMB21.4 million, representing a period-on-period decline by 41.5% from RMB36.6 million in the corresponding period of 2019, which was primarily owe to the impact of the outbreak of COVID-19. As the restaurants reopened and travels started to resume, revenue from hotel operations has been demonstrating a healthy recovery since the second quarter.

### Commercial property investment

Other than holding properties for development and sales, we also own commercial properties for leasing purpose. During the Period under Review, revenue from commercial property investment of the Group amounted to RMB11.0 million, representing an increase of 42.9% as compared with RMB7.7 million in the corresponding period of 2019. The increase was mainly due to increase in total GFA leased in the first half of 2020.

### Property management

We also derived income from our property management service provided to purchasers of the residential properties. During the Period under Review, revenue from property management service of the Group amounted to RMB7.7 million, representing an increase of 37.5% as compared with RMB5.6 million in the corresponding period of 2019, mainly due to increase in GFA of the properties under management.

### Cost of sales

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

During the Period under Review, cost of sales of the Group amounted to RMB520.1 million, representing an increase of 42.1% as compared with that of RMB366.0 million for the corresponding period of 2019. The increase in cost of sales was primarily due to increase in recognised revenue in line with the development of the Group's businesses.

### Gross profit and gross profit margin

During the Period under Review, the Group's gross profit amounted to RMB404.5 million, representing a period-on-period growth of 2.0% as compared with that of RMB396.4 million in the first half of 2019. The Group's gross profit margin decreased to 43.7% from 52.0% in the corresponding period of 2019.

During the Period under Review, the Group's gross profit margin from our property development and sales decreased by 9.5 percentage points to 45.3% from 54.8% in the corresponding period of 2019. Such decrease was primarily due to sales of JY Gaoligong Town Phase I and JY Hot Spring Villas, which attained gross profit margin ranging from approximately 40.4% to 41.8% and the revenue contribution of these two projects accounted for 63.4%, in aggregate, of our total revenue from property development and sales in the first half of 2020.

### Selling and marketing expenses

Our selling and marketing expenses consist primarily of advertising costs, commission fees, employee benefit expenses and other selling expenses. During the Period under Review, selling and marketing expenses of the Group amounted to RMB39.7 million, representing a slight decrease of 2.7% as compared with RMB40.8 million in the corresponding period of 2019, accounting for 4.3% of total revenue (1H2019: accounting for 5.4% of total revenue). The decrease was mainly due to less marketing activities in the first half of 2020.

### Administrative expenses

Administrative expenses primarily comprised of employee benefit expenses, entertainment expenses for our business, office expenses and travelling expenses. During the Period under Review, the Group's administrative expenses amounted to RMB62.9 million, representing a decline of 12.6% as compared with that of RMB72.0 million in the corresponding period of 2019, accounting for 6.8% of total revenue (1H2019: accounting for 9.4% of total revenue), primarily resulted from the non-recurring listing expenses of RMB10.6 million recorded in the first half of 2019.

### Other income and other expenses

Our other income primarily represented forfeited deposits from our customers in relation to the sales of properties and penalty income from our suppliers. Other expenses primarily represented donations to charitable organisations and regulatory penalties. During the Period under Review, the Group's other income increased to RMB1.6 million from RMB0.6 million in the corresponding period of 2019, primarily resulted from increase in penalty income from our suppliers. The Group's other expenses increased to RMB3.7 million from RMB1.2 million in the corresponding period of 2019, mainly due to increase in donations in response to COVID-19, as well as donation to Po Leung Kuk.

### Other (losses)/gains – net

Our other (losses)/gains – net primarily consisted of gains or losses from changes of fair value on investment properties, disposal of subsidiaries, interest on financial assets at fair value through profit or loss and net foreign exchange gains or losses. The Group's other (losses)/gains – net decreased from net gains of RMB61.9 million in the first half of 2019 to net losses of RMB9.1 million in the first half of 2020, mainly attributable to gains on disposal of Guangzhou Jinghong Investment Co., Ltd. for the six months ended 30 June 2019 amounting to RMB59.7 million.

### Finance costs/(income) – net

Finance costs/(income) – net comprise mainly interest expenses on our bank and other borrowings and leases net of capitalised interest expenses and interest income from bank deposits. The Group's finance costs/(income) – net increased from income of RMB0.5 million in the first half of 2019 to costs of RMB0.8 million in the first half of 2020, mainly due to increase in interest expense charged to finance costs amounting to RMB15.1 million for the six months ended 30 June 2020.

### Share of results of an associate

The Group's share of profit of an associate during the Period under Review amounted to RMB39.6 million, while the Group recognised share of loss of the associate amounted to RMB0.7 million in the same period of 2019. The increase was mainly due to recognition of revenue and the corresponding share of profit from the associate during the first half of 2020.

### Income tax expense

Income tax expense decreased to RMB134.9 million during the Period under Review from RMB163.4 million in the corresponding period of 2019, which was mainly due to decrease in land appreciation tax by RMB29.9 million. Our effective tax rate remained relatively stable at 27.2% and 28.2%, respectively, for the six months ended 30 June 2020 and 2019.

### Profit for the period

As a result of the aforementioned, profit for the period of the Group increased from RMB181.2 million for the six months ended 30 June 2019 to RMB194.1 million for the six months ended 30 June 2020, representing a period-on-period increase of 7.1%. Core net profit amounted to RMB193.8 million, representing an increase of 43.9% as compared with RMB134.7 million in the corresponding period of 2019.

Profit attributable to owners of the Company amounted to RMB196.9 million, representing an increase of 6.4% as compared with that of RMB185.0 million in the corresponding period of 2019.

The basic and diluted earnings per share amounted to RMB0.12 Yuan (1H2019: RMB0.15 Yuan).

## LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

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

### Cash positions and fund available

As at 30 June 2020, the total cash and bank balances of the Group were RMB2,168.2 million (31 December 2019: RMB1,976.1 million), of which RMB1,136.1 million (31 December 2019: RMB957.0 million) was cash and cash equivalents and RMB1,032.1 million (31 December 2019: RMB1,019.1 million) was restricted cash.

Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. As at 30 June 2020, the Group had placed cash deposits of RMB936.1 million (31 December 2019: RMB930.6 million) with designated banks as security for bank borrowings.

As at 30 June 2020, the Group's undrawn borrowing facilities were approximately RMB1,827.5 million (31 December 2019: RMB2,828.3 million).

### Borrowings

As at 30 June 2020, the total interest-bearing bank and other borrowings of the Group were RMB4,088.5 million (as at 31 December 2019: RMB3,303.0 million), of which RMB1,841.1 million (31 December 2019: RMB1,379.9 million) was included in non-current liabilities and RMB2,247.4 million (31 December 2019: RMB1,923.1 million) was included in current liabilities of the Group, respectively.

- (1) As at 30 June 2020, the Group's borrowings are denominated in following currencies:

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
RMB	2,523,926	1,807,071
HK\$	511,527	1,495,953
US\$	1,053,010	–
	<b>4,088,463</b>	3,303,024

- (2) As at 30 June 2020, bank and other borrowings totalling RMB2,889,303,000 (31 December 2019: RMB2,299,750,000) of the Group were secured by the following assets together with the Group's shares of certain subsidiaries:

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Lands	13,594	13,865
Property, plant and equipment	293,982	300,091
Investment properties	188,033	187,703
Properties under development	1,390,752	1,016,776
Completed properties held for sale	996,734	1,095,440
Trade receivables	1,134	1,190
Restricted cash	936,127	930,558
	<b>3,820,356</b>	3,545,623

### Cost of borrowings

For the six months ended 30 June 2020, total cost of borrowings of the Group amounted to RMB127.0 million, representing an increase of 124.8% from RMB56.5 million in the corresponding period of 2019, mainly attributable to higher average balance of banking borrowings during the Period under Review. The Group's weighted average effective interest rates for the six months ended 30 June 2020 was 6.35% (1H2019: 7.45%).

### Net gearing ratio

The Group's net gearing ratio increased from 47.1% as at 31 December 2019 to 67.2% as at 30 June 2020, primarily due to increase in total borrowings of RMB785.4 million.

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

### Contingent liabilities

- (1) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate, which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties. As at 30 June 2020, the outstanding guarantees were RMB1,209.0 million (31 December 2019: RMB1,075.9 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 Directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

- (2) As at 30 June 2020, the Group had provided guarantees for borrowings of the Group's associate amounting to RMB133.0 million (31 December 2019: nil).

### Commitments

As at 30 June 2020, the commitments of the Group for property development expenditure amounted to RMB2,017.8 million (31 December 2019: RMB1,897.0 million).

### Currency risks

The Group's businesses are principally conducted in Renminbi. As at 30 June 2020, major non-RMB assets and liabilities are cash and cash equivalent, restricted cash, trade and other payables and borrowings, which are denominated in HK\$ or US\$. Fluctuation of the exchange rate of RMB against HK\$ or US\$ could affect the Group's results of operations.

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

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the six months ended 30 June 2020, save as disclosed in the prospectus of the Company dated 25 November 2019 (the "**Prospectus**") and in this interim report, the Group currently has no other plan for material investments and capital assets.

## SIGNIFICANT INVESTMENTS, MAJOR ACQUISITIONS AND DISPOSALS

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

## USE OF PROCEEDS FROM THE IPO

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 5 December 2019. Net

proceeds from the IPO and partially exercising the over-allotment option received by the Company (the "Net Proceeds") were approximately RMB1,201.1 million after deducting the underwriting commission and relevant expenses. The Net Proceeds have been applied for the purpose in accordance with the future plans and use of proceeds as set out in the Prospectus. As at 30 June 2020, the unutilised Net Proceeds were deposited in licensed banks in Hong Kong and PRC.

As at 30 June 2020, an analysis of the utilisation of Net Proceeds of the Group is as follows:

Intended use of Net Proceeds as stated in the Prospectus	Percentage of total amount	Net Proceeds RMB in million	Utilised amount RMB in million	Unutilised amount RMB in million
– development costs for certain projects	60%	720.7	450.9 (132.1 used in JY Grand Garden, 77.3 used in JY Mountain Lake Gulf, 94.6 used in JY Uniworld (previously known as Zhaoqing International Technology and Innovation Centre (Zone B)) and 146.9 used in JY Gaoligong Town, as stated in the Prospectus)	269.8
– acquisition of land parcels	30%	360.3	360.3 (325.8 used for acquiring nine land parcels in Tengchong, Yunnan province, 34.5 used for prepayments of acquisition of land use rights in Guangdong province)	–
– general working capital	10%	120.1	51.4 (used as intended)	68.7
<b>Total</b>	<b>100%</b>	<b>1,201.1</b>	<b>862.6</b>	<b>338.5</b>

The Company expects to utilise the balance of the Net Proceeds of approximately RMB338.5 million by the end of 2020. Detailed schedule depends on the construction schedule of individual projects and market situation. As of the date of this interim report, save for the delay due to the lockdown measures in early 2020 to contain the spread of COVID-19 in the PRC, there is no material delay in the development and construction of the projects disclosed in the Prospectus to which the relevant portion of the unutilised Net Proceeds shall be applied.

Save as disclosed above, it is expected that the remaining portion of the unutilised Net Proceeds will be applied in a manner consistent with the disclosure in the Prospectus.



# Land Bank



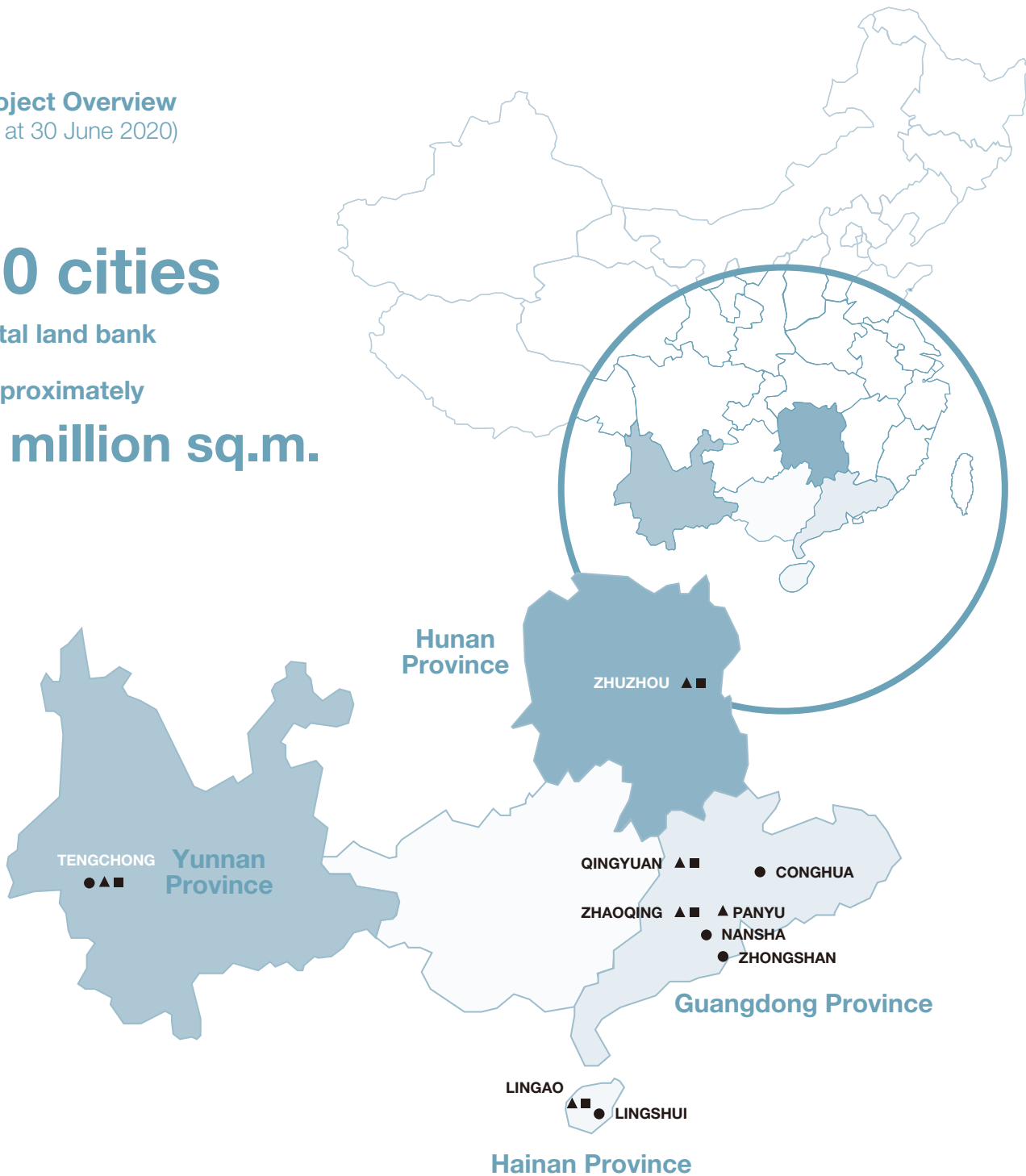
**Project Overview**  
(As at 30 June 2020)

## 10 cities

Total land bank

Approximately

## 4 million sq.m.



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



## Land Bank (Continued)

As at 30 June 2020, the Group had a total of 32 property projects in 10 cities. 31 of these properties were developed and owned by the Group, and 1 was developed by the Group's associate. As at 30 June 2020, the Group had a land bank of approximately 4 million sq.m. in terms of area.

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 held for future development.

The following table sets forth the land bank details of the Group by region as at 30 June 2020.

Location	No. of project	No. of project	No. of project	No. of project	Completed	Under development	Future development	Completed	Under development	Future development	Total land bank
<b>Guangdong (廣東省)</b>		<b>5</b>	<b>3</b>	<b>7</b>							
Conghua (從化)	3				65,424	–	–	–	–	–	65,424
Nansha (南沙)	1				25,872	–	–	–	–	–	25,872
Panyu (番禺)	2				–	–	51,260	–	–	–	51,260
Zhongshan (中山)	1				54,087	–	–	–	–	–	54,087
Qingyuan (清遠)	6				–	437,365	882,635	–	–	–	1,320,000
Zhaoqing (肇慶)	2				–	134,668	143,182	–	–	–	277,850
<b>Hainan (海南省)</b>		<b>5</b>	<b>1</b>	<b>2</b>							
Lingshui (陵水)	5				1,022	–	–	–	–	–	1,022
Lingao (臨高)	3				–	25,329	134,406	–	–	–	159,735
<b>Yunnan (雲南省)</b>		<b>1</b>	<b>1</b>	<b>3</b>							
Tengchong (騰衝)	5				82,024	24,769	1,188,858	–	–	–	1,295,651
<b>Hunan (湖南省)</b>		<b>–</b>	<b>1</b>	<b>3</b>							
Zhuzhou (株洲)	4				–	131,556	540,950	–	–	–	672,506
<b>Total</b>	<b>32</b>	<b>11</b>	<b>6</b>	<b>15</b>	<b>228,429</b>	<b>753,687</b>	<b>2,941,291</b>				<b>3,923,407</b>

## Land Bank (Continued)

### Land Bank

As at 30 June 2020

No.	Project	Interest of the Group	Province	Address	Type of the Property	Site Area x Group Interest (Note 1) (sq. m.)	Completed	Under development	Future development	Construction Completion Date/ Estimated Construction Completion Time	
							Saleable/ leaseable/ GFA unsold/ not leased x Group Interest (sq. m.)	Aggregate GFA (including non-saleable/ non-leaseable GFA) x Group Interest (sq. m.)	Estimated aggregated GFA for future development x Group Interest (sq. m.)		Total (sq. m.)
1	JY Lychee Town Phase I	100%	Guangdong	JY Lychee Town Garden, Xuanxing Village, Wenquan Town, Conghua District, Guangzhou, Guangdong Province, the PRC	Residential	70,385	6,198	-	-	6,198	2015.12
2	JY Lychee Town Phase II	100%	Guangdong	JY Lychee Town Garden, Xuanxing Village, Wenquan Town, Conghua District, Guangzhou, Guangdong Province, the PRC	Residential	70,385	45,794	-	-	45,794	2018.10
3	JY Hot Spring Villas	100%	Guangdong	No. 288 Yuquan Avenue, Liangkou Town, Conghua District, Guangzhou, Guangdong Province, the PRC	Hotel rooms	131,091	13,432	-	-	13,432	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	333	-	-	333	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	232	-	-	232	2016.12
6	JY Clearwater Bay No. 3 Phase III	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	121,631	-	-	-	-	2018.07
7	JY Clearwater Bay No. 3 Phase VI	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	58,823	457	-	-	457	2019.06
8	JY Clearwater Bay No. 3 Phase VII	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	48,471	-	-	-	-	2019.06
9	JY Donghuzhou Haoyuan	30%	Guangdong	South of Huanshi Avenue, Nanheng Village, Nansha Street, Nansha District, Guangzhou, Guangdong Province, the PRC	Residential	17,791	25,872	-	-	25,872	2019.05
10	JY Yarra New Street (previously known as Zhongshan Yueheng Project)	95%	Guangdong	Yarra City Commercial Street, Southern District, Zhongshan City, Guangdong Province, the PRC	Shop		54,087	-	-	54,087	
11	JY Grand Garden Phase I	100%	Guangdong	JY Grand Garden, West of Yingzhou Avenue, Yingcheng Town, Yingde City, Guangdong Province, the PRC	Residential	67,812	-	261,289	-	261,289	2020.12
12	JY Grand Garden Phase II	100%	Guangdong	JY Grand Garden, West of Yingzhou Avenue, Yingcheng Town, Yingde City, Guangdong Province, the PRC	Residential	67,812	-	176,076	-	176,076	2022.06
13	JY Gaoligong Town Phase I	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	82,024	-	-	82,024	2019.12
14	JY Gaoligong Town Phase II	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	-	24,769	113,842	138,611	2020.12
15	JY Mountain Lake Gulf Phase I (100# Lot)	100%	Hunan	79 Jincheng Road East, Hetang District, Zhuzhou City, Hunan Province, the PRC	Residential	101,175	-	131,556	-	131,556	2020.09
16	JY Uniworld (previously known as Zhaoping International Technology and Innovation Centre (Zone B))	90%	Guangdong	17 Yongli Avenue, New Area, Dinghu District, Zhaoping City, Guangdong Province, the PRC	Residential and commercial	40,335	-	134,668	-	134,668	2021.03
17	JY Grandmark Building	100%	Guangdong	South of Nanda Road, Yuangang County, Nancun Town, Panyu District, Guangzhou City, Guangdong Province, the PRC	Urban redevelopment: Commercial property to be redeveloped	8,194	-	-	19,610	19,610	2022.06

## Land Bank (Continued)

No.	Project	Interest of the Group	Province	Address	Type of the Property	Site Area x Group Interest (Note 1) (sq. m.)	Completed	Under development	Future development	Total (sq. m.)	Construction Completion Date/ Estimated Construction Time
							Saleable/ leaseable GFA unsold/ not leased x Group Interest (sq. m.)	Aggregate GFA (including non-saleable/ non-leaseable GFA) x Group Interest (sq. m.)	Estimated aggregated GFA for future development x Group Interest (sq. m.)		
18	JY Guangzhou Asian Games City Area Project	100%	Guangdong	Fulian Road, Lianhuashan Town, Panyu District, Guangzhou City, Guangdong Province, the PRC	Urban redevelopment: Commercial property to be redeveloped	16,747	-	-	31,650	31,650	2022.06
19	JY Egret Bay (previously known as JY Well-being Valley Phase I (06# Lot))	80%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	23,023	-	25,329	2,907	28,236	2020.12
20	JY Well-being Valley Phase II (07# Lot)	80%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	47,774	-	-	80,984	80,984	2021.06
21	JY Well-being Valley Phase III (04# Lot)	80%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	41,210	-	-	50,515	50,515	2021.12
22	JY Grand Garden Phase III	100%	Guangdong	Lot B, North of Guangbi Road, East of Yingzhou Avenue, Yingde City, Guangdong Province, the PRC	Residential	26,340	-	-	118,531	118,531	2022.09
23	JY Canglong Bay Project	80%	Guangdong	Lot B, North of Jiaoyu Road, East of Hongyun Avenue, Yinghong Town, Yingde City, Guangdong Province, the PRC	Residential	60,230	-	-	180,690	180,690	2021.11
24	JY Yonghua Shijia Project	100%	Guangdong	North of Lingnan Road, East of Hongyun Avenue, Yinghong Town, Yingde City, Guangdong Province, the PRC	Residential	60,877	-	-	182,630	182,630	2022.12
25	JY Yingde Jinxiang Project	100%	Guangdong	West of Baojing Road, South of Yingzhou Avenue, Yingcheng District, Yingde City, Guangdong Province, the PRC	Urban redevelopment: Commercial and residential property to be redeveloped	160,314	-	-	400,784	400,784	2023.05
26	JY Gaoligong Town Phase III	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	-	-	68,893	68,893	2022.06
27	JY Mountain Lake Gulf Phase II (100# Lot)	100%	Hunan	79 Jincheng Road East, Hetang District, Zhuzhou City, Hunan Province, the PRC	Residential	101,175	-	-	236,787	236,787	2021.12
28	JY Mountain Lake Gulf Project Phase III (111# Lot)	100%	Hunan	North of Intersection of Jincheng East Road and Jinda Road, Zhuzhou City, Hunan Province, the PRC	Residential	85,260	-	-	213,147	213,147	2022.06
29	JY Mountain Lake Gulf Project Phase IV (99# Lot)	100%	Hunan	299 Hetang Avenue, Hetang District, Zhuzhou City, Hunan Province, the PRC	Commercial	22,754	-	-	91,016	91,016	2022.08
30	Zhaoqing International Technology and Innovation Centre (Zone A)	90%	Guangdong	West of Yingbin Road, North of Yongli Avenue, South of Zongbu 2nd Road, North of Zongbu 3rd Road, New Area, Dinghu District, Zhaoqing City, Guangdong Province, the PRC	Business and commercial	26,446	-	-	143,182	143,182	2021.12
31	JY Jiangshan Shili	100%	Yunnan	Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	243,227	-	-	729,831	729,831	2022.06
32	JY Yunshan Xigu	100%	Yunnan	Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential and hotel	132,971	-	-	276,292	276,292	2023.06
<b>Total</b>						<b>2,016,073</b>	<b>228,429</b>	<b>753,687</b>	<b>2,941,291</b>	<b>3,923,407</b>	

Note:

- (1) Relevant land use certificate were granted to the entire land parcel and breakdown of site area for each phase was not available.

# Corporate Governance and Other Information

## Compliance With the Corporate Governance Code

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company has adopted the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code on corporate governance. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code during the six months ended 30 June 2020.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding the securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the six months ended 30 June 2020.

## 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 2020, 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 as set out in Appendix 10 of the Listing Rules were as follows:

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

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

#### Notes:

- (1) These 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 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 2020.

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

### Interest in associated corporation(s)

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

Note:

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

Save as disclosed above, as at 30 June 2020, none of the Directors or the chief executive of the Company had any interest or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as known to the Directors and chief executive of the Company, as at 30 June 2020, the following persons or corporations (other than our Directors and chief executive of the Company) who had interest and/or short positions in the shares or underlying shares of the Company which would be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

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

Notes:

- (1) All interests stated are long positions.

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

Notes: (continued)

- (2) These 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 shares of the Company held by Sze Ming Limited pursuant to the SFO.
- (3) Ms. SHUM Wing Yin is the spouse of Mr. CHAN Sze Ming Michael, and is deemed to be interested in the shares of the Company which are interested by Mr. CHAN Sze Ming Michael under the SFO.
- (4) The calculation is based on the total number of issued ordinary shares of 1,646,173,000 shares of the Company as at 30 June 2020.

Save as disclosed above, as at 30 June 2020, so far as known to the Directors and chief executive of the Company, there was no person or corporation (other than the Directors and chief executives of the Company) had any interest or short positions in the shares or underlying shares of the Company which would be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO, or which were recorded in the register required to be kept under Section 336 of SFO.

## Employees and Remuneration Policies

As at 30 June 2020, the Group had a total of 911 employees (30 June 2019: 857 employees). For the Period under Review, the Group has recognised staff costs of RMB67.1 million (1H2019: RMB77.9 million). The Group provided employees with salaries and benefits that, in its opinion, were competitive with market standards and regularly reviewed the remuneration policies based on employees' contributions and industry standards. The Company maintains a share option scheme for the purpose of providing incentives and rewards to the participants for their contribution to the Group. The Group also contributed to medical insurance, pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and housing provident funds for our employees and paid relevant insurance premiums. In addition, the Group was committed to cultivating all-level skilled employees. The Group provided training programs based on the positions and expertise of our employees to enhance their understanding and apprehension of the property industry and related fields. Besides internal training, the Group also engaged external experts to provide training courses for its employees from time to time. Details of the share option scheme of the Company are set out in the section headed "Share Option Scheme". The Group regularly reviews and determines the remuneration and compensation package of the Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group.

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

## Share Option Scheme

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

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

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

No option was granted or agreed to be granted under the Share Option Scheme during the six months ended 30 June 2020. There was no share option outstanding as at the beginning and at the end of the Period under Review.

### Purchase, Sale or Redemption of Listed 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 2020.

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

There is no change in Directors' biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the annual report of the Company for the year ended 31 December 2019.

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

On 28 May 2020, the Company, as borrower, accepted a facility letter (the "**Facility Letter**") issued by a bank as Lender (the "**Lender**"), pursuant to which the Lender, agreed to make a term loan facility to the Company in an amount up to USD40,000,000 for a term of one year from the acceptance date of the Facility Letter subject to the terms and conditions as set out in the Facility Letter. Pursuant to the Facility Letter, the Company undertook to the Lender that it shall ensure (i) Chan S. M. Michael Family Trust shall at all times own, directly or indirectly, at least 70% of beneficial shareholding in the Company, and (ii) Mr. CHAN Sze Ming Michael shall remain the chairman and executive director of the Company and maintain control over the management and business of the Company and its subsidiaries. Breach of any of the undertakings will constitute an event of default under the Facility Letter.

### Events After the Period Under Review

No significant events affecting the Group had occurred during the period from 1 July 2020 to the date of this interim report.

### Issue of 7.5% Senior Notes Due 2021

The Company issued senior notes in an aggregate principal amount of US\$150,000,000 in Hong Kong on 10 March 2020 (the "**2020 Note**"). The interest rate of the 2020 Note is fixed at 7.5% per annum. The 2020 Note will mature on 9 March 2021, and are puttable for early redemption at the principal amount at any time prior to 9 March 2021. The 2020 Note were listed on the Stock Exchange on 11 March 2020. We plan to use to acquire or develop property projects, refinance existing indebtedness and for general corporate purposes. Please refer to the announcements of the Company dated 5 March 2020 and 11 March 2020 for details.

### Public Float

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

### Interim Dividend

The Board declared payment of an interim dividend (the “**Interim Dividend**”) for the six months ended 30 June 2020 of RMB3.59 cents per share (equivalent to HK\$4.01 cents per share, which is based on the average middle rate of RMB to HK\$ as announced by the People’s Bank of China for the five business days preceding the date of declaration of such dividend). The Interim Dividend will be paid in HK\$ on or around Friday, 18 September 2020 to the shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 10 September 2020.

### Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 8 September 2020 to Thursday, 10 September 2020 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the Interim Dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 7 September 2020.

### Audit Committee

The audit committee of the Company (the “**Audit Committee**”) was established on 13 November 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee include (but without limitation): (i) be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor; (ii) monitor the integrity of the Company’s financial statements, annual reports, accounts, interim reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them; (iii) oversee the Company’s financial reporting system, risk management and internal control systems; and (iv) develop and review the Company’s policies and practices on corporate governance and make recommendations to the Board. For the six months ended 30 June 2020, the Audit Committee consists of three independent non-executive Directors, namely, Mr. WU William Wai Leung (chairman of the Audit Committee who possesses the appropriate professional qualification or accounting or related financial management expertise), Mr. MA Ching Nam and Mr. LEONG Chong. The written terms of reference of the Audit Committee has been made available on the Company’s website at [www.jygrandmark.com](http://www.jygrandmark.com) and on the website of the Stock Exchange.

The Audit Committee has considered and reviewed the interim results of the Group for the six months ended 30 June 2020 and this interim report before recommendation to the Board for approval. It has, in conjunction with the external auditor of the Company, PricewaterhouseCoopers, reviewed the interim condensed financial statements for the six months ended 30 June 2020. The accounting information given in this interim report has not been audited.



# Interim Condensed Consolidated Statement of Financial Position

(All amounts in RMB Yuan thousands unless otherwise stated)

	<i>Notes</i>	<b>As at 30 June 2020 Unaudited RMB'000</b>	As at 31 December 2019 Audited RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	<b>314,223</b>	320,264
Right-of-use assets	13	<b>261,664</b>	260,377
Investment properties	13	<b>188,033</b>	187,703
Intangible assets	13	<b>2,536</b>	2,582
Other receivables and prepayments	16	<b>12,839</b>	12,929
Deferred income tax assets		<b>141,321</b>	126,131
Investment in an associate	12	<b>66,225</b>	29,653
		<b>986,841</b>	939,639
<b>Current assets</b>			
Inventories		<b>1,560</b>	1,645
Contract costs	5	<b>25,835</b>	23,148
Properties under development	14	<b>4,365,094</b>	3,955,015
Completed properties held for sale	15	<b>1,498,668</b>	1,772,134
Trade and other receivables and prepayments	16	<b>652,707</b>	480,736
Prepaid taxes	17	<b>81,984</b>	56,962
Financial assets at fair value through profit or loss		<b>6,400</b>	–
Restricted cash	18	<b>1,032,104</b>	1,019,118
Cash and cash equivalents	19	<b>1,136,050</b>	956,933
Amounts due from related parties	26	<b>7,897</b>	7,759
		<b>8,808,299</b>	8,273,450
<b>Total assets</b>		<b>9,795,140</b>	9,213,089

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

(All amounts in RMB Yuan thousands unless otherwise stated)

	<i>Notes</i>	<b>As at 30 June 2020 Unaudited RMB'000</b>	<b>As at 31 December 2019 Audited RMB'000</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	20	14,746	14,746
Other reserves	21	1,757,996	1,765,202
Retained earnings	21	985,452	939,006
		<b>2,758,194</b>	2,718,954
<b>Non-controlling interests</b>		<b>97,644</b>	100,455
<b>Total equity</b>		<b>2,855,838</b>	2,819,409
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		210,664	186,142
Bank and other borrowings	22	1,841,045	1,379,922
Lease liabilities		65,644	62,921
		<b>2,117,353</b>	1,628,985
<b>Current liabilities</b>			
Bank and other borrowings	22	2,247,418	1,923,102
Trade and other payables	23	2,311,458	2,553,385
Lease liabilities		4,421	3,743
Current income tax liabilities		258,652	234,465
Amounts due to related parties	26	–	50,000
		<b>4,821,949</b>	4,764,695
<b>Total liabilities</b>		<b>6,939,302</b>	6,393,680
<b>Total equity and liabilities</b>		<b>9,795,140</b>	9,213,089

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

The financial statements on pages 23 to 56 were approved by the Board of Directors on 20 August 2020 and were signed on its behalf.

**CHAN Sze Ming Michael**  
Director

**LIU Huaxi**  
Director

# Interim Condensed Consolidated Statement of Comprehensive Income

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	Six months ended 30 June	
		2020 Unaudited RMB'000	2019 Audited RMB'000
Revenue	5	924,694	762,404
Cost of sales	6	(520,145)	(366,046)
<b>Gross profit</b>		<b>404,549</b>	396,358
Selling and marketing expenses	6	(39,689)	(40,787)
Administrative expenses	6	(62,909)	(71,990)
Net impairment (losses)/reversal on financial assets		(569)	78
Other income		1,590	638
Other expenses		(3,729)	(1,204)
Other (losses)/gains – net	7	(9,131)	61,865
<b>Operating profit</b>		<b>290,112</b>	344,958
Finance costs	8	(15,086)	–
Finance income	8	14,305	452
Finance (costs)/income – net	8	(781)	452
Share of results of a joint venture		–	(158)
Share of results of an associate		39,645	(650)
<b>Profit before income tax</b>		<b>328,976</b>	344,602
Income tax expense	9	(134,881)	(163,427)
<b>Profit for the period</b>		<b>194,095</b>	181,175
<b>Profit attributable to:</b>			
Owners of the Company		196,906	185,003
Non-controlling interests		(2,811)	(3,828)
		<b>194,095</b>	181,175
<b>Other comprehensive loss for the period</b>			
<i>Item that may be reclassified to profit or loss</i>			
– Currency translation differences		(7,206)	(6,574)
<b>Other comprehensive loss for the period, net of tax</b>		<b>(7,206)</b>	(6,574)
<b>Total comprehensive income for the period</b>		<b>186,889</b>	174,601
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		189,700	178,429
Non-controlling interests		(2,811)	(3,828)
		<b>186,889</b>	174,601
<b>Earnings per share (expressed in RMB per share)</b>			
– Basic and diluted earnings per share	10	0.12	0.15

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

# Interim Condensed Consolidated Statement of Changes in Equity

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company					Non-controlling interests	Total
	Share capital	Other reserves	Retained earnings	Sub-total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
<b>Six months ended 30 June 2020</b> <b>(Unaudited)</b>							
<b>Balance at 1 January 2020</b>	<b>14,746</b>	<b>1,765,202</b>	<b>939,006</b>	<b>2,718,954</b>	<b>100,455</b>	<b>2,819,409</b>	
Comprehensive income							
– Profit/(loss) for the period	–	–	<b>196,906</b>	<b>196,906</b>	<b>(2,811)</b>	<b>194,095</b>	
– Other comprehensive loss	–	<b>(7,206)</b>	–	<b>(7,206)</b>	–	<b>(7,206)</b>	
Total comprehensive income/(loss)	–	<b>(7,206)</b>	<b>196,906</b>	<b>189,700</b>	<b>(2,811)</b>	<b>186,889</b>	
<b>Transactions with owners in their capacity as owners:</b>							
Dividends paid	–	–	<b>(150,460)</b>	<b>(150,460)</b>	–	<b>(150,460)</b>	
Total transactions with owners	–	–	<b>(150,460)</b>	<b>(150,460)</b>	–	<b>(150,460)</b>	
<b>Balance at 30 June 2020</b>	<b>14,746</b>	<b>1,757,996</b>	<b>985,452</b>	<b>2,758,194</b>	<b>97,644</b>	<b>2,855,838</b>	
<b>Six months ended 30 June 2019</b> <b>(Audited)</b>							
<b>Balance at 1 January 2019</b>	–	62,643	486,661	549,304	103,975	653,279	
Comprehensive income							
– Profit/(loss) for the period	–	–	185,003	185,003	(3,828)	181,175	
– Other comprehensive loss	–	(6,574)	–	(6,574)	–	(6,574)	
Total comprehensive income/(loss)	–	(6,574)	185,003	178,429	(3,828)	174,601	
<b>Transactions with owners in their capacity as owners:</b>							
Disposal of a subsidiary	–	–	–	–	54	54	
Capital injections from non-controlling interests	–	–	–	–	3,026	3,026	
Total transactions with owners	–	–	–	–	3,080	3,080	
<b>Balance at 30 June 2019</b>	–	56,069	671,664	727,733	103,227	830,960	

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

# Interim Condensed Consolidated Statement of Cash Flows

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Six months ended 30 June	
		2020 Unaudited RMB'000	2019 Audited RMB'000
<b>Cash flows from operating activities</b>			
Cash used in operations		(204,819)	(148,279)
Income tax paid		(134,073)	(158,616)
Interest paid		(109,500)	(56,124)
Net cash used in operating activities		(448,392)	(363,019)
<b>Cash flows from investing activities</b>			
Payments for acquisition of subsidiaries, net of cash acquired		(5,814)	(157,594)
Proceeds from disposal of subsidiaries, net of cash disposed of		–	77,853
Purchases of property, plant and equipment		(2,598)	(4,618)
Proceeds from disposal of property, plant and equipment		39	–
Purchases of intangible assets		(418)	(806)
Net cash (outflow)/inflow from financial assets at fair value through profit or loss		(6,400)	600
Cash advanced to related parties		(13)	–
Cash repayments from related parties		–	891,000
Payments to original shareholder and non-controlling interest of a subsidiary acquired		–	(715,152)
Interest received on financial assets at fair value through profit or loss		2,613	870
Interest received		7,759	452
Net cash (used in)/generated from investing activities		(4,832)	92,605
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		2,297,426	905,968
Repayments of borrowings		(1,511,987)	(406,998)
Advances from related parties		–	271,097
Capital injection from non-controlling interests		–	3,026
Payments for listing related expenses		(2,891)	(1,473)
Increase in restricted cash for securing bank borrowings		(5,569)	(221,451)
Lease payments		(2,667)	(1,352)
Dividends paid to the Company's shareholders		(150,460)	–
Net cash generated from financing activities		623,852	548,817
<b>Net increase in cash and cash equivalents</b>			
Exchange gains on cash and cash equivalents		8,489	74
Cash and cash equivalents at beginning of period		956,933	218,881
<b>Cash and cash equivalents at end of period</b>	19	<b>1,136,050</b>	497,358

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

# Notes to the Interim Financial Information

(All amounts in RMB Yuan thousands unless otherwise stated)

## 1 General information

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

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

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

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

The interim financial information has not been audited.

In the first half of 2020, the national property market was affected by the outbreak of COVID-19. COVID-19 may affect the financial performance and position of the industry of real estate including the construction and delivery of properties, rental income, revenue from hotel operations and so on. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the interim condensed consolidated financial information is authorised for issue, COVID-19 doesn’t have any material adverse impact on the financial position and operating result of the Group.

## 2 Basis of preparation and accounting policies

The interim financial information has been prepared in accordance with HKAS 34 “Interim Financial Reporting”. The interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2019, as described in those annual financial statements, except the adoption of new and amended standards and interpretation as described below.

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

Amendments to HKAS 1 and HKAS 8	Definition of material
Amendments to HKFRS 3	Definition of a business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest rate benchmark reform
Amendments to HKFRS 16	COVID-19-related rent concessions
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting

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

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

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

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

The following new standards and amendments have been published that are not mandatory for the six months ended 30 June 2020 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 HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate and joint venture	Effective date to be determined
HKFRS 17	Insurance contracts	1 January 2021

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

### 3 Estimates

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

In preparing the interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2019, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings.

(All amounts in RMB Yuan thousands unless otherwise stated)

### 4 Financial risk management

#### 4.1 Financial risk factors

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

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

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

#### 4.2 Fair value estimation

The different levels of fair value estimation have been defined as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

See Note 13 for disclosures of the investment properties that are measured at fair value.



## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 4 Financial risk management (continued)

#### 4.2 Fair value estimation (continued)

The following table presents the Group's financial assets that are measured at fair value as at 30 June 2020 by level of the inputs to valuation techniques used to measure fair value:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>At 30 June 2020 (Unaudited)</b>				
Financial assets at fair value through profit or loss – wealth management products	–	–	6,400	6,400
<b>At 31 December 2019 (Audited)</b>				
Financial assets at fair value through profit or loss	–	–	–	–

#### (a) Financial instruments in level 3

Wealth management products mainly are investments in financial instruments issued by banks, which have no guaranteed returns. They were not past due or impaired as at 30 June 2020.

The fair value of financial assets at fair value through profit or loss in level 3 is estimated by discounted cash flows at rates that reflect management's best estimation of the expected risk level. The significant unobservable inputs of the valuation techniques include expected future cash flow, expected recovery date and discount rates that correspond to the expected risk level.

Financial assets	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss	Level 3	Discounted cash flows that are estimated based on expected future cash flows, discounted at rates that reflect management's best estimation of the expected risk level.	Expected future cash flow.  Discount rates that correspond to the expected risk level.	The higher the future cash flow, the higher the fair value.  The lower the discount rate, the higher the fair value.

There were no transfers between levels during the period. There was no significant financial liabilities measured at fair value as at 30 June 2020 (31 December 2019: nil).

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 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.

#### (b) Segment performance

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

	Property development and sales Unaudited RMB'000	Commercial property investment Unaudited RMB'000	Hotel operations Unaudited RMB'000	Property management Unaudited RMB'000	Total Unaudited RMB'000
Segment revenue	884,702	–	21,790	8,044	914,536
Recognised at a point in time	884,702	–	–	–	884,702
Recognised over time	–	–	21,790	8,044	29,834
Revenue from other sources: rental income	–	16,834	–	–	16,834
Inter-segment revenue	–	(5,874)	(410)	(392)	(6,676)
Revenue from external customers	884,702	10,960	21,380	7,652	924,694
Gross profit	401,036	9,683	(5,342)	(828)	404,549
Selling and marketing expenses					(39,689)
Administrative expenses					(62,909)
Net impairment losses on financial assets					(569)
Other income					1,590
Other expenses					(3,729)
Other losses – net					(9,131)
Finance costs – net					(781)
Share of results of an associate (Note 12)	39,645	–	–	–	39,645
Profit before income tax					328,976
Income tax expense					(134,881)
Profit for the period					194,095
Depreciation and amortisation	6,341	–	7,391	61	13,793
Fair value gains on investment properties – net (Note 13)	–	330	–	–	330

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 5 Revenue and segment information (continued)

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

The segment information provided to the executive directors for the reportable segments for the six months ended 30 June 2019 is as follows:

	Property development and sales	Commercial property investment	Hotel operations	Property management	Total
	Audited RMB'000	Audited RMB'000	Audited RMB'000	Audited RMB'000	Audited RMB'000
Segment revenue	712,535	–	37,077	5,592	755,204
Recognised at a point in time	712,535	–	–	–	712,535
Recognised over time	–	–	37,077	5,592	42,669
Revenue from other sources:					
rental income	–	11,789	–	–	11,789
Inter-segment revenue	–	(4,071)	(518)	–	(4,589)
Revenue from external customers	712,535	7,718	36,559	5,592	762,404
Gross profit	390,252	7,262	200	(1,356)	396,358
Selling and marketing expenses					(40,787)
Administrative expenses					(71,990)
Net impairment reversal on financial assets					78
Other income					638
Other expenses					(1,204)
Other gains – net					61,865
Finance income – net					452
Share of results of a joint venture	(158)	–	–	–	(158)
Share of results of an associate (Note 12)	(650)	–	–	–	(650)
Profit before income tax					344,602
Income tax expense					(163,427)
Profit for the period					181,175
Depreciation and amortisation	6,176	–	7,881	19	14,076
Fair value gains on investment properties – net (Note 13)	–	1,298	–	–	1,298

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

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 5 Revenue and segment information (continued)

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

The segment assets and liabilities provided to the executive directors for the reportable segments as at 30 June 2020 is as follows:

	Property development and sales Unaudited RMB'000	Commercial property investment Unaudited RMB'000	Hotel operations Unaudited RMB'000	Property management Unaudited RMB'000	Total Unaudited RMB'000
Segment assets	9,151,345	206,239	286,614	3,221	9,647,419
Segment assets include:					
Investment in an associate ( <i>Note 12</i> )	66,225	–	–	–	66,225
Addition to non-current assets (other than financial instruments and deferred income tax assets)	8,551	–	441	37	9,029
Segment liabilities	2,350,642	7,258	15,328	8,295	2,381,523

The segment assets and liabilities provided to the executive directors for the reportable segments as at 31 December 2019 is as follows:

	Property development and sales Audited RMB'000	Commercial property investment Audited RMB'000	Hotel operations Audited RMB'000	Property management Audited RMB'000	Total Audited RMB'000
Segment assets	8,538,314	198,298	348,250	2,096	9,086,958
Segment assets include:					
Investment in an associate ( <i>Note 12</i> )	29,653	–	–	–	29,653
Addition to non-current assets (other than financial instruments and deferred income tax assets)	17,299	–	662	129	18,090
Segment liabilities	2,637,528	3,196	18,907	10,418	2,670,049

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 5 Revenue and segment information (continued)

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

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

#### (i) Segment assets

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

The Group's deferred income tax assets and financial assets at fair value through profit or loss 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 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Segment assets	9,647,419	9,086,958
Unallocated:		
– Deferred income tax assets	141,321	126,131
– Financial assets at fair value through profit or loss	6,400	–
Total assets	9,795,140	9,213,089

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 5 Revenue and segment information (continued)

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

##### (ii) Segment liabilities

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

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

Segment liabilities are reconciled to total liabilities as follows:

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Segment liabilities	<b>2,381,523</b>	2,670,049
Unallocated:		
– Current income tax liabilities	<b>258,652</b>	234,465
– Deferred income tax liabilities	<b>210,664</b>	186,142
– Short-term borrowings and current portion of long-term borrowings	<b>2,247,418</b>	1,923,102
– Long-term borrowings	<b>1,841,045</b>	1,379,922
Total liabilities	<b>6,939,302</b>	6,393,680

#### (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 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Sale commissions	<b>25,835</b>	23,148

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 2020, the amount of amortisation was RMB20,624,000 (six months ended 30 June 2019: RMB18,265,000). There was no impairment loss in relation to the costs capitalised.

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 5 Revenue and segment information (continued)

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

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

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Contract liabilities related to sales of properties	1,039,692	1,109,683
Contract liabilities related to others	5,477	6,080
	<b>1,045,169</b>	1,115,763

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 2020 related to carried-forward contract liabilities:

	Six months ended 30 June	
	2020 Unaudited RMB'000	2019 Audited RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period		
Sales of properties	591,505	607,110
Others	6,080	6,865
	<b>597,585</b>	613,975

(iv) The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities, which are expected to be recognised in 1 to 3 years as at 30 June 2020 and 31 December 2019.

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 6 Expenses by nature

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

	Six months ended 30 June	
	2020 Unaudited RMB'000	2019 Audited RMB'000
Cost of properties sold – including construction cost, land cost and interest cost	469,592	304,957
Employee benefit expenses (including directors' emoluments)	58,727	67,665
Employee benefit expenditure – including directors' emoluments	67,095	77,863
Less: capitalised in properties under development	(8,368)	(10,198)
Commission fees	20,624	18,265
Hotel operations expenses	12,178	15,702
Taxes and other levies	8,750	9,098
Advertising costs	11,063	15,754
Entertainment expenses	8,906	7,523
Depreciation and amortisation of intangible assets and right-of-use assets	13,793	14,076
Listing expenses	–	10,602
Office and travelling expenses	3,252	4,691
Auditor's remuneration	900	195
Property management fees	2,512	2,656
Professional consulting fees	3,008	548
Others	9,438	7,091
<b>Total</b>	<b>622,743</b>	<b>478,823</b>



## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 7 Other (losses)/gains – net

	Six months ended 30 June	
	2020 Unaudited RMB'000	2019 Audited RMB'000
Interest on financial assets at fair value through profit or loss	2,613	870
Gains/(losses) on disposals of property, plant and equipment	1	(9)
Fair value gains on investment properties ( <i>Note 13</i> )	330	1,298
Gains on disposal of a subsidiary	–	59,706
Net foreign exchange losses	(12,075)	–
	<b>(9,131)</b>	61,865

### 8 Finance costs/(income) – net

	Six months ended 30 June	
	2020 Unaudited RMB'000	2019 Audited RMB'000
Finance costs		
– Interest expense on bank and other borrowings	126,956	56,489
– Interest expense on leases	1,600	1,473
Net exchange gains on foreign currency borrowings	(835)	–
Less:		
– Interest capitalised	(112,635)	(57,962)
	<b>15,086</b>	–
Finance income		
– Interest income from bank deposits	(14,305)	(452)
Finance costs/(income) – net	<b>781</b>	(452)

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 9 Income tax expense

	Six months ended 30 June	
	2020 Unaudited RMB'000	2019 Audited RMB'000
Current income tax:		
– Corporate income tax	62,094	90,859
– Land appreciation tax	63,455	93,102
	<b>125,549</b>	183,961
Deferred income tax:		
– Corporate income tax	10,398	(19,752)
– Land appreciation tax	(1,066)	(782)
	<b>9,332</b>	(20,534)
	<b>134,881</b>	163,427

#### (a) PRC corporate income tax

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

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

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

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

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

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 9 Income tax expense (continued)

#### (c) Overseas income tax

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

#### (d) Hong Kong profits tax

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the group companies did not have assessable profit in Hong Kong for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

### 10 Earnings per share

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

	Six months ended 30 June	
	2020 Unaudited	2019 Audited
Profit attribute to owners of the Company (RMB'000)	<b>196,906</b>	185,003
Weighted average number of ordinary shares in issue (in thousand)	<b>1,646,173</b>	1,200,000
Earnings per share – basic (RMB per share)	<b>0.12</b>	0.15
Earnings per share – diluted (RMB per share)	<b>0.12</b>	0.15

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

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 11 Dividend

The 2019 final dividend amounting to RMB150,460,000 (equivalent to HK Dollar (HK\$)163,630,000) was approved by the Company's shareholders at the annual general meeting of the Company held on 28 May 2020 and was subsequently distributed in June 2020.

The board of directors of the Company declared payment of an interim dividend of RMB3.59 cents per share (equivalent to HK\$4.01 cents per share) for the six months ended 30 June 2020 (six months ended 30 June 2019: nil). This interim dividend has not been recognised as liabilities in this interim financial information.

### 12 Investment in an associate

The movement of investment in an associate is as follows:

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Opening balances	29,653	35,326
Share of results	39,645	(1,387)
Elimination of unrealised profits	(3,073)	(4,286)
Ending balances	<b>66,225</b>	29,653

(a) Nature of investment in an associate as at 30 June 2020:

Name of entity	Place of business/country of incorporation	Principal activities	% of ownership interest		Measurement method
			As at 30 June 2020	As at 31 December 2019	
Guangzhou Nansha Donghuzhou Real Estate Development Co., Ltd. (the "Donghuzhou") 廣州市南沙東湖洲房地產有限公司	PRC	Property development	30%	30%	Equity

(b) As at 30 June 2020 and 31 December 2019, there were no significant contingencies relating to the Group's interests in the associate.

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

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

	Property, plant and equipment RMB'000	Right-of- use assets RMB'000	Investment properties RMB'000	Intangible assets RMB'000
<b>Six months ended 30 June 2020 (Unaudited)</b>				
Opening net book amount as at 1 January 2020	320,264	260,377	187,703	2,582
Additions	2,598	6,013	–	418
Disposals	(38)	–	–	–
Depreciation/amortisation charges	(8,632)	(4,773)	–	(464)
Fair value changes	–	–	330	–
Exchange difference	31	47	–	–
<b>Closing net book amount as at 30 June 2020</b>	<b>314,223</b>	<b>261,664</b>	<b>188,033</b>	<b>2,536</b>
<b>Six months ended 30 June 2019 (Audited)</b>				
Opening net book amount as at 1 January 2019	330,837	262,703	184,275	1,854
Additions	4,618	195	–	806
Disposals	(9)	–	–	–
Depreciation/amortisation charges	(9,250)	(4,653)	–	(286)
Fair value changes	–	–	1,298	–
Exchange difference	10	(30)	–	–
<b>Closing net book amount as at 30 June 2019</b>	<b>326,206</b>	<b>258,215</b>	<b>185,573</b>	<b>2,374</b>

- (a) As at 30 June 2020, property, plant and equipment with net book amounts totalling RMB293,982,000 (31 December 2019: RMB300,091,000), right-of-use assets of RMB13,594,000 (31 December 2019: RMB13,865,000) and investment properties of RMB188,033,000 (31 December 2019: RMB187,703,000) were pledged as collateral for the Group's bank and other borrowings (Note 22).
- (b) As at 30 June 2020, property, plant and equipment mainly comprised of hotels of RMB266,993,000 (31 December 2019: RMB272,752,000) which are located in the PRC.
- (c) As at 30 June 2020 and 31 December 2019, right-of-use assets mainly comprise the prepaid leases of land contracting fee on agricultural land and forest land, which are amortised under the contracting terms.

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

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

- (d) As at 30 June 2020 and 31 December 2019, investment properties mainly comprise three retail properties. There were no changes to the valuation techniques for the six months ended 30 June 2020.

	Property category	Fair value at 30 June 2020	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Retail properties	188,033,000	Term and reversionary method	Market price (RMB/square metre)	114-227	The higher the market price, the higher the fair value
				Term yields	4.00%-4.50%	The higher the term yields, the lower the fair value

	Property category	Fair value at 31 December 2019	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Retail properties	187,703,000	Term and reversionary method	Market price (RMB/square metre)	114-227	The higher the market price, the higher the fair value
				Term yields	4.00%-4.50%	The higher the term yields, the lower the fair value

### 14 Properties under development

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Properties under development expected to be completed:		
– Land use rights	2,706,225	2,595,003
– Contractual rights of land (Note (a))	256,732	256,732
– Construction costs	1,163,800	963,761
– Interests capitalised	238,337	139,519
	<b>4,365,094</b>	3,955,015

- (a) Contractual rights of land mainly represents the construction land acquired from the collective economic organisations in 2017, which will be transferred to land use rights in near future.
- (b) Properties under development are located in the PRC and expected to be completed, and available for sale within normal operating cycle.
- (c) The capitalisation rate of borrowings for the six months ended 30 June 2020 is 5.87% (six months ended June 2019: 7.45%).
- (d) As at 30 June 2020, properties under development with net book value of RMB1,390,752,000 (31 December 2019: RMB1,016,776,000), were pledged as collateral for the Group's bank and other borrowings (Note 22).

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 15 Completed properties held for sale

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Completed properties held for sale developed by the Group:		
Land use rights	108,314	128,967
Construction costs	528,177	758,061
Interest capitalised	46,076	54,763
	<b>682,567</b>	941,791
Completed properties held for sale acquired	<b>816,101</b>	830,343
	<b>1,498,668</b>	1,772,134

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

As at 30 June 2020, completed properties held for sale with net book value of RMB996,734,000 (31 December 2019: RMB1,095,440,000), were pledged as collateral for the Group's bank and other borrowings (Note 22).

### 16 Trade and other receivables and prepayments

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
<b>Included in current assets:</b>		
Trade receivables – third parties (Note (a))	16,130	7,552
Other receivables – third parties (Note (b))	166,860	319,697
Prepayments for acquisition of land use rights (Note (c))	451,854	132,854
Other prepayments (Note (d))	32,154	34,445
	<b>666,998</b>	494,548
Less: non-current portion	<b>(12,839)</b>	(12,929)
Less: impairment	<b>(1,452)</b>	(883)
	<b>652,707</b>	480,736

As at 30 June 2020 and 31 December 2019, the fair value of trade and other receivables approximated their carrying amounts.

As at 30 June 2020, trade receivables with net book value of RMB1,134,000 (31 December 2019: RMB1,190,000) were pledged as collateral for the Group's bank and other borrowings (Note 22).

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

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

(a) Details of trade receivables are as follows:

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Trade receivables – third parties	16,130	7,552
Less: allowance for impairment	–	–
Trade receivables – net	<b>16,130</b>	7,552

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

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Within one year	<b>16,130</b>	7,552

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

The Group's trade receivables are denominated in RMB.

(b) Details of other receivables are as follows:

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Deposits for acquisition of land use rights	112,839	275,419
Others	54,021	44,278
	<b>166,860</b>	319,697
Less: allowance for impairment	<b>(1,452)</b>	(883)
Other receivables – net	<b>165,408</b>	318,814



## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

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

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

(d) Details of other prepayments are as follows:

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Prepayments for property development projects	14,164	12,668
Prepaid taxes and other levies	4,377	4,274
Others	13,613	17,503
Other prepayments	<b>32,154</b>	34,445

### 17 Prepaid taxes

Details of prepaid taxes are as follows:

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Corporate income taxes	47,821	15,626
Land appreciation taxes	10,850	10,334
Value added taxes	23,313	31,002
	<b>81,984</b>	56,962

### 18 Restricted cash

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Guarantee deposits for construction of pre-sold properties ( <i>Note (a)</i> )	94,174	87,171
Guarantee deposits for borrowings ( <i>Note (b)</i> )	936,127	930,558
Others	1,803	1,389
	<b>1,032,104</b>	1,019,118

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

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 18 Restricted cash (continued)

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

As at 30 June 2020, the Group had placed cash deposits of approximately RMB936,127,000 (31 December 2019: RMB930,558,000) with designated banks as security for bank borrowings (Note 22).

### 19 Cash and cash equivalents

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Cash at bank and in hand	2,168,154	1,976,051
Less: restricted cash	(1,032,104)	(1,019,118)
Cash and cash equivalents	<b>1,136,050</b>	956,933

Cash and cash equivalents are denominated in the following currencies:

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Denominated in RMB	1,065,786	306,878
Denominated in HK\$	41,066	612,592
Denominated in US\$	29,198	37,463
	<b>1,136,050</b>	956,933

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

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 20 Share capital

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Total
<b>Authorised</b>				
<b>As at 30 June 2020 (Unaudited)</b>	<b>2,500,000,000</b>			
<b>Issued and fully paid</b>				
<b>Six months ended 30 June 2020 (Unaudited)</b>				
As at 1 January 2020 and 30 June 2020	1,646,173,000	HK\$16,462,000	RMB14,746,000	RMB14,746,000
<b>Six months ended 30 June 2019 (Audited)</b>				
As at 1 January 2019 and 30 June 2019	3	HK\$0.03	RMB0.03	RMB0.03

### 21 Other reserves and retained earnings

	Combined reserves RMB'000	Statutory reserve RMB'000	Exchange difference RMB'000	Total reserves RMB'000	Retained earnings RMB'000	Total RMB'000
<b>Six months ended 30 June 2020 (Unaudited)</b>						
<b>Balance at 1 January 2020</b>	1,726,596	100,189	(61,583)	1,765,202	939,006	2,704,208
Profit for the period	-	-	-	-	196,906	196,906
Dividends paid	-	-	-	-	(150,460)	(150,460)
Other comprehensive loss	-	-	(7,206)	(7,206)	-	(7,206)
<b>Balance at 30 June 2020</b>	1,726,596	100,189	(68,789)	1,757,996	985,452	2,743,448
<b>Six months ended 30 June 2019 (Audited)</b>						
<b>Balance at 1 January 2019</b>	43,810	51,017	(32,184)	62,643	486,661	549,304
Profit for the period	-	-	-	-	185,003	185,003
Other comprehensive loss	-	-	(6,574)	(6,574)	-	(6,574)
<b>Balance at 30 June 2019</b>	43,810	51,017	(38,758)	56,069	671,664	727,733

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 22 Bank and other borrowings

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Bank borrowings	3,035,453	3,096,995
Senior notes ( <i>Note (a)</i> )	1,053,010	–
Loans from a third party	–	206,029
	<b>4,088,463</b>	3,303,024
Included in non-current liabilities:		
– Secured ( <i>Note (c) &amp; (d)</i> )	2,577,620	1,595,888
Less: current portion of non-current liabilities	<b>(736,575)</b>	(215,966)
	<b>1,841,045</b>	1,379,922
Included in current liabilities:		
– Secured ( <i>Note (c) &amp; (d)</i> )	311,683	703,862
– Unsecured ( <i>Note (d)</i> )	1,199,160	1,003,274
Add: Current portion of non-current liabilities	<b>736,575</b>	215,966
	<b>2,247,418</b>	1,923,102
Total borrowings	<b>4,088,463</b>	3,303,024

- (a) The Company issued senior notes in an aggregate principal amount of US\$150,000,000 in Hong Kong on 10 March 2020 (the “**2020 Note**”). The interest rate of the 2020 Note is fixed at 7.5% per annum. The 2020 Note will mature on 9 March 2021, and are puttable for early redemption at the principal amount at any time prior to 9 March 2021. The 2020 Note were listed on the Stock Exchange on 11 March 2020.

The net proceeds, after deducting the issuance costs, amounted to US\$148,395,000 (equivalent to approximately RMB1,029,715,000).

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

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 22 Bank and other borrowings (continued)

(b) As at 30 June 2020, the Group's borrowings are denominated in following currencies:

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
RMB	2,523,926	1,807,071
HK\$	511,527	1,495,953
US\$	1,053,010	–
	<b>4,088,463</b>	3,303,024

(c) As at 30 June 2020, bank and other borrowings totalling RMB2,889,303,000 (31 December 2019: RMB2,299,750,000) of the Group were secured by the following assets together with the Group's shares of certain subsidiaries:

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Lands	13,594	13,865
Property, plant and equipment	293,982	300,091
Investment properties	188,033	187,703
Properties under development	1,390,752	1,016,776
Completed properties held for sale	996,734	1,095,440
Trade receivables	1,134	1,190
Restricted cash	936,127	930,558
	<b>3,820,356</b>	3,545,623

(d) The Group's unsecured borrowings of RMB1,199,160,000 (31 December 2019: RMB555,384,000) as at 30 June 2020 were guaranteed by certain subsidiaries.

The Group's secured borrowings of RMB2,508,626,000 (31 December 2019: RMB2,226,150,000) as at 30 June 2020 were guaranteed by the Company, certain subsidiaries and the ultimate controlling shareholder.

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 22 Bank and other borrowings (continued)

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

	Six months ended 30 June	
	2020 Unaudited	2019 Audited
Bank borrowings	6.01%	7.45%
Senior notes	8.48%	–

(f) The carrying amounts of the borrowings approximate their fair values as at 30 June 2020 and 31 December 2019 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 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Trade payables (Note (a))	737,938	888,864
Notes payable	156,901	156,369
Amounts due to non-controlling interests	63,483	62,123
Outstanding consideration payables for acquisitions (Note (b))	46,995	52,809
Contract liabilities (Note 5)	1,045,169	1,115,763
Deposits payables (Note (c))	59,762	54,243
Accrued expenses	18,708	37,240
Salaries payable	20,489	52,944
Other taxes payable	95,405	76,286
Interest payable	25,338	6,282
Other payables (Note (d))	41,270	50,462
	<b>2,311,458</b>	<b>2,553,385</b>

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 23 Trade and other payables (continued)

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

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Within one year	654,391	788,893
Over one year	83,547	99,971
	<b>737,938</b>	888,864

The Group's trade payables as at 30 June 2020 is denominated in RMB, US\$ and HK\$.

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
RMB	734,036	884,962
US\$	2,192	2,192
HK\$	1,710	1,710
	<b>737,938</b>	888,864

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

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 24 Guarantee

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Guarantee in respect of mortgage facilities for certain purchasers ( <i>Note (a)</i> )	1,209,025	1,075,944
Guarantees for borrowings of an associate ( <i>Note (b)</i> )	133,000	–
	<b>1,342,025</b>	1,075,944

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

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

- (b) As at 30 June 2020, the Group had provided guarantees for borrowing of the Group's associate amounting to RMB133,000,000 (31 December 2019: nil).

### 25 Commitments

Commitments for property development expenditure:

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Contracted but not provided for: Property development activities	<b>2,017,821</b>	1,896,976



## Notes to the Interim Financial Information (Continued)

(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.

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

Name	Relationship
CHAN Sze Ming Michael	Ultimate controlling shareholder
Donghuzhou 廣州市南沙東湖洲房地產有限公司	Associate of the Group

#### (b) Transactions with related parties

The ultimate controlling shareholder of the Company is CHAN Sze Ming Michael, who own 72.9% of the Company's shares.

The Group had the following transactions with related parties for the six months ended 30 June 2020:

	Six months ended 30 June	
	2020 Unaudited RMB'000	2019 Audited RMB'000
(i) Provision of guarantee in respect of borrowings outstanding – ultimate controlling shareholder	445,000	543,067
(ii) Rendering of property management services – Donghuzhou	481	324
(iii) Rendering of management consultancy services – Donghuzhou	1,754	11,950
(iv) Rendering of property fitting out work – Donghuzhou	45,872	–
(v) Providing guarantees for borrowings – Donghuzhou	133,000	–

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

## Notes to the Interim Financial Information (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

### 26 Related party transactions (continued)

#### (c) Balances with related parties

	<b>As at 30 June 2020 Unaudited RMB'000</b>	As at 31 December 2019 Audited RMB'000
Amounts due from an associate		
Trade balances		
– Donghuzhou	<b>1,859</b>	1,734
Non-trade balances		
– Donghuzhou	<b>6,038</b>	6,025
Amounts due to an associate		
Trade balance		
– Donghuzhou	–	50,000

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

#### (d) Key management compensation

Key management compensation for the six months ended 30 June 2020 and 2019 are set out below:

	<b>Six months ended 30 June</b>	
	<b>2020 Unaudited RMB'000</b>	2019 Audited RMB'000
Key management compensation		
– Salaries and other employee benefits	<b>6,510</b>	10,397
– Pension costs	<b>5</b>	50
	<b>6,515</b>	10,447