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JOY CITY PROPERTY LIMITED **大悦城地產有限公司**

(Incorporated in Bermuda with limited liability)

(Stock Code: 207)

INTERIM RESULTS ANNOUNCEMENT **FOR THE SIX MONTHS ENDED 30 JUNE 2017**

HIGHLIGHTS

- For the first half of 2017, the total operating revenue of the Group was approximately RMB4,813.8 million, representing an increase of 72.5% as compared with the corresponding period of last year, of which rental income from investment properties and related property management services amounted to approximately RMB1,730.6 million, representing an increase of 12.3% as compared with the corresponding period of last year, and revenue from sales of properties held for sale amounted to approximately RMB2,505.5 million, representing an increase of 276.0% as compared with the corresponding period of last year.
- For the first half of 2017, the profit of the Group amounted to approximately RMB1,402.7 million, representing an increase of 152.9% as compared with the corresponding period of last year; and the profit attributable to the owners of the Company amounted to approximately RMB654.2 million, representing an increase of 64.2% as compared with the corresponding period of last year. Excluding the fair value gain after tax of investment properties and the change in exchange rate, the core net profit attributable to the owners of the Company amounted to approximately RMB323.1 million, representing an increase of 89.4% as compared with the corresponding period of last year.
- For the first half of 2017, settlement area was 48,218.0 sq.m., representing an increase of 243.6% as compared with the corresponding period of last year.
- For the first half of 2017, the Group achieved contracted sales amount of approximately RMB3,480.6 million with a contracted area of 56,288.0 sq.m., up by 151.3% and 85.2% as compared with the corresponding period of last year, respectively.
- The Group continuously endeavoured to reduce its debt costs, and therefore decreased its average borrowing cost rate to 4.28% for the first half of 2017.

INTERIM RESULTS

The board of directors (the “**Board**”) of Joy City Property Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2017 together with the comparative figures for the six months ended 30 June 2016. The audit committee of the Board has reviewed the Group’s unaudited condensed consolidated results for the six months ended 30 June 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For The Six Months Ended 30 June 2017

		Six months ended	
	<i>NOTES</i>	30.06.2017	30.06.2016
		RMB’000	RMB’000
		(Unaudited)	(Unaudited)
			(restated)
			<i>(Note 2)</i>
Revenue	4	4,813,843	2,789,887
Cost of sales and services rendered		<u>(2,453,125)</u>	<u>(1,071,540)</u>
Gross profit		2,360,718	1,718,347
Other income	5	70,283	44,091
Other gains and losses, net	6	(68,617)	(171,236)
Distribution and selling costs		(213,347)	(268,819)
Administrative expenses		(461,561)	(423,380)
Fair value gain of investment properties		766,931	579,398
Finance costs	7	(356,909)	(362,676)
Share of (loss)/profit of associates		(3,838)	15,945
Share of loss of a joint venture		<u>–</u>	<u>(8,661)</u>
Profit before tax	8	2,093,660	1,123,009
Income tax expense	9	<u>(691,002)</u>	<u>(568,414)</u>
Profit for the period		<u>1,402,658</u>	<u>554,595</u>
Profit for the period attributable to:			
Owners of the Company		654,162	398,470
Holder of perpetual capital instruments		106,790	127,892
Non-controlling interests		<u>641,706</u>	<u>28,233</u>
		<u>1,402,658</u>	<u>554,595</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Six Months Ended 30 June 2017

		Six months ended	
	<i>NOTES</i>	30.06.2017	30.06.2016
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
			(restated)
Basic earnings per share	<i>10</i>	<u>RMB4.3 cents</u>	<u>RMB2.6 cents</u>
Profit for the period		<u>1,402,658</u>	<u>554,595</u>
Other comprehensive income/(expense):			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation		<u>44,892</u>	<u>(51,888)</u>
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of properties:			
Gain on valuation upon transfer of property, plant and equipment and land use rights to investment properties		77,151	2,961
Income tax effect		<u>(19,288)</u>	<u>(740)</u>
		<u>57,863</u>	<u>2,221</u>
Other comprehensive income/(expense) for the period		<u>102,755</u>	<u>(49,667)</u>
Total comprehensive income for the period		<u>1,505,413</u>	<u>504,928</u>
Total comprehensive income attributable to:			
Owners of the Company		756,917	348,803
Holder of perpetual capital instruments		106,790	127,892
Non-controlling interests		<u>641,706</u>	<u>28,233</u>
		<u>1,505,413</u>	<u>504,928</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2017

	<i>NOTES</i>	30.06.2017 <i>RMB'000</i> (Unaudited)	31.12.2016 <i>RMB'000</i> (Audited)
Non-current assets			
Investment properties		53,225,547	50,101,179
Property, plant and equipment		4,881,021	5,045,044
Leasehold land and land use rights		886,902	896,522
Intangible assets		41,100	39,440
Interest in associates		63,440	67,278
Loan to a joint venture		223,064	228,435
Available-for-sale investments		510	510
Goodwill		253,042	253,042
Deposits		10,000	10,000
Deferred tax assets		24,169	15,815
Amount due from the ultimate holding company		20,000	20,000
		<u>59,628,795</u>	<u>56,677,265</u>
Current assets			
Inventories		30,643	27,286
Properties held for sale		4,163,188	4,641,811
Properties under development for sale		10,004,965	11,320,633
Accounts receivable	<i>12</i>	184,034	202,029
Deposits, prepayments and other receivables		589,263	420,263
Amount due from the ultimate holding company		–	20
Amount due from an intermediate holding company		44	325
Amounts due from fellow subsidiaries		13,927	21,585
Amounts due from non-controlling interests		157,656	154,611
Amount due from a joint venture		177,561	173,644
Amount due from an associate		54	–
Tax recoverable		112,875	83,519
Restricted bank deposits		37,354	30,851
Pledged deposits		9,421	5,740
Cash and bank balances		9,031,444	8,791,101
		<u>24,512,429</u>	<u>25,873,418</u>

	<i>NOTES</i>	30.06.2017 <i>RMB'000</i> (Unaudited)	31.12.2016 <i>RMB'000</i> (Audited)
Current liabilities			
Accounts payable	13	1,288,973	1,865,898
Other payables and accruals		4,650,856	4,905,822
Deposits received in respect of pre-sale of properties		4,227,606	3,085,151
Amount due to the ultimate holding company		324,039	321,416
Amount due to an intermediate holding company		1,241	1,450
Amount due to the immediate holding company		367,882	379,153
Amounts due to non-controlling interests		1,888,242	1,558,571
Amount due to a joint venture		936	1,033
Amounts due to fellow subsidiaries		94,619	79,802
Loans from the ultimate holding company		–	300,000
Loans from fellow subsidiaries		1,234,850	1,038,850
Loans from non-controlling interests		6,950	4,000
Bank borrowings		1,020,174	2,910,317
Income tax and land appreciation tax payables		516,725	634,811
Deferred income		9,741	29,867
Loan from a third party		74,010	–
		15,706,844	17,116,141
Net current assets		8,805,585	8,757,277
Total assets less current liabilities		68,434,380	65,434,542
Non-current liabilities			
Rental deposits received		445,295	200,114
Loan from non-controlling interests		31,675	33,038
Loans from a fellow subsidiary		836,000	790,000
Bank borrowings		9,557,466	7,620,379
Deferred tax liabilities		6,909,305	6,663,679
Guaranteed notes		5,416,522	5,540,527
Corporate bonds		3,034,747	3,080,174
		26,231,010	23,927,911
Net assets		42,203,370	41,506,631

	<i>NOTES</i>	30.06.2017 <i>RMB'000</i> (Unaudited)	31.12.2016 <i>RMB'000</i> (Audited)
Capital and reserves			
Share capital	<i>14</i>	1,122,414	1,122,414
Reserves		25,368,534	25,080,937
		<hr/>	<hr/>
Equity attributable to the owners of the Company		26,490,948	26,203,351
Perpetual capital instruments		3,374,471	3,515,849
Non-controlling interests		12,337,951	11,787,431
		<hr/>	<hr/>
Total equity		42,203,370	41,506,631
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Six Months Ended 30 June 2017

1. GENERAL INFORMATION

Joy City Property Limited (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) was incorporated in Bermuda with limited liability and its ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The principal activity of the Company is investment holding. The Company’s subsidiaries are principally involved in investment holding, property investment and development, property management and hotel operations.

The immediate holding company of the Company is Achieve Bloom Limited. In the opinion of the directors of the Company (the “**Directors**”), the ultimate holding company of the Company is COFCO Corporation, a company established in the People’s Republic of China (the “**PRC**”).

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), the currency of the primary economic environment in which most of the group entities operate (the functional currency of the Company and most of the entities comprising the Group), and all values are rounded to the nearest thousand (’000) unless otherwise indicated.

2. BASIS OF PREPARATION

- (i) The condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2016.
- (ii) During the year ended 31 December 2016, a discloseable and connected transaction in relation to the acquisition of the 69.65% equity interest in 四川中國酒城股份有限公司 (Sichuan China Jiucheng Corporation*) (“**Jiu Cheng**”) by the Group from China National Sugar & Alcohol Group Corporation (中國糖業酒類集團公司) (“**China Sugar**”) and China Huang Co., Ltd *(中皇有限公司) (“**China Huang**”), a wholly-owned subsidiary and a joint-venture of COFCO Corporation respectively, was completed. The total consideration of the acquisition is RMB240,270,000.

Jiu Cheng is a joint stock limited liability company established in the PRC and is principally engaged in real estate development, which was established by China Sugar and other original shareholders in 1993.

In November 2014, the controlling shareholder of Jiu Cheng, China Sugar, became a wholly-owned subsidiary of COFCO Corporation. Accordingly, Jiu Cheng became a subsidiary of COFCO Corporation since November 2014. The principal asset of Jiu Cheng is a commercial property located in Wuhou District, Chengdu City, the PRC (the “**Property**”). It is planned that the Property will be developed into a property held for sale.

The details of the above acquisition are set out in the Company’s announcement dated 31 December 2015.

As the Group and Jiu Cheng were under common control of COFCO Corporation since November 2014 and COFCO Corporation continues to control the Group and Jiu Cheng upon completion of the above acquisition, the acquisition is considered as a combination of entities under common control and accounted for using the principles of merger accounting, pursuant to which the consolidated financial statements of the Group have been prepared as if Jiu Cheng had been a subsidiary of the Group since November 2014.

The condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows have been prepared as if Jiu Cheng had been a subsidiary of the Company since November 2014.

The effects of the combination of Jiu Cheng on the results of the Group for the six months ended 30 June 2016 are summarised below:

Condensed Consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2016

	Six months ended 30.06.2016 <i>RMB'000</i> (previously reported)	Combination of a subsidiary under common control <i>RMB'000</i>	Six months ended 30.06.2016 <i>RMB'000</i> (restated)
Revenue	2,788,965	922	2,789,887
Cost of sales and services rendered	<u>(1,071,496)</u>	<u>(44)</u>	<u>(1,071,540)</u>
Gross profit	1,717,469	878	1,718,347
Other income	43,759	332	44,091
Other gains and losses, net	(171,548)	312	(171,236)
Distribution and selling costs	(268,819)	–	(268,819)
Administrative expenses	(418,532)	(4,848)	(423,380)
Fair value gain of investment properties	579,398	–	579,398
Finance costs	(362,676)	–	(362,676)
Share of loss of an associate	15,945	–	15,945
Share of loss of a joint venture	<u>(8,661)</u>	<u>–</u>	<u>(8,661)</u>
Profit before tax	1,126,335	(3,326)	1,123,009
Income tax expense	<u>(568,414)</u>	<u>–</u>	<u>(568,414)</u>
Profit for the period	<u><u>557,921</u></u>	<u><u>(3,326)</u></u>	<u><u>554,595</u></u>

	Six months ended 30.06.2016 <i>RMB'000</i> (previously reported)	Combination of a subsidiary under common control <i>RMB'000</i>	Six months ended 30.06.2016 <i>RMB'000</i> (restated)
Profit for the year attributable to:			
Owners of the Company	400,787	(2,317)	398,470
Holders of perpetual capital instruments	127,892	–	127,892
Non-controlling interests	<u>29,242</u>	<u>(1,009)</u>	<u>28,233</u>
	<u>557,921</u>	<u>(3,326)</u>	<u>554,595</u>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation	<u>(51,888)</u>	<u>–</u>	<u>(51,888)</u>
	<u>(51,888)</u>	<u>–</u>	<u>(51,888)</u>
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of properties:			
Gain on revaluation of property, plant and equipment and leasehold land and land use rights transferred to investment properties	2,961	–	2,961
Income tax effect	<u>(740)</u>	<u>–</u>	<u>(740)</u>
	<u>2,221</u>	<u>–</u>	<u>2,221</u>
Other comprehensive income for the period	<u>(49,667)</u>	<u>–</u>	<u>(49,667)</u>
Total comprehensive income for the period	<u>508,254</u>	<u>(3,326)</u>	<u>504,928</u>
Total comprehensive income attributable to:			
Owners of the Company	351,120	(2,317)	348,803
Holders of perpetual capital instruments	127,892	–	127,892
Non-controlling interests	<u>29,242</u>	<u>(1,009)</u>	<u>28,233</u>
	<u>508,254</u>	<u>(3,326)</u>	<u>504,928</u>

The effects of the above business combination under common control on the Group's basic earnings per share for the six months ended 30 June 2016 are as follows:

	Impact on basic earnings per share <i>RMB cents</i>
Figures before adjustments	2.6
Effect arising from business combination under common control	<u>—</u>
Figures after adjustments	<u><u>2.6</u></u>

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair value.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016.

The adoption of amendments to standards and annual improvements effective for the current interim period commenced from 1 January 2017 does not have any material impact on the accounting policies adopted, interim financial position or performance of the Group, except for the "Amendments to HKAS 40 Transfers of Investment Property".

The Directors have early adopted the Amendments to HKAS 40 Transfer of Investment Property during the current period in advance of its effective date, 1 January 2018. The amendments allow an entity to transfer a property to investment property when sufficient evidence of a change in use of a property is available. As such, properties under development for sale amounting to RMB1,320,275,000 were transferred to investment properties at a fair value of RMB1,905,000,000 resulting in a fair value gain on investment properties of RMB584,725,000 during the current period as observable evidence of a change in use of the property is available in the current period.

4. REVENUE AND SEGMENT INFORMATION

The Group is organised into certain business units according to the nature of goods sold or services provided. The operating segments of the Group are determined by the Directors based on the business units by reference to the goods sold or services provided. These business units are the basis of internal reports provided to the Directors, the chief operating decision maker, for the purpose of resource allocation and performance assessment. The operating segments of the entities comprising the Group with similar economic characteristics and similar nature of goods sold or services provided have been aggregated into different reportable segments. In the year ended 31 December 2016, the Group made certain adjustment in the reportable segment that provision of property management services related to investment properties which was included in the reportable segment named “Property management and related services” in the prior year, was aggregated into the reportable segment of “Property investment”. After the adjustment, the Group’s reportable segments are as follows. Prior period segment disclosures have been represented to conform with the current period’s presentation.

Property investment	Property letting and related property management services
Property and land development	Development and sale of properties, and development of lands
Hotel operations	Hotel ownership and management
Property management and related services	Provision of agency services and property management services

An analysis of the Group’s revenue, which is also turnover of the Group, for the period is as follows:

	Six months ended	
	30.06.2017	30.06.2016
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
		(restated)
Property investment and development:		
Gross rental income from investment properties and related property management services	1,730,604	1,540,778
Sales of properties held for sale	2,505,519	666,439
Property management and related services	41,863	28,396
Other property related service income	19,403	17,866
	4,297,389	2,253,479
Hotel operations:		
Hotel room revenue	380,323	383,347
Other ancillary service	136,131	153,061
	516,454	536,408
Total revenue	4,813,843	2,789,887

Information regarding the above segments is reported below.

Segment revenue and segment results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

	Property investment <i>RMB'000</i>	Property and land development <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Property management and related services <i>RMB'000</i>	Segment total <i>RMB'000</i>	Inter segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2017							
(Unaudited)							
Segment revenue							
External customers	1,731,916	2,505,519	516,454	61,266	4,815,155	-	4,815,155
Inter-segment revenue	<u>2,641</u>	<u>-</u>	<u>-</u>	<u>61,611</u>	<u>64,252</u>	(64,252)	<u>-</u>
Consolidated	<u>1,734,557</u>	<u>2,505,519</u>	<u>516,454</u>	<u>122,877</u>	<u>4,879,407</u>	(64,252)	4,815,155
Rental adjustments							<u>(1,312)</u>
Revenue as presented in consolidated statement of profit or loss and other comprehensive income							<u>4,813,843</u>
Segment results	<u>1,789,780</u>	<u>763,462</u>	<u>67,801</u>	<u>(30,026)</u>	<u>2,591,017</u>	-	2,591,017
Unallocated corporate income and other gains							17,036
Unallocated corporate expenses and other losses							(153,646)
Finance costs							(356,909)
Share of gains of associates							<u>(3,838)</u>
Profit before tax as presented in condensed consolidated statement of profit or loss and other comprehensive income							<u>2,093,660</u>

	Property investment <i>RMB'000</i>	Property and land development <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Property management and related services <i>RMB'000</i>	Segment total <i>RMB'000</i>	Inter segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2016							
(Unaudited) (restated)							
Segment revenue							
External customers	1,542,939	666,439	536,408	46,262	2,792,048	-	2,792,048
Inter-segment revenue	<u>1,763</u>	<u>-</u>	<u>-</u>	<u>1,281</u>	<u>3,044</u>	(3,044)	<u>-</u>
Consolidated	<u>1,544,702</u>	<u>666,439</u>	<u>536,408</u>	<u>47,543</u>	<u>2,795,092</u>	(3,044)	2,792,048
Rental adjustments							<u>(2,161)</u>
Revenue as presented in condensed consolidated statement of profit or loss and other comprehensive income							<u>2,789,887</u>
Segment results	<u>1,453,226</u>	<u>273,475</u>	<u>11,172</u>	<u>(37,450)</u>	<u>1,700,423</u>	-	1,700,423
Unallocated corporate income and other gains							19,222
Unallocated corporate expenses and other losses							(241,244)
Finance costs							(362,676)
Share of profit of an associate							15,945
Share of loss of a joint venture							<u>(8,661)</u>
Profit before tax as presented in condensed consolidated statement of profit or loss and other comprehensive income							<u>1,123,009</u>

Inter-segment revenue was charged at prices agreed between group entities.

Segment revenue represents revenue earned by each segment without rental adjustments for property letting relating to the recognition of rental income from operating lease on a straight-line basis over the term of the relevant lease. Segment results represents the profit earned/loss incurred by each segment without allocation of certain items incurred for management purpose, including certain other income, other gains and losses, distribution and selling costs, administrative expenses, finance costs, share of results of associates, share of results of a joint venture and income tax expense. The above is the measure reported to the Directors for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

Segment assets and liabilities are not disclosed in the condensed consolidated financial statements as they are not regularly provided to the Directors for the purposes of resource allocation and performance assessment.

5. OTHER INCOME

An analysis of the Group's other income for the period is as follows:

	Six months ended	
	30.06.2017 <i>RMB'000</i> (Unaudited)	30.06.2016 <i>RMB'000</i> (Unaudited) (restated)
Interest income from:		
Banks	33,076	21,438
Loan to a joint venture	9,053	5,162
Loan to an associate	559	–
Government grants (<i>Note</i>)	24,826	8,437
Others	2,769	9,054
	<u>70,283</u>	<u>44,091</u>

Note: Various government grants have been received for developments in certain provinces in Mainland China. The government grants mainly related to discretionary awards granted by local governments to certain subsidiaries of the Group to award their contributions to the local development and seashore environment improvement. There are no unfulfilled conditions or contingencies relating to these grants.

6. OTHER GAINS AND LOSSES, NET

An analysis of the Group's other gains and losses, net, for the period are as follows:

	Six months ended	
	30.06.2017 RMB'000 (Unaudited)	30.06.2016 RMB'000 (Unaudited) (restated)
Impairment loss of accounts receivable, net	(748)	(2,533)
Impairment loss of other receivables, net	(7,476)	(1,428)
(Loss)/gain on disposal of property, plant and equipment	(251)	6,643
Exchange loss, net	(58,444)	(155,712)
Compensation expense for early termination of lease	(3,215)	–
Others	1,517	(18,206)
	<u>(68,617)</u>	<u>(171,236)</u>

7. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	Six months ended	
	30.06.2017 RMB'000 (Unaudited)	30.06.2016 RMB'000 (Unaudited)
Interest on:		
Bank borrowings	259,061	335,939
Loans from a non-banking financial institution*	22,596	10,980
Loans from the ultimate holding company	181	6,344
Loans from fellow subsidiaries	25,954	27,165
Loan from non-controlling interests	892	–
Guaranteed notes	105,610	99,991
Corporate bonds	50,573	46,856
Loan from a third party	267	–
	<u>465,134</u>	<u>527,275</u>
Total interest expenses	465,134	527,275
Less: Interest capitalised	(108,225)	(164,599)
	<u>356,909</u>	<u>362,676</u>

* The non-banking financial institution is COFCO Finance Corporation Limited (“COFCO Finance”), a fellow subsidiary of the Group.

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended	
	30.06.2017	30.06.2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(restated)
Amortisation:		
– Intangible assets (included in cost of sales)	2,737	410
– Intangible assets (included in administrative expenses)	3,010	2,555
– Intangible assets (included in selling expenses)	<u>533</u>	<u>415</u>
	<u>6,280</u>	<u>3,380</u>
Amortisation of leasehold land and land use rights	<u>9,620</u>	<u>15,841</u>
Depreciation of property, plant and equipment	<u>188,189</u>	<u>155,199</u>
Cost of sales and services rendered:		
Cost of properties sold	1,696,775	322,688
Direct operating expenses arising from investment properties letted	447,312	395,026
Direct operating expenses arising from provision of property management and related services	41,517	44,012
Direct operating expenses from hotel services provided	<u>267,521</u>	<u>309,814</u>
	<u>2,453,125</u>	<u>1,071,540</u>

9. INCOME TAX EXPENSE

	Six months ended	
	30.06.2017	30.06.2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	376,199	162,769
Land appreciation tax	198,166	111,488
Hong Kong	<u>5,209</u>	<u>6,102</u>
	<u>579,574</u>	<u>280,359</u>
Deferred tax	<u>111,428</u>	<u>288,055</u>
	<u>691,002</u>	<u>568,414</u>

10. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company is based on the following data:

	Six months ended	
	30.06.2017	30.06.2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (restated)
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	<u>654,162</u>	<u>398,470</u>
Number of shares ('000)		
For the purpose of basic earnings per share:		
Weighted average number of ordinary shares	14,231,125	14,231,125
Number of non-redeemable convertible preference shares	<u>1,095,301</u>	<u>1,095,301</u>
Weighted average number of shares for the purpose of basic earnings per share	<u>15,326,426</u>	<u>15,326,426</u>

The weighted average number of shares used for the purpose of calculating basic earnings per share for the six months ended 30 June 2017 and 2016 is calculated on the basis of the weighted average number of ordinary shares of the Company and non-redeemable convertible preference shares in issue during the periods.

No diluted earnings per share for the six months ended 30 June 2017 and 2016 is presented as there was no potential ordinary share in issue during both periods.

11. DIVIDENDS

During the current interim period, a final dividend of HKD4 cents per share in respect of the year ended 31 December 2016 (six months ended 30 June 2016: HKD1 cent per share in respect of the year ended 31 December 2015) was declared to the owners of the Company. The aggregate amount of the final dividend declared in the current interim period amounted to RMB535,597,000 (six months ended 30 June 2016: RMB129,695,000).

The Directors have determined that no dividend will be paid in respect of the current interim period (six months ended 30 June 2016: nil).

12. ACCOUNTS RECEIVABLE

	30.06.2017 <i>RMB'000</i> (Unaudited)	31.12.2016 <i>RMB'000</i> (Audited)
Rental receivables	113,953	80,574
Property management fee receivables	21,273	26,025
Receivables from hotel operations and related services	32,407	54,276
Less: Allowance for doubtful debts	(24,506)	(23,758)
	143,127	137,117
Rental adjustments*	40,907	64,912
	184,034	202,029

* *Rental adjustments relating to the recognition of rental income from operating lease on a straight-line basis over the term of the relevant lease.*

In general, rental income, property management fee income and income from hotel operations and related services are received in the month when the relevant services provided, except for certain tenants and customers to which credit period of up to 30 to 60 days are granted.

At 30 June 2017, accounts receivable with an aggregate carrying amount of RMB23,404,000 (31 December 2016: RMB25,539,000) were pledged to secure certain banking facilities granted to the Group.

The Group does not hold any collateral over the above balances.

The following is an aged analysis of accounts receivable net of impairment losses presented based on invoice date, except for aged analysis of rental receivables, which presented based on the date rental demand notice issued, and for aged analysis of receivables from sale of properties, which presented based on the delivery date of the property, at the end of the reporting period:

	30.06.2017 <i>RMB'000</i> (Unaudited)	31.12.2016 <i>RMB'000</i> (Audited)
Less than 3 months	114,427	78,129
3 months to 1 year	20,784	29,148
1 to 2 years	5,408	28,253
2 to 3 years	2,076	1,146
Over 3 years	432	441
	143,127	137,117

13. ACCOUNTS PAYABLE

	30.06.2017 <i>RMB'000</i> (Unaudited)	31.12.2016 <i>RMB'000</i> (Audited)
Trade payable	142,623	185,713
Accrued expenditure on construction	1,146,350	1,680,185
	<u>1,288,973</u>	<u>1,865,898</u>

Accounts payable, including trade payable and accrued expenditure on construction, mainly comprise construction costs and other project-related expenses in relation to properties under development for sale which are payable based on project progress measured by the Group. Trade payable are generally with credit period of 60 to 90 days, except for the retention monies of certain construction costs of which the credit period is up to 2 years. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

The following is an aged analysis of trade payable at the end of the reporting period based on invoice date.

	30.06.2017 <i>RMB'000</i> (Unaudited)	31.12.2016 <i>RMB'000</i> (Audited)
Within 1 year	136,694	175,646
1 to 2 years	4,495	7,644
2 to 3 years	1,057	1,216
Over 3 years	377	1,207
	<u>142,623</u>	<u>185,713</u>

14. SHARE CAPITAL

Ordinary share capital of the Company

	Number of shares	Amount HK\$'000	(RMB equivalent) RMB'000
Authorised:			
<i>Ordinary shares of HK\$0.10 each</i>			
At 31 December 2016 and 30 June 2017	<u>28,904,699,222</u>	<u>2,890,470</u>	<u>2,293,502</u>
Issued and fully paid:			
<i>Ordinary shares of HK\$0.10 each</i>			
At 1 January 2016, 31 December 2016 and 30 June 2017	<u>14,231,124,858</u>	<u>1,423,112</u>	<u>1,122,414</u>

BUSINESS REVIEW

Market Review

In the first half of 2017, following the progress of the construction of a long-term mechanism for the real estate market and the adjustments to the industry structure, the development and operation of holding property, represented by commercial property, played an increasingly important role in the development of the real estate industry. The real estate has gradually shifted from the “production and sales model” to the “asset management model”. In terms of the shopping center market in the commercial segment, the new changes in the demand, behaviour and lifestyle of the consumers drove an increasing demand for “experiencing consumption” of consumers. Meanwhile, the operators also gained a deeper understanding of the “consumption experience” and “experiencing consumption”. By using new technologies, big data and meticulous management, those operators provided consumers with a more comfortable and healthy environment and considerate services, coming along with a continuous emergence of new industry forms, new models and new brands in the shopping center market. In terms of the office market, the general rental level remained stable, the market in emerging areas of first-tier cities was brisk, new products including joint office expanded vigorously, and second-tier cities showed a strong upgrade demand. In terms of the hotel market, with the gradual increase in household consumption, the improved external environments including business activities and public tourism drove the recovery of demands.

Business Review

During the period under review, the Group recorded a sound performance in its four business segments including investment properties, property development, hotel operation and property management and related services.

Business Review on Investment Properties

During the period under review, the Group’s investment properties maintained a sound operation status with a steady growth of performance. Rental income from investment properties and related property management services increased by approximately 12.3% as compared with the corresponding period of last year. In particular, through optimising brand portfolio and expanding customer source, Chengdu Joy City achieved a significant growth of performance, with sales up by 61.6% and rental income by 30.8% as compared with the corresponding period of last year. In addition, Shanghai Jing’an Joy City and Yantai Joy City both achieved a two-digit growth in both sales and rental income, maintaining their leading positions in the industry.

	For the six months ended	
	30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Rental income from investment properties and related property management services (<i>RMB million</i>)	<u>1,730.6</u>	<u>1,540.8</u>

The table below sets forth the rental income, average rents and occupancy rate of the major investment properties of the Group for the six months ended 30 June 2017:

Project	City	Use/ intended use	Rental income (RMB million)	Average rents (RMB/month/ sq.m.)	Occupancy rate (%)
Xidan Joy City Shopping Malls	Beijing	Retail	329.8	1,121	96
Xidan Joy City Offices	Beijing	Office	19.0	263	92
Chaoyang Joy City Shopping Malls	Beijing	Retail	292.5	424	92
Tianjin Joy City Shopping Malls	Tianjin	Retail	183.8	356	97
Shanghai Jing'an Joy City Shopping Malls	Shanghai	Retail	102.8	314	94
Shenyang Joy City Shopping Malls	Shenyang	Retail	98.2	173	93
Yantai Joy City Shopping Malls	Yantai	Retail	53.5	122	98
Chengdu Joy City Shopping Malls	Chengdu	Retail	66.9	123	93
COFCO Plaza Offices*	Beijing	Office	101.8	329	90
Fraser Suites Top Glory Shanghai	Shanghai	Serviced apartment	58.4	1,962**	89
Hong Kong COFCO Tower	Hong Kong	Office and retail	<u>37.5</u>	447	95
Total			<u><u>1,344.2</u></u>		

*: The average rents and occupancy rate for the period excluded those of COFCO Plaza Offices, C Tower as it was in the process of merchandising after renovation.

** : For Fraser Suites Top Glory Shanghai, it represents the room rate per one-night stay.

The table below sets forth the rental income, average rents and occupancy rate of the major investment properties of the Group for the six months ended 30 June 2016:

Project	City	Use/ intended use	Rental income (RMB million)	Average rents (RMB/month/ sq.m.)	Occupancy rate (%)
Xidan Joy City Shopping Malls	Beijing	Retail	324.9	1,099	93
Xidan Joy City Offices	Beijing	Office	19.0	288	82
Chaoyang Joy City Shopping Malls	Beijing	Retail	269.8	354	98
Tianjin Joy City Shopping Malls	Tianjin	Retail	173.8	337	100
Shanghai Jing'an Joy City Shopping Malls, South Tower	Shanghai	Retail	92.3	272	88
Shenyang Joy City Shopping Malls	Shenyang	Retail	91.3	159	94
Yantai Joy City Shopping Malls	Yantai	Retail	47.0	106	98
Chengdu Joy City Shopping Malls	Chengdu	Retail	51.2	98	94
COFCO Plaza Offices	Beijing	Office	109.1	312	95
Fraser Suites Top Glory Shanghai	Shanghai	Serviced apartment	52.9	1,999*	78
Hong Kong COFCO Tower	Hong Kong	Office and retail	34.8**	432	93
11th Floor of WorldWide House	Hong Kong	Commercial	<u>4.4</u>	474	100
Total			<u><u>1,270.5</u></u>		

*: For Fraser Suites Top Glory Shanghai, it represents the room rate per one-night stay.

** : Including offices and commercial shops only.

Business Review on Property Development

During the period under review, the Group captured market opportunities and moved on such momentum to speed up the sales settlement circle, achieving a more rapid growth in its sales performance. The Group recorded contracted sales amount of RMB3,480.6 million from the property development, representing a year-on-year increase of 151.3%, and revenue of RMB2,505.5 million, representing a year-on-year increase of 276.0%.

The table below sets forth the contracted sales amount, contracted sales area and the average contracted selling price of the major projects of the Group for the six months ended 30 June 2017:

Project	City	Type of the project	Contracted sales amount (RMB million)	Contracted sales area (sq.m.)	Average contracted selling price (RMB/sq.m.)
Ocean One	Shanghai	Residential	261.1	1,320.3	197,755
Chengdu Joy City • Joy Street	Chengdu	Retail	128.3	3,839.2	33,416
Brilliant Villa	Sanya	Apartment/ mansion/villa	507.7	9,630.5	52,718
Shanghai Jing'an Joy City • Joy Mansion One	Shanghai	Residential	1,502.2	12,997.2	115,581
Hangzhou Joy City • Joy Mansion	Hangzhou	Residential	32.1	1,103.7	29,084
Hainan COFCO • Hong Tang Joy Sea	Sanya	Residential	527.6	25,846.3	20,412
11th Floor of World-Wide House	Hong Kong	Commercial	521.6	1,550.8	336,351
Total			<u>3,480.6</u>	<u>56,288.0</u>	

Business Review on Hotel Operation

During the period under review, the Group's hotel business continued to enhance brand positioning and create hotel features, and improved service quality to increase the market share of specific target customer group. Meanwhile, the Group kept on enhancing its operating efficiency and strengthening cost control and management. Therefore, EBITDA of hotel business increased by 14.0% as compared with the corresponding period of last year.

	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Sales revenue from hotel operations (RMB million)	<u>516.5</u>	<u>536.4</u>

The table below sets forth the average occupancy rate, RevPAR and average room rate of the major hotels of the Group for the six months ended 30 June 2017:

Project	City	Use/ intended use	Average occupancy rate (%)	RevPAR (RMB)	Average room rate (RMB)
The St. Regis Sanya Yalong Bay Resort	Sanya	Resort	75	1,610	1,949
MGM Grand Sanya	Sanya	Resort	87	1,257	1,319
Cactus Resort Sanya by Gloria	Sanya	Resort	81	327	405
W Beijing – Chang’an	Beijing	Hotel	66	764	1,048
Xidan Joy City Hotel	Beijing	Hotel	62	382	613

The table below sets forth the average occupancy rate, RevPAR and average room rate of the major hotels of the Group for the six months ended 30 June 2016:

Project	City	Use/ intended use	Average occupancy rate (%)	RevPAR (RMB)	Average room rate (RMB)
The St. Regis Sanya Yalong Bay Resort	Sanya	Resort	66	1,501	2,061
MGM Grand Sanya	Sanya	Resort	83	1,302	1,385
Cactus Resort Sanya by Gloria	Sanya	Resort	71	338	482
W Beijing – Chang’an	Beijing	Hotel	48	605	1,156
Xidan Joy City Hotel	Beijing	Hotel	80	490	615

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2017, the Group's operating revenue was approximately RMB4,813.8 million (for the corresponding period of 2016: RMB2,789.9 million), representing a year-on-year increase of 72.5%, mainly due to the significant increase of sales revenue benefiting from the outstanding results performance of property development and investment property leasing business.

For the six months ended 30 June 2017, the Group's rental income from investment properties and related property management services accounted for approximately 36.0% of the total revenue, representing an increase of 12.3% as compared to the corresponding period of 2016. In particular, the rental income from Joy City Projects amounted to RMB1,162.4 million, representing an increase of 10.7% as compared to RMB1,050.3 million for the corresponding period of 2016, mainly due to the sound operations of Chaoyang Joy City, Chengdu Joy City and Shanghai Jing'an Joy City with their operating results improved significantly as compared to the corresponding period of last year. Revenue from sales of properties held for sale accounted for approximately 52.0% of the total revenue, representing an increase of 276.0% as compared with the corresponding period of 2016. In the first half of the year, settlement area and unit price of settlement were 48,218.0 sq.m. and RMB51,962.3, respectively, representing an increase of approximately 243.6% and 9.4% as compared to the corresponding period of 2016, respectively, mainly due to the significant increase of revenue resulting from the delivery and settlement of Shanghai Jing'an Joy City • Joy Mansion One and Hangzhou Joy City • Joy Mansion projects. Revenue from hotel operations accounted for approximately 10.7% of the total revenue, representing a decrease of 3.7% as compared to the corresponding period of 2016. The decrease was mainly due to the operation renovation of Xi'dan Joy City hotel during the first half year, resulting in a year-on-year decrease in its revenue. Revenue from property management and other related services accounted for approximately 1.3% of the total revenue, representing an increase of 32.4% as compared to the corresponding period of 2016.

Cost of Sales and Gross Profit Margin

For the six months ended 30 June 2017, the Group's cost of sales was approximately RMB2,453.1 million (for the corresponding period of 2016: RMB1,071.5 million). The overall gross profit margin for the first half year was approximately 49.0%, representing a decrease of 12.6 percentage points as compared to 61.6% for the corresponding period of 2016, mainly due to the change in the product structure of the holding properties that were already delivered, resulting in a lower overall gross profit margin than the corresponding period of last year.

Profit

For the six months ended 30 June 2017, the profit of the Group amounted to RMB1,402.7 million, increased by 152.9% from RMB554.6 million for the corresponding period of last year, of which the profit attributable to the owners of the Company for the period amounted to RMB654.2 million, increased by 64.2% from RMB398.5 million for the corresponding period of last year, mainly due to (1) a significant increase in sales revenue of the properties as a result of the opening of the settlement area and settlement unit price for delivery of properties; (2) a significant decrease in exchange loss as compared to the corresponding period in 2016 due to changes in Renminbi exchange rate; (3) an increase in the fair value gain of the investment properties of the Group for the six months ended 30 June 2017 as compared to the corresponding period in 2016. Excluding the fair value gain after tax of investment properties and the change in exchange rate, the core net profit amounted to RMB820.1 million, increased by 192.9% from RMB280.0 million for the corresponding period of last year, of which the core net profit attributable to the owners of the Company amounted to RMB323.1 million, increased by 89.4% from RMB170.6 million for the corresponding period of last year.

BUSINESS OUTLOOK

Looking forward, in the second half of 2017, it is expected that the infrastructure and real estate investment will be affected by the tightening monetary liquidity and tightening credit against the backdrop of deleveraging and risk prevention. While facing a greater pressure of economic slowdown, it is anticipated that the domestic economy will show a stable yet slow development momentum overall. From the perspective of three demands, a steady growth in the consumption will remain a major driver for the domestic economy, while the theme of consumption upgrade will persist through the commercial property market. With the expansion of the middle-class group and an increase in the consumer income, the consumption demands in the PRC have been progressing from living type consumption for clothing, food, housing and transportation to enjoying consumption at the spiritual level. Against this backdrop, experience, catering, education, and service type consumption will cause huge impacts on the layout of the commercial property. The main tendency of the future development will lie in how to make upgrade and innovation in assets utilisation, product creation, business operation, diversified cross-sector cooperation for commercial property, a sector with the most promising development potential in real estate market. On the whole, the future commercial development will tend to be technical, convenient, human-based and experience-oriented. However, it will become even more important for the commercial property operators to create unique products while achieving an emotional resonance from their consumers. Reform and innovation will be the core ideas for guiding the commercial property to “maintain a leading position.”

LIQUIDITY AND FINANCIAL POSITION

	30 June 2017	31 December 2016
	RMB million (Unaudited)	RMB million (Audited)
Total assets	84,141	82,551
Cash and cash equivalents (including restricted bank deposits and pledged deposits)	9,078	8,828
Total borrowings*	21,212	21,317
Total equity	42,203	41,507
Current ratio	1.56	1.51
Net debt to total equity ratio**	28.8%	30.1%
Weighted average borrowing cost	4.28%	4.31%

* *Total borrowings include bank borrowings, loans from fellow subsidiaries, ultimate holding company, non-controlling interests and third parties, guaranteed notes and corporate bonds.*

** *The net debt to total equity ratio is calculated as net borrowings divided by total equity, in which the net borrowings are calculated as total borrowings less cash and cash equivalents.*

As at 30 June 2017, the Group had total assets of approximately RMB84,141.2 million (as at 31 December 2016: approximately RMB82,550.7 million). Total equity of the Company was approximately RMB42,203.4 million, slightly higher than the approximately RMB41,506.6 million as at 31 December 2016.

As at 30 June 2017, the bank and other interest-bearing borrowings decreased from approximately RMB21,317.3 million as at 31 December 2016 to approximately RMB21,212.4 million as at 30 June 2017. The net debt to total equity ratio was 28.8%, representing a decrease of 1.3 percentage points as compared to 30.1% as at 31 December 2016.

As at 30 June 2017, the bank and other interest-bearing borrowings denominated in Renminbi accounted for 74.5% of the total amount, while those denominated in U.S. dollars accounted for 25.5% of the total. The borrowings denominated in currency other than RMB decreased by 0.5 percentage point as compared to that as at 31 December 2016.

As at 30 June 2017, the Group had banking facilities of approximately RMB28,685.8 million, of which RMB13,891.4 million was utilised. In addition, the Group has received the approval from the National Association of Financial Market Institutional Investors that it could issue medium-term notes with a maximum issue size of RMB10 billion, and the Group will issue such notes, when appropriate, based on its future capital needs.

In view of the Group's current cash, bank balances and banking facilities obtained and the size of notes available to issue, the management of the Company believes that the Group's financial resources are sufficiently available for its future development.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had a total of 6,753 employees. In order to attract and retain talents, the Group provides competitive salaries and comprehensive benefits including pension insurance, medical insurance, maternity insurance, work-related injury insurance, unemployment insurance, housing provident fund, commercial health insurance, accident insurance and corporate annuity plan. Aiming to maintain the high efficiency and competitive incentives, the Group has established a sound assessment and incentive system to align the interests of employees with those of the Group.

The Group actively explores incentive mechanism and compensation system for senior management, while reinforcing and emphasising on the link between the standards for paying individual salary to the senior management and the Company's overall performance and individual performance, which highlights the driving effect of performance. Meanwhile, considering the current state of affairs and the future of the Company as well as the development of personal capability, the Group puts a dynamic adjustment mechanism of payment into place for compliance with the development and change of the Company, in order to achieve the mutual development of individual and the Group.

INTERIM DIVIDEND

The Board resolved not to distribute any interim dividend for the six months ended 30 June 2017 (2016: Nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Board considers that during the six months ended 30 June 2017, the Company had complied with all code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its code of conduct regarding directors' securities transactions. After specific enquiry by the Company, all directors have confirmed that they had complied with the required standards set out in the Model Code throughout the six months ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.joy-cityproperty.com). The Interim Report 2017 of the Company will be published on the above websites and dispatched to shareholders in due course.

By Order of the Board
JOY CITY PROPERTY LIMITED
ZHOU Zheng
Chairman

Hong Kong, 21 August 2017

As at the date of this announcement, the Board comprises Mr. ZHOU Zheng and Mr. CAO Ronggen as executive directors; Ms. WU Xiaohui, Mr. JIANG Chao, Mr. ZENG Xianfeng and Mr. JIA Peng as non-executive directors; and Mr. LAU Hon Chuen, Ambrose, GBS, JP, Mr. LAM Kin Ming, Lawrence and Mr. WU Kwok Cheung, MH as independent non-executive directors.