



JY GRANDMARK HOLDINGS LIMITED

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

2022 Interim Results Announcement 31 August 2022



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**Result
Highlights**



2022 Interim Result Highlights

Accurate positioning project development, enabling the projects to break through against the trend; The Group going all out to guarantee delivery and fulfill commitments

- Affected by the unfavorable macro market environment, the severe market condition and the continuous impact of the epidemic, loss for the period was RMB 305.4 million, Contracted sales of the Group decreased by 49.2% year-on-year to RMB 1,262.0 million.
- Despite the downturn in the market, **Guangzhou JY Uniworld has made breakthrough against the trend and become a popular property in eastern Guangzhou.**
- In the first half of the year, despite the severe control due to the pandemic, **the Group ensured the delivery of 3 projects (i.e. Yingde Grand Garden, Zhaoqing Uniworld, and Yunnan Gaoligong Town) as scheduled by 30 June** through managing construction progress, maintaining sound reserve fund for construction and actively deploying the delivery work.

Achieving both revenue and brand enhancement in property management business

One more resort being launched under the hotel brand

- **Revenue from property management services** of the Group amounted to RMB12.7 million, representing an increase of 19.8%, mainly due to an increase in GFA of the properties under management.
- **Zhuodu Property achieved a good brand reputation in the first half of the year, with record high customer satisfaction** and a steady improvement in reputation, in terms of safety service, engineering service, environmental service and etc.
- **The Just Stay Maofengshan Cultural Tourism Resort (卓思道帽峰山文旅度假酒店)** of the Group **obtained the operating license in the first half of the year** and successfully completed the preparation and construction. It is currently in the trial operation stage. Maofengshan Cultural Tourism Resort is a **key ecological area**, planned by the Guangzhou Municipal Government as a forest health homestay development area and the livable flower city of Guangzhou. It is a demonstration model for the Group to explore rural revitalization, and **in the future, it will be built into a popular tourist resort hotel adjacent to the Greater Bay Area.**

**Flexible land acquisition strategies
Increase quality land bank**

- As of 31 June 2022, the Group had a land bank of nearly **4 million sq.m.**
- Continue to strengthen mergers and acquisitions, joint development and other models, in addition to tenders, auctions or listing-for-sale and pursue a diversified land acquisition strategy.

Significant progress in the urban renewal business

- **The Zhujiang Village Redevelopment Project (珠江村舊改項目)** under the urban renewal business is listed in the “Guangzhou City 2022 Urban Renewal Project Implementation Plan”, and significant progress has been made in the promotion and implementation of Zhujiang village’s redevelopment.
- **Urban renewal** is an important driver of land bank expansion. Acquiring prime land in core cities will continue to be an important driver of land bank expansion and business growth for the Group
- Continue to **expand into Guangdong-Hong Kong-Macao Greater Bay Area and seek for strong alliance with competent and qualified partners** to enhance its comprehensive competitiveness among the same sector.

Sound financial position gains recognition in the capital market

- In January 2022, the Group **successfully issued 7.5% senior notes due January 2023 in an aggregate principal amount of US\$152,100,000.** The issue of the 2022 New Notes comprised of the exchange offer of the existing 2021 Notes amounting to US\$149,600,000 and completion of concurrent new money issuance amounting to US\$2,500,000.

**Epidemic
Response
Measures**



Seize the Opportunities of Post-pandemic Market Development

Property Development and Sales

Forward-looking project development with accurate market positioning

- Thanks to some of our projects with forward-looking and accurate market positioning, which has been recognised by the market and boosted our overall sales performance, we achieved a breakthrough against the trend.
- Guangzhou JY Uniworld is a key project of the Group in the core area of the Greater Bay Area** and has been well recognised by the market for its convenient transportation, complete supporting facilities, and ingenious quality.
- Closely monitor the process of construction of its property development projects to **ensure that construction and related payments are fulfilled**.
- Aiming at the market timing, the Group deployed a series of sales strategies to accurately mobilise customers, and in return, it achieved performance growth against the trend, with **many projects becoming the best sellers in local regions**.

Property Management

Optimising the organizational structure and improving the overall service level

- In the first half of the year, the property management system implemented information systematization to improve the efficiency of property services to improve the overall service level.
- The Group adjusted its organizational structure, and improved its work-to-person ratio by optimising its operational structure and reducing personnel, with an aim to drive steady development with efficiency.

Hotel Operation

Enhancing the comprehensive operational capabilities

- Enhanced customer experience and service quality** by upgrading and improving facilities and equipment, diversifying the operating projects, and adding value to the product experience.
- Strengthened online marketing and promotion by seizing major nodes, **to increase the occupancy rate and repeated occupancy rate of new and existing customers** through online marketing to attract traffic, offline experience and word-of-mouth communication.
- Established a customer service call-back system, a customer feedback system and an OTA platform rating enhancement and promotion programme, so that products and services are closer to customer needs and the market, **creating word-of-mouth through experience and enhancing the brand's premium capacity**.



Financial Summary



Financial Summary

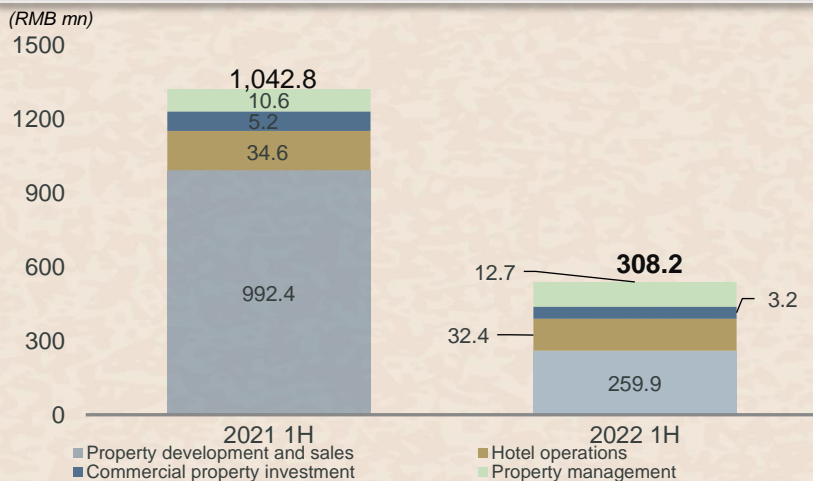
(RMB million)	2022 1H	2021 1H	Change
Revenue	308.2	1,042.8	-70.4%
Gross profit	61.4	412.1	-85.1%
Gross profit margin	19.9%	39.5%	-19.6ppts
Net (loss)/profit	(305.4)	168.4	-281.4%
(Loss)/profit attributable to owners of the Company	(185.8)	170.8	-208.8%
Basic and diluted (loss)/earnings per share (expressed in RMB per share)	(0.11)	0.10	-210.0%
Dividend per share (expressed in RMB cent per share)	-	3.63	N/A

Financial Summary (Cont.)

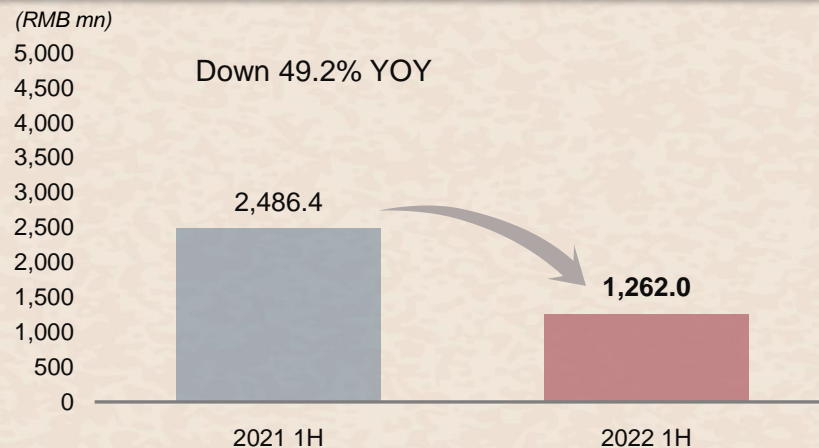
(RMB million)	As at 30 June 2022	As at 31 December 2021	Change
Total assets	13,600.1	13,926.4	-2.3%
Total liabilities	9,203.7	9,147.5	+0.6%
Total equity	4,396.4	4,778.9	-0.8%
Total cash and bank balance	1,497.5	2,299.8	-34.9%
Net gearing ratio	61.6%	46.0%	+15.6ppts

Pandemic and Severe Market Conditions affected the Group's results

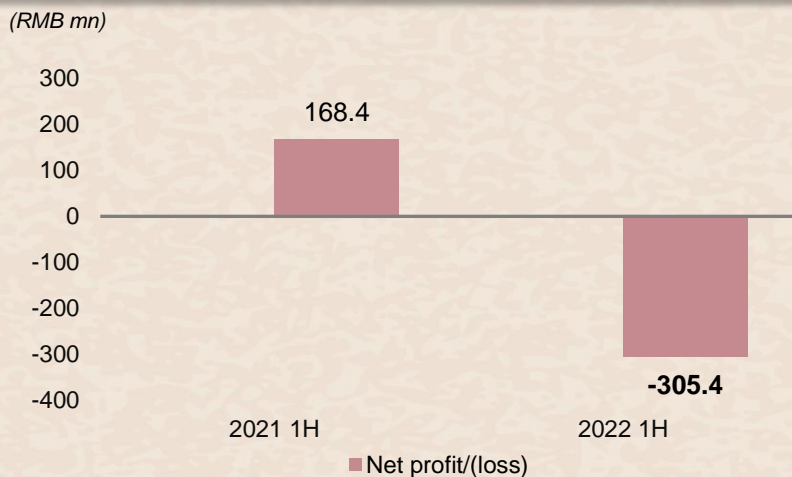
Revenue (by business segments)



Contracted sales

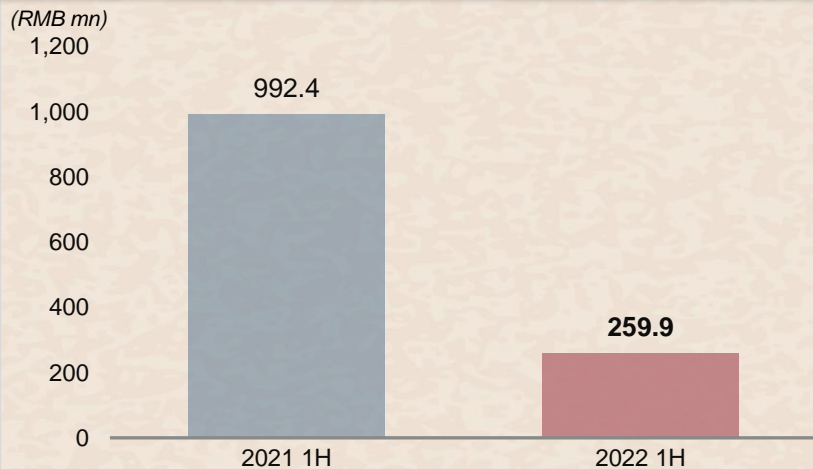


Net profit/(loss)

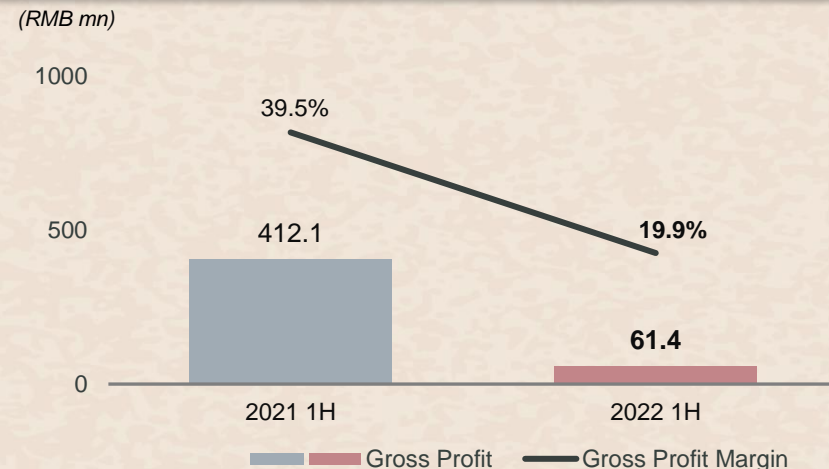


Performance of Property Development and Sales

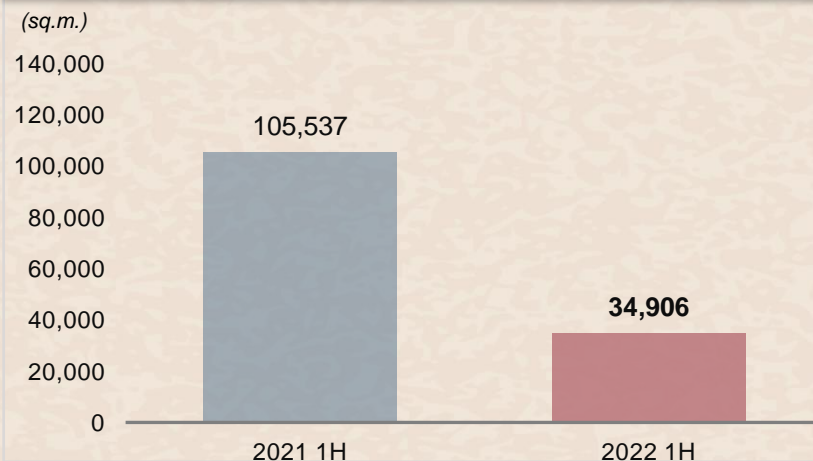
Revenue of property development and sales



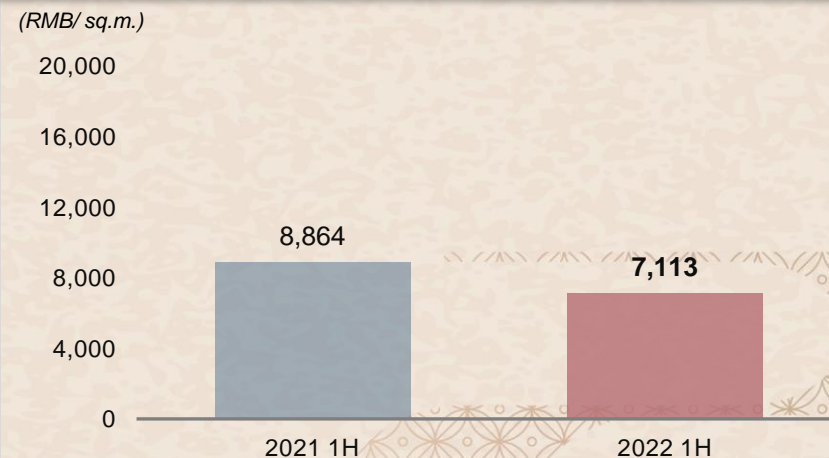
Gross profit & gross profit margin of property development and sales



Total GFA delivered



Recognised ASP

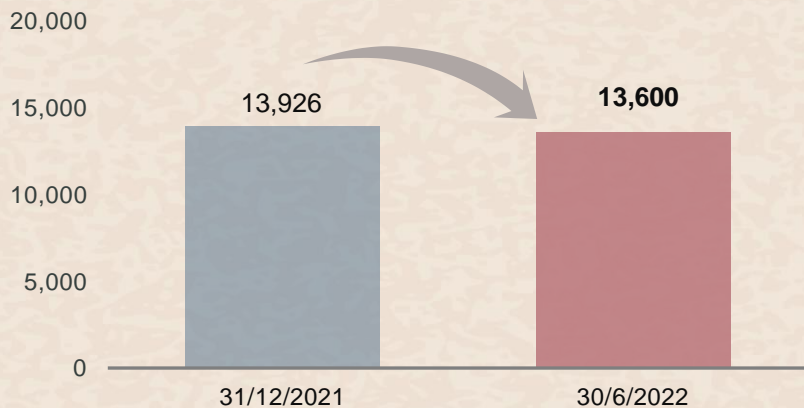


Solid Financial Position

Continuous Optimisation of Capital Structure

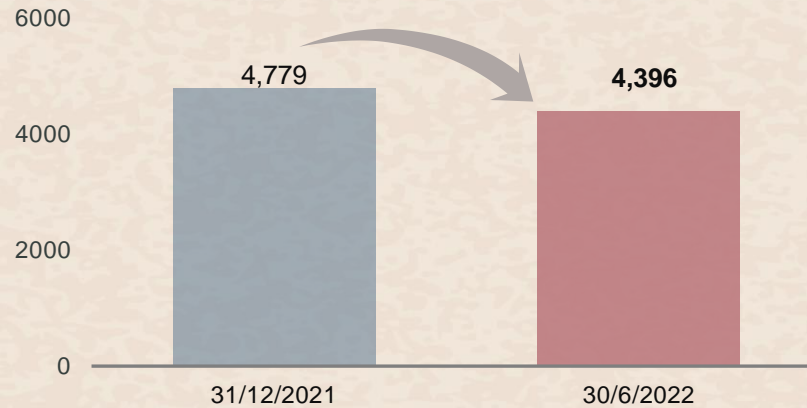
Total assets

(RMB mn)



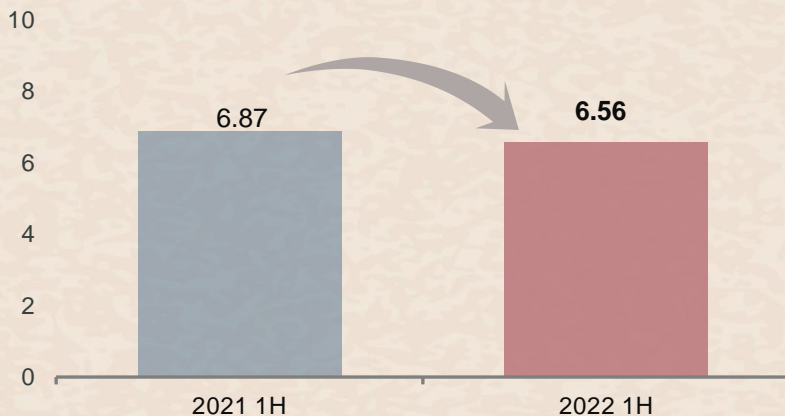
Total equity

(RMB mn)



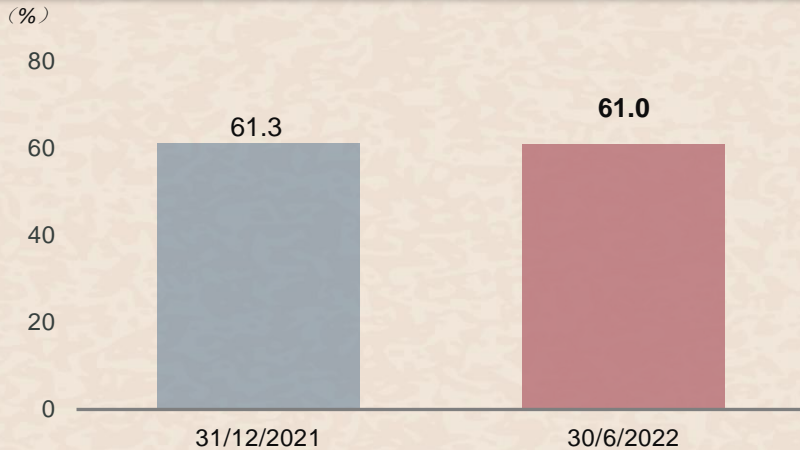
Weighted average effective interest rate

(%)

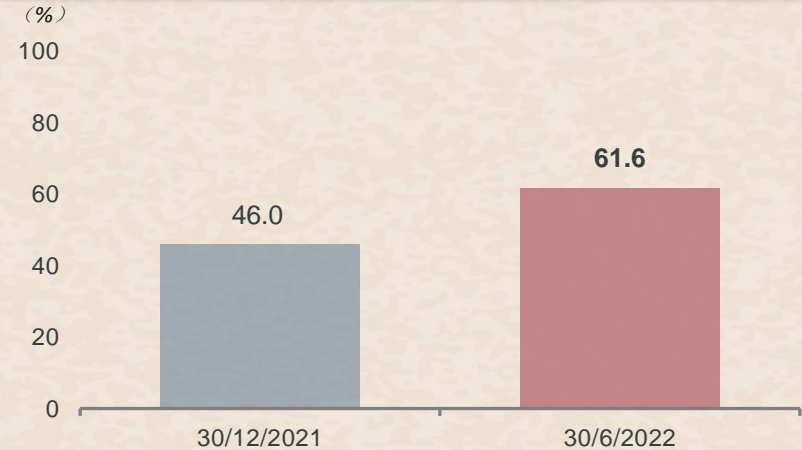


Maintained Stable Gearing level, Held Tight to the Cash Flow

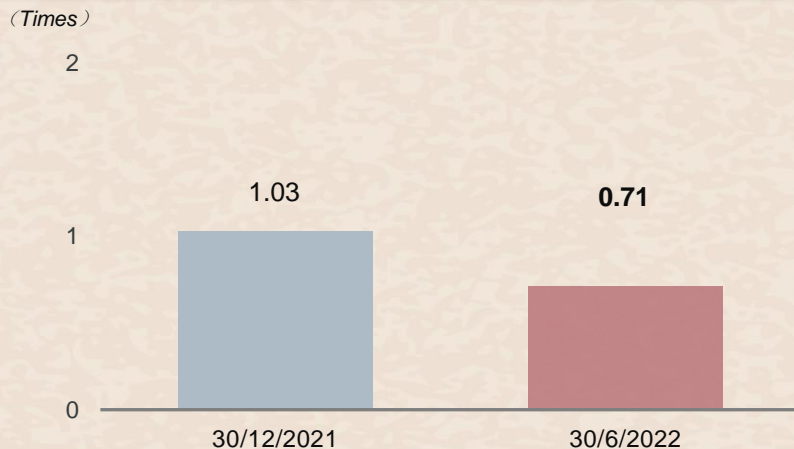
Asset-liability ratio (excluding contract liabilities)



Net gearing ratio



Cash-to-Short Debt ratio



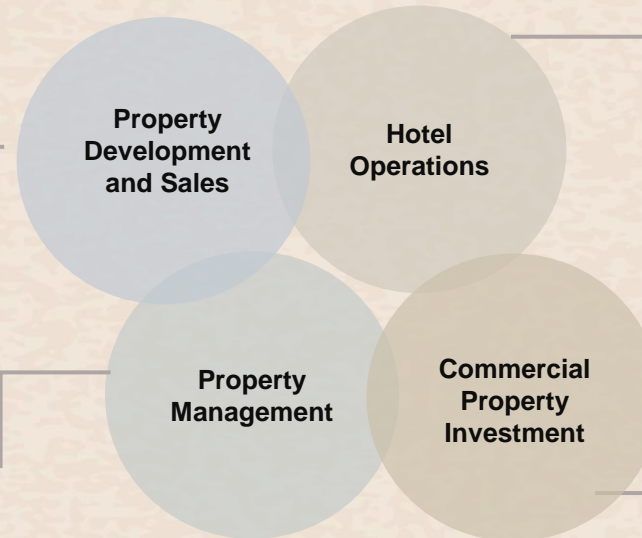
**Business
Review**



Diversified Business Portfolio

Four Core Business

- Property Development and Sales is the principal activities of the Group, focusing on the development of quality residential properties with comfortable and convenient living environment
- Most of the revenue from property sales were derived from the Greater Bay Area, Hainan, Yunnan and Hunan
- Property management services includes security, cleaning, gardening, repair and maintenance



- The Group operates Just Stay Hotel and Just Stay Resort under its hotel operations business
- The Just Stay Maofengshan Cultural Tourism Resort (卓思道帽峰山文旅度假酒店) of the Group is currently in the trial operation stage
- Revenue from hotel operations includes leasing of hotel rooms, self-operated restaurants and food and beverage outlets, and operations of hot spring facilities

Commercial properties for leasing include:

- Seven commercial premises situated at the neighbourhood of Just Stay Hotel at Xingnan Avenue and South Avenue, Nancun Town, Panyu District, Guangzhou, China
- Positions of Just Stay Hotel held for investment which comprise three premises
- Sub-leased part of the commercial property rented for use as headquarters to others
- JY Yarra New Street in Zhongshan
- JY Lychee Town retail premises
- JY Grandmark Building and JY Guangzhou Asian Games City Area Project



Develop Benchmark Property Projects



JY Lychee Town

- The first property project developed by the Group in the PRC. The project, which consists of two phases, is located in Conghua District, Guangzhou, Guangdong
- The total GFA is approximately 226,903 sq.m.



JY Hot Spring Villas

- Located at a famous hot spring area, each property is equipped with a private hot spring pool
- The total GFA is approximately 44,521 sq.m.



JY Donghuzhou Haoyuan

- A residential property project located in Pilot Free Trade Zone of Nansha, Guangzhou which consists of ten 15 to 17-storey residential buildings
- The total GFA is approximately 116,629 sq.m.



JY Clearwater Bay

- A residential property project located in Lingshui Li Autonomous County, Hainan
- Divided into phase I, phase II, phase III, phase VI and phase VII
- The total GFA is approximately 209,190 sq.m.



Develop Benchmark Property Projects (Cont.)



JY Gaoligong Town

- A residential property project located in Tengchong, Yunnan
- The project consists of three phases
- The total GFA is approximately 335,286 sq.m.



JY Uniworld (Zhaoqing)

- Located in Zhaoqing, the project is well received by the market
- Incorporate the spatial philosophy of Lingnan into apartment design
- The total GFA is approximately 149,632 sq.m.



JY Grand Garden

- A residential property project located in Qingyuan city, Guangdong
- The project consists of three phases
- The total GFA is approximately 593,924 sq.m.



JY Mountain Lake Gulf

- A residential and commercial property development project located in Hetang District, Zhuzhou, Hunan. It consists of three phases.
- The total GFA is approximately 642,981 sq.m.



Develop Benchmark Property Projects (Cont.)



JY Egret Bay

- A residential property project located in Lingao County, Hainan
- The project integrates tourism, leisure, residence and commerce
- The total GFA is approximately **199,768** sq.m.



JY Yarra New Street

- A commercial property located in Southern District, Zhongshan, Guangzhou
- The total GFA is approximately **60,686** sq.m.



JY Maofeng Town

- A commercial property project located in Baiyun, Guangzhou
- The total GFA is approximately **137,661** sq.m.



JY Jiangshan Shili

- A residential property project located in Yunnan. It is expected to be completed in batches from 2022 to 2025
- The total GFA is approximately **706,908** sq.m.



Develop Benchmark Property Projects (Cont.)



Jinke JY Grand Garden

- A residential property project located in Zengcheng, Guangzhou, Guangdong
- The total GFA is approximately 140,348 sq.m.



Zhujiang Village Project

- An old village redevelopment project located in Huangpu District, Guangzhou, Guangdong
- The total financing area is 218,841 sq.m.



JY Logan Jiuyun Mansion

- A residential property project located in Nanjing, Jiangsu
- The total GFA is approximately 139,888 sq.m.



Jing Ye Square

- A commercial project located in Hunan
- The total GFA is approximately 109,222 sq.m.

Develop Benchmark Property Projects (Cont.)



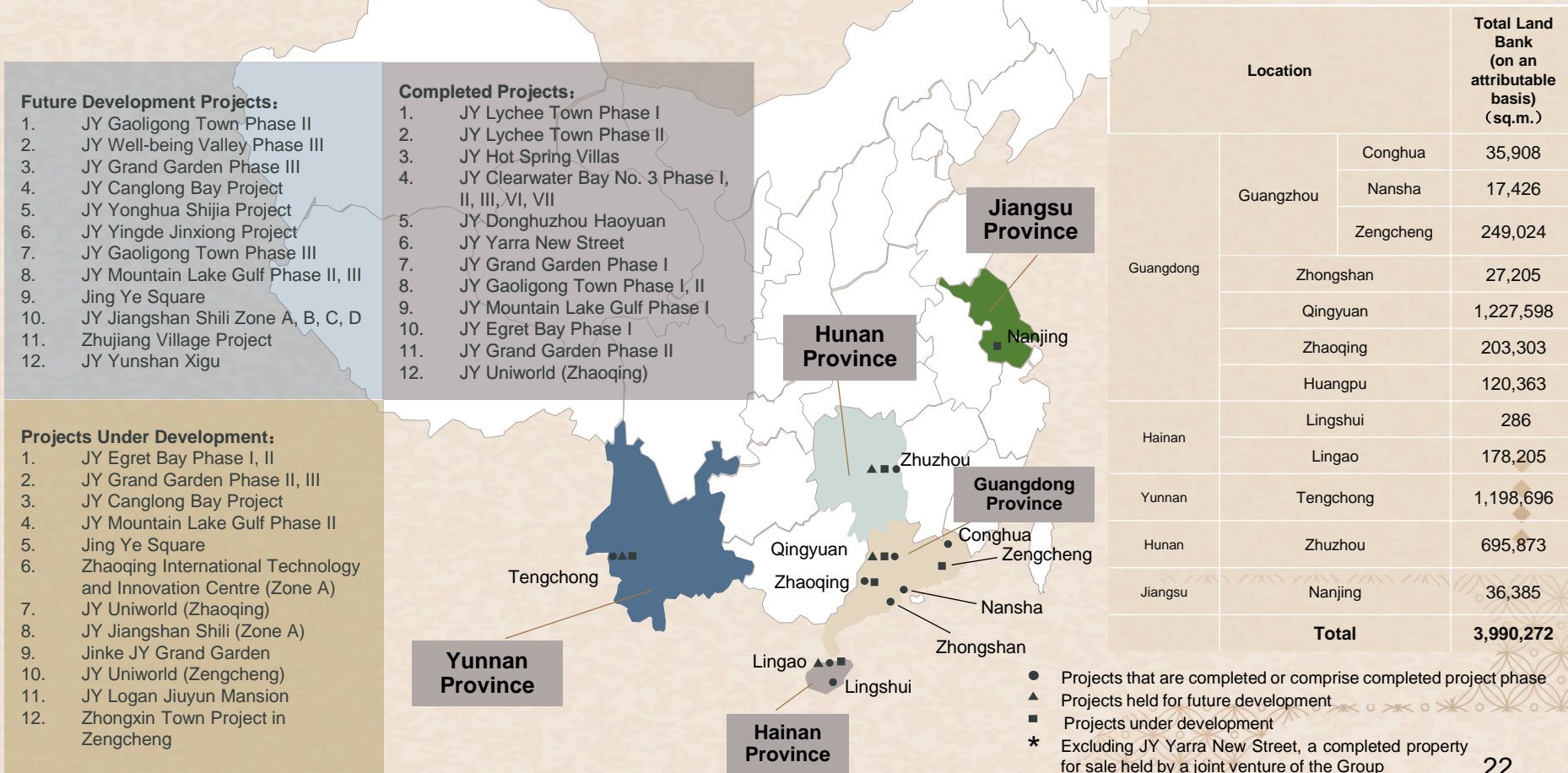
JY Uniworld (Guangzhou)

- A residential property project located in Zengcheng, Guangzhou, Guangdong
- The total GFA is approximately 115,839 sq.m.

Details of Property Projects

▲ As of 30 June 2022, the Group had a property portfolio of 38 property projects in 12 cities, with a landbank of nearly 4.0 million sq.m.

▲ 35 of these properties were developed and owned by the Group, and 3 were developed by the Group's joint ventures and associates.



**Market
Outlook**



Favourable Industry Factors and Market Outlook



Government issued a series of stimulus policies, real estate market saw improved recovery

- Domestic economic situation was severe, the government issued a series of supportive policies to stimulate the real estate market, property prices gradually stabilised and the real estate market saw improved recovery.



Extend the market stabilisation policy, credit environment is expected to continuously improve

- Under the keynote of “houses are for living in, not for speculation”, local governments implemented city-specific policies to support the demand for rigid and improved housing.
- The government is actively promoting the “guarantee of property delivery” and providing financial support to bail out real estate companies. It is expected that the credit environment will continue to improve.



The real estate market enters the era of stock, making refined and differentiated operations becoming the key

- As the real estate market enters the era of stock, real estate companies have shifted their focus from high-speed growth to high-quality development and high-quality growth, making refined and differentiated operations becoming the key. Real estate companies with stable finances, excellent product capabilities, operational management and control capabilities will gain more market opportunities.

**Development
Strategies**



Development Strategies

1

Maintain the “High Growth” Land Acquisition Standard, Continue to Pursue a Diversified Land Acquisition Strategy

2

Focus on “Quality, Strengthening Operation, Optimising Experience, and Improving Reputation” which will be the Foothold of the Business

3

Deepen the Operation from Three Dimensions of Corporate Governance, Social Responsibility and the Environment to Promote Healthy Development of the Company

4

Adhere to Prudent Financial Policies and Proactive Management of Capital Structure

**The Group will adhere to a prudent and steady development approach
Further optimise and improve its business strategy.**

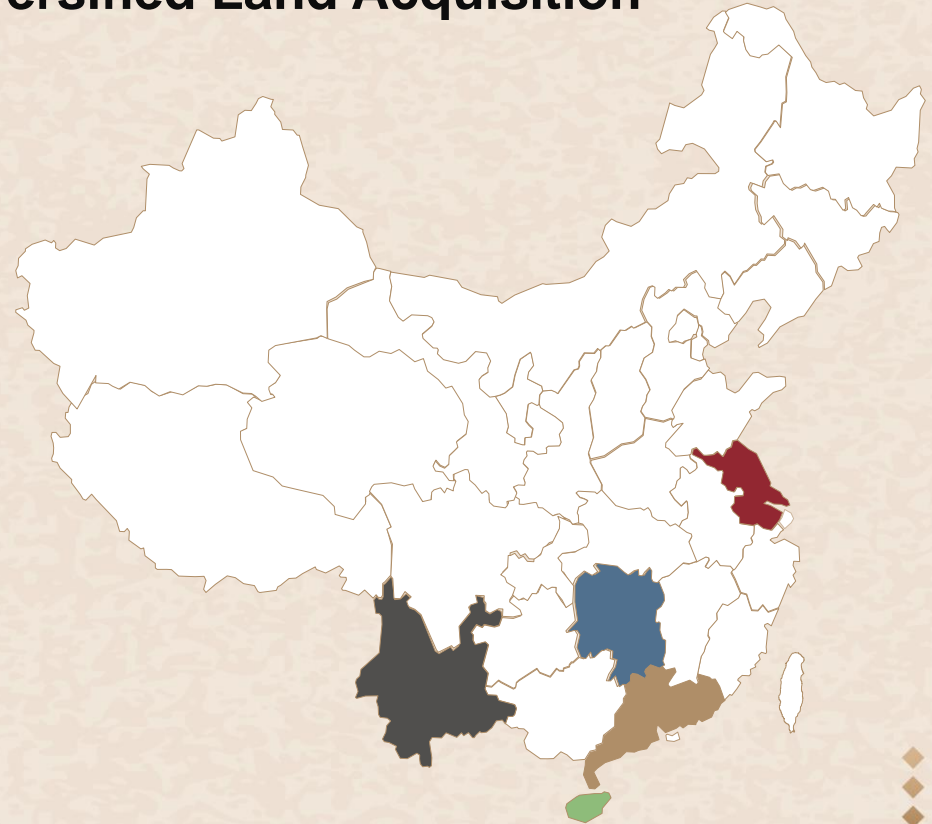
Facing market uncertainty, the Group will strengthen risk control and contingency planning.

Pursue for long-term, stable and quality development.

1

Maintain the “High Growth” Land Acquisition Standard, Continue to Pursue a Diversified Land Acquisition Strategy

- Acquire lands inherently with attractive premium and profitability in economic zones of top level and cities with population inflows.
- Core cities will be the focus of future development. We will concentrate on the lands in first-tier and second-tier cities and hotspot growth markets. We will strengthen our market research and control of land acquisition in the early stage.
- Optimise our cost investment through diversified land acquisition models such as urban renewal and strong alliances to make room for subsequent operations.
- In the core areas of core cities, the Group will consolidate and guarantee the advancement of high-quality projects; In terms of urban renewal, construction of the Zhujiang Village Project located in the Binjiang Business District, a core area along the Financial City, will be actively promoted, which will be a high-quality business growth point for the Group’s urban development.



- Hunan
- Hainan
- Yunnan
- Jiangsu
- Guangdong



2 “Focus on Quality, Strengthening Operation, Optimising Experience, and Improving Reputation” which will be the Foothold of the Business

Follow the principle of “quality first”:

- At the design stage, after integrating the ecological landscape, native culture and living habits of the people of the site, we will take into full account the regional aesthetic trend and humanistic quality details, so as to enhance the design quality.
- The Group strictly implemented standardization of project quality, and conducted repeated inspections through 10 key processes, 71 inspections and 165 risk controls. Through individual inspection to deliver the houses in the best condition.

Continue to enhance the added value of consumption:

- Pay more attention to customer experience and operational empowerment in development. Through the whole-process design of supporting space creation, importing of resources and community operation, we will inject multiple experience values into the projects and products.
- Create product IP while promoting the integration and upgrade of products and services in urban life.

Conduct innovative exploration of diversified businesses around property development:

- Deeply integrating our own property, hotel and commercial businesses with the development and operation of projects to form a two-way long-term development mechanism.
- Maofengshan Cultural Tourism Resort is a key ecological area planned by the Guangzhou Municipal Government as a forest health homestay development area in Guangzhou. It is a demonstration model for the Group to explore rural revitalization, and in the future, it will be built into a popular tourist resort hotel in the Greater Bay Area.
- Through mobilisation and operation of internal and external resources, we will revitalise our assets and generate innovative revenue.

Enhance the market competitiveness and influence of the brand through differentiated value building:

- With the Zhujiang Village Redevelopment Project as our next focus, we will develop urban business card-level products, to help sustainable development of this development business.
- The Group relies on its product advantages of “ecofriendly and people-oriented property” as its driving force for many years, and aims at building the Zhujiang village project into a waterway behind Zhujiang, a riverside high-end humanistic community that inherits Lingnan culture and innovates with high-quality craftsmanship.

3

Deepen the Operation from Three Dimensions of Corporate Governance, Social Responsibility and the Environment to Promote Healthy Development of the Company

01

**Corporate
Governance**

- Pay more attention to corporate governance by establishing an effective governance system around risk control, code of conduct and integrity building
- Enhance the integrity and recognition of the Company internally and externally through institutional guarantee, compliance training, laws and regulations, and information disclosure

02

**Social
Responsibility**

- Pay more attention to people-oriented care by protecting the interests of the employees and consumers through talent management, employee care and fulfillment of social responsibility, and create a virtuous cycle of development ecology

03

Environment

- Incorporate the requirements of “double carbon” to better implement our own development concept of “eco-friendly and people-oriented”
- With concerns on environmental protection, energy conservation and green development, broaden sources of income and reduce expenditure, improve efficiency and quality
- Deepen the development model of “eco-friendly and people-oriented” from various dimensions such as people, building, environment and community

4

Adhere to Prudent Financial Policies and Proactive Management of Capital Structure



Adhere to prudent internal financial policies, control land acquisition costs, construction costs and operating expenses



Enhance cash flow management such as preparing budget plans, conducting cost assessments and reviews throughout property development process



Implement centralised procurement and formulate financial policies to manage administrative expenses, sales as well as marketing costs



Only short-term financial impact of the epidemic on the Group and additional epidemic prevention costs are controllable



In January 2022, the Group successfully issued 7.5% senior notes due January 2023 in an aggregate principal amount of US\$152,100,000 (the “2022 New Notes”). The issue of the 2022 New Notes comprised of the exchange offer of the existing 2021 Notes amounting to US\$149,600,000 and completion of concurrent new money issuance amounting to US\$2,500,000.

— Q&A —

