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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 2023**

**HIGHLIGHTS**

- Total operating revenue amounted to RMB3,812.4 million, representing a year-on-year decrease of 58.3%, of which rental income for investment properties and related services income totalled RMB2,150.1 million, representing a year-on-year increase of 32.2%.
- Contracted sales amounted to RMB10,535.1 million, representing a year-on-year decrease of 35.4%, and contracted sales area was 394,411.8 sq.m., representing a year-on-year decrease of 2.1%.
- Profit attributable to owners of the Company amounted to RMB960.0 million, representing a year-on-year increase of 10.8%. Excluding the after-tax fair value gains on investment properties and the effect of exchange rate changes, the core net profit attributable to owners of the Company for the period was RMB623.2 million, representing a year-on-year decrease of 32.2%.

## INTERIM RESULTS

The Board of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2023 together with the comparative figures for the six months ended 30 June 2022.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

|  | NOTES | Six months ended 30 June       |                                |
|--|-------|--------------------------------|--------------------------------|
|  |       | 2023<br>RMB'000<br>(Unaudited) | 2022<br>RMB'000<br>(Unaudited) |
| Revenue  | 4     | 3,812,356                      | 9,134,276                      |
| Cost of sales and services rendered                                    |       | <u>(1,684,857)</u>             | <u>(5,042,352)</u>             |
| Gross profit   |       | 2,127,499                      | 4,091,924                      |
| Other income   | 5     | 312,290                        | 112,895                        |
| Other gains and losses, net  | 6     | (20,461)                       | (42,040)                       |
| Impairment losses under expected credit loss model,<br>net of reversal | 13    | (66,075)                       | (5,531)                        |
| Distribution and selling costs   |       | (328,867)                      | (349,511)                      |
| Administrative expenses  |       | (397,419)                      | (404,534)                      |
| Fair value gains/(losses) on:  |       |                                |                                |
| investment properties  |       | 240,676                        | (25,590)                       |
| financial liabilities at fair value through profit or loss             |       | –                              | (9,210)                        |
| Finance costs  | 7     | (792,282)                      | (562,726)                      |
| Share of losses of associates  |       | (13,499)                       | (1,483)                        |
| Share of profits/(losses) of joint ventures                            |       | <u>625,448</u>                 | <u>(33,088)</u>                |
| Profit before tax  | 8     | 1,687,310                      | 2,771,106                      |
| Income tax expense   | 9     | <u>(435,412)</u>               | <u>(1,214,303)</u>             |
| Profit for the period  |       | <u>1,251,898</u>               | <u>1,556,803</u>               |
| Profit for the period attributable to:                                 |       |                                |                                |
| Owners of the Company  |       | 960,023                        | 866,086                        |
| Holders of perpetual capital instruments                               |       | 152,256                        | 172,381                        |
| Non-controlling interests  |       | <u>139,619</u>                 | <u>518,336</u>                 |
|  |       | <u>1,251,898</u>               | <u>1,556,803</u>               |
| Basic and diluted earnings per share                                   | 10    | <u>RMB6.3 cents</u>            | <u>RMB5.7 cents</u>            |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

|  | Six months ended 30 June |                         |
|--|--------------------------|-------------------------|
|  | 2023                     | 2022                    |
|  | RMB'000                  | RMB'000                 |
|  | (Unaudited)              | (Unaudited)             |
| Profit for the period  | <u>1,251,898</u>         | <u>1,556,803</u>        |
| <b>Other comprehensive (expenses)/income:</b>                            |                          |                         |
| <i>Items that may be reclassified subsequently to profit or loss:</i>    |                          |                         |
| Exchange differences on translation                                      | (224,010)                | (305,880)               |
| Fair value gain on hedging instruments designated<br>in cash flow hedges | <u>39,913</u>            | <u>266,327</u>          |
| Other comprehensive expense for the period                               | <u>(184,097)</u>         | <u>(39,553)</u>         |
| <b>Total comprehensive income for the period</b>                         | <b><u>1,067,801</u></b>  | <b><u>1,517,250</u></b> |
| Total comprehensive income for the period attributable to:               |                          |                         |
| Owners of the Company  | 775,926                  | 811,003                 |
| Holder of perpetual capital instruments                                  | 152,256                  | 172,381                 |
| Non-controlling interests  | <u>139,619</u>           | <u>533,866</u>          |
|  | <b><u>1,067,801</u></b>  | <b><u>1,517,250</u></b> |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

|   | NOTE | 30.06.2023<br>RMB'000<br>(Unaudited) | 31.12.2022<br>RMB'000<br>(Audited) |
|---|------|--------------------------------------|------------------------------------|
| <b>Non-current assets</b>                             |      |                                      |                                    |
| Investment properties                                 |      | 64,021,883                           | 63,155,846                         |
| Property, plant and equipment                         |      | 2,991,560                            | 3,088,938                          |
| Right-of-use assets                                   |      | 1,498,736                            | 1,530,879                          |
| Intangible assets                                     |      | 105,875                              | 109,946                            |
| Interests in associates                               |      | 736,985                              | 750,483                            |
| Interests in joint ventures                           |      | 6,949,029                            | 6,323,625                          |
| Loans to associates                                   |      | 754,877                              | 2,432,941                          |
| Loans to non-controlling interests                    |      | 751,740                              | 147,000                            |
| Financial assets at fair value through profit or loss |      | 510                                  | 510                                |
| Goodwill  |      | 184,297                              | 184,297                            |
| Deposits  |      | 158,421                              | 158,575                            |
| Deferred tax assets                                   |      | 368,993                              | 314,755                            |
| Amount due from a non-controlling interest            |      | 294                                  | —                                  |
| Hedging instruments                                   |      | 221,840                              | 241,852                            |
|   |      | <u>78,745,040</u>                    | <u>78,439,647</u>                  |
| <b>Current assets</b>                                 |      |                                      |                                    |
| Inventories   |      | 38,636                               | 14,666                             |
| Properties held for sale                              |      | 4,690,339                            | 4,615,638                          |
| Properties under development for sale                 |      | 36,471,443                           | 33,417,306                         |
| Accounts receivable                                   | 12   | 115,266                              | 117,615                            |
| Contract costs  |      | 186,209                              | 85,518                             |
| Deposits, prepayments and other receivables           |      | 3,885,996                            | 2,886,192                          |
| Amounts due from fellow subsidiaries                  |      | 27,652                               | 25,613                             |
| Amounts due from non-controlling interests            |      | 26,363                               | 51,574                             |
| Amounts due from joint ventures                       |      | 49,713                               | 38,079                             |
| Amounts due from associates                           |      | 902,563                              | 743,737                            |
| Loans to associates                                   |      | 2,622,823                            | 1,015,816                          |
| Loans to non-controlling interests                    |      | 66,000                               | 995,000                            |
| Tax recoverable                                       |      | 648,476                              | 414,307                            |
| Hedging instruments                                   |      | 322,180                              | 157,123                            |
| Restricted bank deposits                              |      | 33,069                               | 84,892                             |
| Pledged deposits                                      |      | 5,359                                | 5,402                              |
| Cash and bank balances                                |      | 16,577,179                           | 16,895,367                         |
|   |      | <u>66,669,266</u>                    | <u>61,563,845</u>                  |
| <b>Total assets</b>                                   |      | <u><u>145,414,306</u></u>            | <u><u>140,003,492</u></u>          |

|   | <i>NOTE</i> | <b>30.06.2023</b><br><b>RMB'000</b><br><b>(Unaudited)</b> | 31.12.2022<br><i>RMB'000</i><br><b>(Audited)</b> |
|---|-------------|---|--|
| <b>Current liabilities</b>                    |             |   |  |
| Accounts payable                              | 14          | 5,369,442   | 6,004,257  |
| Other payables and accruals                   |             | 6,740,028   | 6,873,925  |
| Contract liabilities                          |             | 19,484,815  | 11,185,853                                       |
| Lease liabilities                             |             | 69,382  | 85,076   |
| Amount due to the ultimate holding company    |             | 4   | 8  |
| Amounts due to intermediate holding companies |             | 16,806  | 17,591   |
| Amount due to the immediate holding company   |             | 99,488  | —  |
| Amounts due to non-controlling interests      |             | 223,480   | 194,222  |
| Amounts due to associates                     |             | 885,694   | 511,904  |
| Amounts due to joint ventures                 |             | 168,652   | 250,190  |
| Amounts due to fellow subsidiaries            |             | 208,584   | 287,899  |
| Loans from fellow subsidiaries                |             | 225,548   | 221,649  |
| Loans from non-controlling interests          |             | 618,618   | 1,833,015  |
| Loan from a third party                       |             | 29,340  | 25,560   |
| Bank borrowings                               |             | 2,275,038   | 4,935,955  |
| Income tax and land appreciation tax payables |             | 782,037   | 1,014,592  |
| Deferred income                               |             | 1,471   | 1,551  |
| Bonds payable                                 |             | 837,356   | 1,017,676  |
|   |             | <u>38,035,783</u>   | <u>34,460,923</u>                                |
| <b>Net current assets</b>                     |             | <u>28,633,483</u>   | <u>27,102,922</u>                                |
| <b>Total assets less current liabilities</b>  |             | <u>107,378,523</u>  | <u>105,542,569</u>                               |
| <b>Non-current liabilities</b>                |             |   |  |
| Other payables and accruals                   |             | 635,388   | 966,378  |
| Lease liabilities                             |             | 97,709  | 117,738  |
| Loan from a fellow subsidiary                 |             | 371,000   | 1,068,500  |
| Loans from third parties                      |             | 7,883,320   | 7,898,800  |
| Loans from joint ventures                     |             | 5,824,800   | 5,574,800  |
| Loan from a non-controlling interest          |             | 246,856   | 821,872  |
| Bank borrowings                               |             | 22,624,413  | 19,406,417                                       |
| Deferred tax liabilities                      |             | 8,253,828   | 8,092,699  |
| Bonds payable                                 |             | 3,176,931   | 2,962,245  |
| Amounts due to non-controlling interests      |             | —   | 4,842  |
| Loan from an associate                        |             | 343,000   | —  |
| Amount due to a joint venture                 |             | 539,000   | 539,000  |
|   |             | <u>49,996,245</u>   | <u>47,453,291</u>                                |
| <b>Net assets</b>                             |             | <u>57,382,278</u>   | <u>58,089,278</u>                                |

|  |             | <b>30.06.2023</b>  | 31.12.2022       |
|--|-------------|--------------------|------------------|
|  | <i>NOTE</i> | <i>RMB'000</i>     | <i>RMB'000</i>   |
|  |             | <b>(Unaudited)</b> | <b>(Audited)</b> |
| <b>Capital and reserves</b>                  |             |                    |                  |
| Share capital                                | <i>15</i>   | <b>1,122,414</b>   | 1,122,414        |
| Reserves                                     |             | <b>29,375,432</b>  | 28,801,918       |
|  |             | <hr/>              | <hr/>            |
| Equity attributable to owners of the Company |             | <b>30,497,846</b>  | 29,924,332       |
| Perpetual capital instruments                |             | <b>6,324,645</b>   | 7,245,471        |
| Non-controlling interests                    |             | <b>20,559,787</b>  | 20,919,475       |
|  |             | <hr/>              | <hr/>            |
| <b>Total equity</b>                          |             | <b>57,382,278</b>  | 58,089,278       |
|  |             | <hr/> <hr/>        | <hr/> <hr/>      |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 1. GENERAL INFORMATION

Joy City Property Limited (the “**Company**”) 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 and hotel operations.

The immediate holding company of the Company, Grandjoy Holdings Group Co., Ltd (“**Grandjoy Holdings**”), a company established in the People’s Republic of China (the “**PRC**”) with its A shares listed on the Shenzhen Stock Exchange. 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 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

The condensed consolidated financial statements for the six months ended 30 June 2023 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 (“**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on the Stock Exchange. 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 2022.

### 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies used in 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 2022, except as described below.

#### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2023:

|  |   |
|--|---|
| HKFRS 17 and related amendments                        | Insurance Contracts   |
| Amendments to HKAS 1 and<br>HKFRS Practice Statement 2 | Disclosure of Accounting Policies   |
| Amendments to HKAS 8                                   | Definition of Accounting Estimates  |
| Amendments to HKAS 12                                  | Deferred Tax related to Assets and Liabilities arising from a Single<br>Transaction |
| Amendments to HKAS 12                                  | International Tax Reform – Pillar Two Model Rules                                   |

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.



#### 4. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold and services rendered during the period.

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 Executive Directors, the chief operating decision maker (“CODM”), 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 as follows:

|                               |  |
|-------------------------------|--|
| Property investment           | Property letting and related services                        |
| Property and land development | Development and sale of properties, and development of lands |
| Hotel operations              | Hotel ownership and management                               |
| Output management project     | Provision of output management services                      |
| Other services                | Provision of miscellaneous services                          |

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

|   | Six months ended        |                         |
|---|-------------------------|-------------------------|
|   | 30.6.2023               | 30.6.2022               |
|   | <i>RMB’000</i>          | <i>RMB’000</i>          |
|   | (Unaudited)             | (Unaudited)             |
| Property investment and development:                          |                         |                         |
| Rental income from investment properties and related services | 2,150,054               | 1,626,191               |
| Sales of properties held for sale                             | 1,004,763               | 7,077,949               |
| Output management project                                     | 83,109                  | 84,444                  |
| Other service income  | 38,105                  | 62,776                  |
|   | <u>3,276,031</u>        | <u>8,851,360</u>        |
| Hotel operations  | <u>536,325</u>          | <u>282,916</u>          |
| Total revenue   | <u><u>3,812,356</u></u> | <u><u>9,134,276</u></u> |

## Disaggregation of revenue from contract with customers

For the six months ended 30 June 2023 (Unaudited)

|                                       | Property<br>investment<br><i>RMB'000</i> | Property<br>and land<br>development<br><i>RMB'000</i> | Hotel<br>operations<br><i>RMB'000</i> | Output<br>management<br>project<br><i>RMB'000</i> | Other<br>services<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|---------------------------------------|--|---|---------------------------------------|---|-------------------------------------|-------------------------|
| Revenue from contracts with customers | <u>296,677</u>                           | <u>1,004,763</u>                                      | <u>536,325</u>                        | <u>83,109</u>                                     | <u>38,105</u>                       | <u>1,958,979</u>        |
| <b>Geographical markets</b>           |  |   |                                       |   |                                     |                         |
| Mainland China                        | 287,879                                  | 1,004,763   | 536,325                               | 61,316  | 37,989                              | 1,928,272               |
| Hong Kong                             | <u>8,798</u>                             | <u>–</u>  | <u>–</u>                              | <u>21,793</u>                                     | <u>116</u>                          | <u>30,707</u>           |
|                                       | <u>296,677</u>                           | <u>1,004,763</u>                                      | <u>536,325</u>                        | <u>83,109</u>                                     | <u>38,105</u>                       | <u>1,958,979</u>        |
| <b>Timing of revenue recognition</b>  |  |   |                                       |   |                                     |                         |
| A point in time                       | –  | 1,004,763   | 121,561                               | –   | –                                   | 1,126,324               |
| Over time                             | <u>296,677</u>                           | <u>–</u>  | <u>414,764</u>                        | <u>83,109</u>                                     | <u>38,105</u>                       | <u>832,655</u>          |
|                                       | <u>296,677</u>                           | <u>1,004,763</u>                                      | <u>536,325</u>                        | <u>83,109</u>                                     | <u>38,105</u>                       | <u>1,958,979</u>        |

Set out below is reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

For the six months ended 30 June 2023 (Unaudited)

|  | Property<br>investment<br><i>RMB'000</i> | Property<br>and land<br>development<br><i>RMB'000</i> | Hotel<br>operations<br><i>RMB'000</i> | Output<br>management<br>project<br><i>RMB'000</i> | Other<br>services<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|--|--|---|---------------------------------------|---|-------------------------------------|-------------------------|
| <b>Revenue from contracts with customers</b> |  |   |                                       |   |                                     |                         |
| External customers                           | 296,677                                  | 1,004,763   | 536,325                               | 83,109  | 38,105                              | 1,958,979               |
| Inter-segment                                | <u>53,112</u>                            | <u>–</u>  | <u>3</u>                              | <u>52,199</u>                                     | <u>21,163</u>                       | <u>126,477</u>          |
| <b>Total</b>                                 | <u>349,789</u>                           | <u>1,004,763</u>                                      | <u>536,328</u>                        | <u>135,308</u>                                    | <u>59,268</u>                       | <u>2,085,456</u>        |
| Revenue from rental total                    | <u>1,853,377</u>                         | <u>–</u>  | <u>–</u>                              | <u>–</u>  | <u>–</u>                            | <u>1,853,377</u>        |
| Inter-segment elimination                    | <u>(53,112)</u>                          | <u>–</u>  | <u>(3)</u>                            | <u>(52,199)</u>                                   | <u>(21,163)</u>                     | <u>(126,477)</u>        |
| Revenue disclosed in segment information     | <u>2,150,054</u>                         | <u>1,004,763</u>                                      | <u>536,325</u>                        | <u>83,109</u>                                     | <u>38,105</u>                       | <u>3,812,356</u>        |

## Disaggregation of revenue from contract with customers

For the six months ended 30 June 2022 (Unaudited)

|  | Property<br>investment<br><i>RMB'000</i> | Property<br>and land<br>development<br><i>RMB'000</i> | Hotel<br>operations<br><i>RMB'000</i> | Output<br>management<br>project<br><i>RMB'000</i> | Other<br>services<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|--|--|---|---------------------------------------|---|-------------------------------------|-------------------------|
| <b>Revenue from contracts with customers</b> | <u>312,288</u>                           | <u>7,077,949</u>                                      | <u>282,916</u>                        | <u>84,444</u>                                     | <u>62,776</u>                       | <u>7,820,373</u>        |
| <b>Geographical markets</b>                  |  |   |                                       |   |                                     |                         |
| Mainland China                               | 304,833                                  | 7,077,949   | 282,916                               | 63,107  | 62,744                              | 7,791,549               |
| Hong Kong                                    | <u>7,455</u>                             | <u>–</u>  | <u>–</u>                              | <u>21,337</u>                                     | <u>32</u>                           | <u>28,824</u>           |
|  | <u>312,288</u>                           | <u>7,077,949</u>                                      | <u>282,916</u>                        | <u>84,444</u>                                     | <u>62,776</u>                       | <u>7,820,373</u>        |
| <b>Timing of revenue recognition</b>         |  |   |                                       |   |                                     |                         |
| A point in time                              | –  | 7,077,949   | 64,105                                | –   | –                                   | 7,142,054               |
| Over time                                    | <u>312,288</u>                           | <u>–</u>  | <u>218,811</u>                        | <u>84,444</u>                                     | <u>62,776</u>                       | <u>678,319</u>          |
|  | <u>312,288</u>                           | <u>7,077,949</u>                                      | <u>282,916</u>                        | <u>84,444</u>                                     | <u>62,776</u>                       | <u>7,820,373</u>        |

Set out below is reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

For the six months ended 30 June 2022 (Unaudited)

|   | Property<br>investment<br><i>RMB'000</i> | Property<br>and land<br>development<br><i>RMB'000</i> | Hotel<br>operations<br><i>RMB'000</i> | Output<br>management<br>project<br><i>RMB'000</i> | Other<br>services<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|---|--|---|---------------------------------------|---|-------------------------------------|-------------------------|
| <b>Revenue from contracts with customers</b>    |  |   |                                       |   |                                     |                         |
| External customers                              | 312,288                                  | 7,077,949   | 282,916                               | 84,444  | 62,776                              | 7,820,373               |
| Inter-segment                                   | <u>7,669</u>                             | <u>–</u>  | <u>7</u>                              | <u>39,915</u>                                     | <u>22,969</u>                       | <u>70,560</u>           |
| Total   | <u>319,957</u>                           | <u>7,077,949</u>                                      | <u>282,923</u>                        | <u>124,359</u>                                    | <u>85,745</u>                       | <u>7,890,933</u>        |
| Rental revenue                                  | 1,315,195                                | –   | –                                     | –   | –                                   | 1,315,195               |
| Rental adjustments                              | <u>(1,292)</u>                           | <u>–</u>  | <u>–</u>                              | <u>–</u>  | <u>–</u>                            | <u>(1,292)</u>          |
| <b>Revenue from rental total</b>                | <u>1,313,903</u>                         | <u>–</u>  | <u>–</u>                              | <u>–</u>  | <u>–</u>                            | <u>1,313,903</u>        |
| <b>Inter-segment elimination</b>                | <u>(7,669)</u>                           | <u>–</u>  | <u>(7)</u>                            | <u>(39,915)</u>                                   | <u>(22,969)</u>                     | <u>(70,560)</u>         |
| <b>Revenue disclosed in segment information</b> | <u>1,626,191</u>                         | <u>7,077,949</u>                                      | <u>282,916</u>                        | <u>84,444</u>                                     | <u>62,776</u>                       | <u>9,134,276</u>        |

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:

#### For the six months ended 30 June 2023 (Unaudited)

|  | Property<br>investment<br><i>RMB'000</i> | Property<br>and land<br>development<br><i>RMB'000</i> | Hotel<br>operations<br><i>RMB'000</i> | Output<br>management<br>project<br><i>RMB'000</i> | Other<br>services<br><i>RMB'000</i> | Segment<br>total<br><i>RMB'000</i> | Inter-<br>segment<br>elimination<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|--|--|---|---------------------------------------|---|-------------------------------------|------------------------------------|--|-------------------------|
| <b>Segment revenue</b>   |  |   |                                       |   |                                     |                                    |  |                         |
| External customers   | 2,150,054                                | 1,004,763   | 536,325                               | 83,109  | 38,105                              | 3,812,356                          | –  | 3,812,356               |
| Inter-segment revenue  | 53,112                                   | –   | 3                                     | 52,199  | 21,163                              | 126,477                            | (126,477)  | –                       |
| Consolidated   | <u>2,203,166</u>                         | <u>1,004,763</u>                                      | <u>536,328</u>                        | <u>135,308</u>                                    | <u>59,268</u>                       | <u>3,938,833</u>                   | <u>(126,477)</u>                                   | <u>3,812,356</u>        |
| Revenue as presented in consolidated<br>statement of profit or loss  |  |   |                                       |   |                                     |                                    |  | <u>3,812,356</u>        |
| Segment results  | <u>1,601,550</u>                         | <u>40,176</u>   | <u>76,680</u>                         | <u>110,272</u>                                    | <u>(12,383)</u>                     | <u>1,816,295</u>                   | <u>(7,445)</u>                                     | <u>1,808,850</u>        |
| Unallocated corporate income and other gains   |  |   |                                       |   |                                     |                                    |  | 245,728                 |
| Unallocated corporate expenses and other losses  |  |   |                                       |   |                                     |                                    |  | (122,172)               |
| Finance costs  |  |   |                                       |   |                                     |                                    |  | (792,282)               |
| Share of losses of associates  |  |   |                                       |   |                                     |                                    |  | (13,499)                |
| Share of profits of joint ventures   |  |   |                                       |   |                                     |                                    |  | <u>625,448</u>          |
| Impairment loss recognised on loan to an associate,<br>amount due from a non-controlling interest and<br>other receivables |  |   |                                       |   |                                     |                                    |  | <u>(64,763)</u>         |
| Profit before tax as presented in consolidated<br>statement of profit or loss  |  |   |                                       |   |                                     |                                    |  | <u>1,687,310</u>        |

## Segment revenue and segment results

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

For the Six months ended 30 June 2022 (Unaudited)

|  | Property investment<br>RMB'000 | Property and land development<br>RMB'000 | Hotel operations<br>RMB'000 | Output management project<br>RMB'000 | Other services<br>RMB'000 | Segment total<br>RMB'000 | Inter-segment elimination<br>RMB'000 | Total<br>RMB'000 |
|--|--------------------------------|--|-----------------------------|--------------------------------------|---------------------------|--------------------------|--------------------------------------|------------------|
| <b>Segment revenue</b>   |                                |  |                             |                                      |                           |                          |                                      |                  |
| External customers   | 1,627,483                      | 7,077,949                                | 282,916                     | 84,444                               | 62,776                    | 9,135,568                | –                                    | 9,135,568        |
| Inter-segment revenue  | 7,669                          | –  | 7                           | 39,915                               | 22,969                    | 70,560                   | (70,560)                             | –                |
| Consolidated   | <u>1,635,152</u>               | <u>7,077,949</u>                         | <u>282,923</u>              | <u>124,359</u>                       | <u>85,745</u>             | <u>9,206,128</u>         | <u>(70,560)</u>                      | <u>9,135,568</u> |
| Rental adjustments   |                                |  |                             |                                      |                           |                          |                                      | <u>(1,292)</u>   |
| Revenue as presented in consolidated statement of profit or loss           |                                |  |                             |                                      |                           |                          |                                      | <u>9,134,276</u> |
| Segment results  | <u>843,051</u>                 | <u>2,606,289</u>                         | <u>(48,391)</u>             | <u>100,611</u>                       | <u>26,189</u>             | <u>3,527,749</u>         | <u>–</u>                             | <u>3,527,749</u> |
| Unallocated corporate income and other gains                               |                                |  |                             |                                      |                           |                          |                                      | 71,546           |
| Unallocated corporate expenses and other losses                            |                                |  |                             |                                      |                           |                          |                                      | (230,892)        |
| Finance costs  |                                |  |                             |                                      |                           |                          |                                      | (562,726)        |
| Share of losses of associates  |                                |  |                             |                                      |                           |                          |                                      | (1,483)          |
| Share of losses of joint ventures  |                                |  |                             |                                      |                           |                          |                                      | <u>(33,088)</u>  |
| Profit before tax as presented in consolidated statement of profit or loss |                                |  |                             |                                      |                           |                          |                                      | <u>2,771,106</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, certain other gains and losses, certain distribution and selling costs, certain administrative expenses, finance costs, share of profits/losses of associates and joint ventures and impairment loss recognised on loan to an associate, amount due from a non-controlling interest and other receivables.

## 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 CODM for the purposes of resources allocation and performance assessment.

## 5. OTHER INCOME

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

|   | Six months ended |                |
|---|------------------|----------------|
|   | 30.06.2023       | 30.06.2022     |
|   | RMB'000          | RMB'000        |
|   | (Unaudited)      | (Unaudited)    |
| Interest income from:                                 |                  |                |
| Banks   | 96,873           | 47,518         |
| A non-banking financial institution ( <i>Note a</i> ) | 11,142           | 9,408          |
| Loans to joint ventures                               | 99               | —              |
| Loans to associates                                   | 153,294          | 38,130         |
| Loans to non-controlling interests                    | 9,648            | 1,703          |
| Government grants ( <i>Note b</i> )                   | 36,586           | 12,740         |
| Others  | 4,648            | 3,396          |
|   | <u>312,290</u>   | <u>112,895</u> |

Notes:

- a. *The non-banking financial institution is COFCO Finance Corporation Limited (“COFCO Finance”), a fellow subsidiary of the Group.*
- b. *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. 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, for the period are as follows:

|  | Six months ended |                 |
|--|------------------|-----------------|
|  | 30.06.2023       | 30.06.2022      |
|  | RMB'000          | RMB'000         |
|  | (Unaudited)      | (Unaudited)     |
| Loss on disposal of property, plant and equipment        | (3,899)          | (261)           |
| Impairment loss on properties under development for sale | (47,225)         | —               |
| Exchange gains/(losses), net                             | 21,251           | (121,961)       |
| Gains on disposal of a subsidiary                        | 50               | 10,314          |
| Others   | 9,362            | 69,868          |
|  | <u>(20,461)</u>  | <u>(42,040)</u> |

## 7. FINANCE COSTS

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

|  | Six months ended                     |                                      |
|--|--------------------------------------|--------------------------------------|
|  | 30.06.2023<br>RMB'000<br>(Unaudited) | 30.06.2022<br>RMB'000<br>(Unaudited) |
| Interest on:   |                                      |                                      |
| Bank borrowings                                      | 558,372                              | 308,712                              |
| Loan from a non-banking financial institution (Note) | 18,579                               | 28,241                               |
| Loans from fellow subsidiaries                       | 7,115                                | 2,459                                |
| Loans from non-controlling interests                 | 28,490                               | 42,535                               |
| Loan from an associate                               | 1,161                                | 354                                  |
| Loans from joint ventures                            | 108,010                              | 81,096                               |
| Loans from third parties                             | 194,678                              | 208,144                              |
| Bonds payable  | 66,583                               | 65,462                               |
| Lease liabilities                                    | 4,321                                | 5,712                                |
| Others   | 22,109                               | 17,655                               |
|  | <hr/>                                | <hr/>                                |
| Total interest expenses                              | 1,009,418                            | 760,370                              |
|  | <hr/>                                | <hr/>                                |
| Less: interest capitalised in:                       |                                      |                                      |
| Investment properties under development              | (32,191)                             | (34,930)                             |
| Properties under development for sale                | (184,945)                            | (162,714)                            |
|  | <hr/>                                | <hr/>                                |
|  | (217,136)                            | (197,644)                            |
|  | <hr/>                                | <hr/>                                |
| Finance costs  | 792,282                              | 562,726                              |
|  | <hr/> <hr/>                          | <hr/> <hr/>                          |

Note:

*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:

|  | <b>Six months ended</b> |             |
|--|-------------------------|-------------|
|  | <b>30.06.2023</b>       | 30.06.2022  |
|  | <b>RMB'000</b>          | RMB'000     |
|  | <b>(Unaudited)</b>      | (Unaudited) |
| Amortisation:  |                         |             |
| – Intangible assets (included in cost of sales)  | <b>1,978</b>            | 1,594       |
| – Intangible assets (included in administrative expenses)                                    | <b>2,286</b>            | 3,723       |
| – Intangible assets (included in distribution and selling costs)                             | <b>401</b>              | 391         |
|  | <b>4,665</b>            | 5,708       |
| Depreciation of property, plant and equipment  | <b>97,772</b>           | 100,134     |
| Depreciation of right-of-use assets  | <b>34,910</b>           | 37,164      |
| Total depreciation and amortisation  | <b>137,347</b>          | 143,006     |
| Cost of sales and services rendered:   |                         |             |
| Cost of properties sold  | <b>841,851</b>          | 4,329,972   |
| Direct operating expenses incurred for investment properties that generated rental income    | <b>452,401</b>          | 402,098     |
| Direct operating expenses arising from provision of property management and related services | <b>47,396</b>           | 68,358      |
| Direct operating expenses from hotel services provided                                       | <b>343,209</b>          | 241,924     |
|  | <b>1,684,857</b>        | 5,042,352   |



## 9. INCOME TAX EXPENSE

|  | <b>Six months ended</b> |                  |
|--|-------------------------|------------------|
|  | <b>30.06.2023</b>       | 30.06.2022       |
|  | <i><b>RMB'000</b></i>   | <i>RMB'000</i>   |
|  | <b>(Unaudited)</b>      | (Unaudited)      |
| Current tax:                           |                         |                  |
| PRC Enterprise Income Tax              | <b>298,550</b>          | 699,901          |
| Land Appreciation Tax                  | <b>12,010</b>           | 360,966          |
| Hong Kong Profits Tax                  | <b>6,900</b>            | 7,952            |
|  | <u><b>317,460</b></u>   | <u>1,068,819</u> |
| Under/(over) provision in prior years: |                         |                  |
| PRC Enterprise Income Tax              | <b>11,491</b>           | (1,661)          |
| Deferred tax                           | <b>106,461</b>          | 147,145          |
|  | <u><b>435,412</b></u>   | <u>1,214,303</u> |

## 10. EARNINGS PER SHARE

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

|   | <b>Six months ended</b>  |                   |
|---|--------------------------|-------------------|
|   | <b>30.06.2023</b>        | 30.06.2022        |
|   | <i><b>RMB'000</b></i>    | <i>RMB'000</i>    |
|   | <b>(Unaudited)</b>       | (Unaudited)       |
| <b>Earnings</b>   |                          |                   |
| Earnings for the purpose of basic earnings per share<br>(Profit for the period attributable to owners of the Company) | <u><b>960,023</b></u>    | <u>866,086</u>    |
| <b>Number of shares ('000)</b>  |                          |                   |
| For the purpose of basic earnings per share:  |                          |                   |
| Number of ordinary shares   | <b>14,231,125</b>        | 14,231,125        |
| Number of non-redeemable convertible preference shares  | <b>1,095,301</b>         | 1,095,301         |
|   | <u><b>15,326,426</b></u> | <u>15,326,426</u> |

The number of shares used for the purpose of calculating basic earnings per share for the six months ended 30 June 2023 and 2022 is calculated on the basis of the number of ordinary shares of the Company and non-redeemable convertible preference shares in issue during the periods.

The calculation of the diluted earnings per share for the six months ended 30 June 2023 and 2022 did not assume the exercise of the written put option on shares of a subsidiary as the dilution effect resulting from the impact of earnings is not considered material.

## 11. DIVIDENDS

No dividend in respect of ordinary shares has been proposed, paid or declared by the Company for the current and prior periods.

## 12. ACCOUNTS RECEIVABLE

|  | <b>30.06.2023</b>  | 31.12.2022       |
|--|--------------------|------------------|
|  | <i>RMB'000</i>     | <i>RMB'000</i>   |
|  | <b>(Unaudited)</b> | <b>(Audited)</b> |
| Lease receivables                                      | <b>104,652</b>     | 107,452          |
| Property management fee receivables                    | <b>11,318</b>      | 11,427           |
| Receivables from hotel operations and related services | <b>22,484</b>      | 19,686           |
| Others   | <b>570</b>         | 1,013            |
| Less: Allowance for credit losses                      | <b>(23,758)</b>    | (21,963)         |
|  | <b>115,266</b>     | 117,615          |

At 30 June 2023, accounts receivable with an aggregate carrying amount of approximately RMB26,582,000 (31 December 2022: RMB24,890,000) 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 at the end of the reporting period (excluding rental adjustments and net of allowance for credit losses) presented based on invoice date, except for the aged analysis of rental receivables which were presented based on the date of rental demand notice issued:

|                    | <b>30.06.2023</b><br><i>RMB'000</i><br><b>(Unaudited)</b> | 31.12.2022<br><i>RMB'000</i><br><b>(Audited)</b> |
|--------------------|---|--|
| Less than 3 months | 72,520  | 78,171   |
| 3 months to 1 year | 33,899  | 34,074   |
| 1 to 2 years       | 8,291   | 3,356  |
| 2 to 3 years       | 556   | 2,014  |
|                    | <u>115,266</u>  | <u>117,615</u>                                   |

### 13. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL

|  | <b>Six months ended</b>                                   |  |
|--|---|--|
|  | <b>30.06.2023</b><br><i>RMB'000</i><br><b>(Unaudited)</b> | 30.06.2022<br><i>RMB'000</i><br><b>(Unaudited)</b> |
| <b>Impairment loss recognised (reversal of) in respect of:</b> |   |  |
| – accounts receivable  | 2,186   | 2,049  |
| – deposits and other receivables                               | (838)   | 3,482  |
| – loan to an associate   | 40,081  | –  |
| – amount due from a non-controlling interest                   | 24,646  | –  |
|  | <u>66,075</u>   | <u>5,531</u>                                       |

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022.

## 14. ACCOUNTS PAYABLE

|                                     | <b>30.06.2023</b><br><i>RMB'000</i><br><b>(Unaudited)</b> | 31.12.2022<br><i>RMB'000</i><br><b>(Audited)</b> |
|-------------------------------------|---|--|
| Trade payables                      | <b>38,814</b>   | 35,734   |
| Accrued expenditure on construction | <b>5,330,628</b>  | 5,968,523  |
|                                     | <b>5,369,442</b>  | 6,004,257  |

Accounts payable, including trade payables 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 payables are generally with credit period of 60 to 90 days, except for the retention monies of certain construction costs of which the retention period is up to 2 years.

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

|               | <b>30.06.2023</b><br><i>RMB'000</i><br><b>(Unaudited)</b> | 31.12.2022<br><i>RMB'000</i><br><b>(Audited)</b> |
|---------------|---|--|
| Within 1 year | <b>38,814</b>   | 35,649   |
| 1 to 2 years  | —   | 85   |
|               | <b>38,814</b>   | 35,734   |

## 15. SHARE CAPITAL

### Ordinary share capital of the Company

|   | <b>Number of<br/>shares</b> | <b>Amount</b><br><i>HK\$'000</i> | <b>(RMB<br/>equivalent)</b><br><i>RMB'000</i> |
|---|-----------------------------|----------------------------------|---|
| Authorised:   |                             |                                  |   |
| <i>Ordinary shares of HK\$0.10 each.</i>                            |                             |                                  |   |
| At 1 January 2022, 30 June 2022, 1 January 2023<br>and 30 June 2023 | 28,904,699,222              | 2,890,470                        | 2,293,502                                     |
| Issued and fully paid:  |                             |                                  |   |
| <i>Ordinary shares of HK\$0.10 each</i>                             |                             |                                  |   |
| At 1 January 2022, 30 June 2022, 1 January 2023<br>and 30 June 2023 | 14,231,124,858              | 1,423,112                        | 1,122,414                                     |

## **BUSINESS REVIEW**

### **Market Review**

In the first half of 2023, as the economy and society have fully resumed normal operation and the macro policies have showed their effects, the national economy picked up its upward momentum, steadily promoting the high-quality development. China's GDP expanded 5.5% year on year to approximately RMB59.3 trillion in the first half of 2023. Among the three major drivers of economic growth, the consumption sector delivered outstanding performance, which has significantly boosted the economic growth. In the first half of 2023, the total retail sales of consumer goods amounted to approximately RMB22.76 trillion, representing a year-on-year increase of 8.2%.

Real estate sector is an important pillar industry of the national economy in China. As the supply and demand relationship in China's real estate market has undergone significant changes, it is expected that more city-specific policies will be rolled out to meet the rigid demand for home-owning and housing improvement, and to promote the stable and healthy development of the real estate market. During the period under review, the real estate market was still consolidating in a narrow scope, with the overall development of the industry under pressure. During the period under review, nationwide investment in real estate development amounted to approximately RMB5.86 trillion, representing a year-on-year decrease of 7.9%; sales of commodity housing amounted to approximately RMB6.31 trillion, representing a year-on-year increase of 1.1%. In terms of real estate prices, in June 2023, the price index of newly built commodity housing in 70 large- and medium-sized cities in China decreased by 0.4% year on year and decreased by 0.1% month on month.

In terms of commercial properties, during the period under review, the central and local governments introduced various policies to promote the quality improvement and upgrade of the supply side, unleashing residents' consumption potential. Offline consumption involving people contact and gathering recovered rapidly and more residents went out for shopping, dinner and leisure activities. With customer traffic rallied, operations of brick-and-mortar businesses have improved. In the first half of 2023, approximately 125 commercial projects (each with a commercial GFA of 20,000 sq.m. or above) were put into operation nationwide, representing a year-on-year increase of 5%; and the aggregate GFA of new commercial buildings was approximately 9,705,000 sq.m.. In the short term, the government is expected to continue its efforts to stabilise the economy through macro policies. In the second half of the year, consumer spending and business operations are projected to further recover, which will provide strong support for the market demand for commercial properties.

### **Business Review**

During the period under review, the Group gave full play to its strengths to ensure synergistic development of its four business segments, namely investment properties, property development, hotel operations, and output management and other services. The Group's operating revenue amounted to approximately RMB3,812.4 million (the corresponding period in 2022: RMB9,134.3 million), representing a year-on-year decrease of 58.3%, which was mainly due to the year-on-year decrease in

revenue from property development as a result of the changes in the settlement cycle of property sales for the period. The Group's cost of sales and services rendered was approximately RMB1,684.9 million (the corresponding period in 2022: RMB5,042.4 million), representing a year-on-year decrease of 66.6%. The overall gross profit margin increased by 11 percentage points year on year to 55.8%, mainly driven by a greater portion of revenue contributed by investment properties.

### Review of Investment Properties

The Group continued to enhance the operations of its shopping malls through innovating consumption patterns, integrating resources and ecology and shaping brand potential, which has achieved satisfactory results. During the period under review, the Group capitalized on the upturn in consumption and successfully held events such as “Joy Joy So Red Festival” and “Hi, It's New Shopping Festival”, which led to a rebound in both sales and footfall.

During the period under review, total rental income from investment properties and related services income amounted to approximately RMB2,150.1 million, representing a year-on-year increase of 32.2%. The gross profit margin of the investment properties segment increased by 4 percentage points year on year to 79%. Shopping malls and office buildings contributed approximately 83% and 13% of the total revenue, respectively.

The Group's shopping malls recorded sales of approximately RMB16.4 billion; and rental income of approximately RMB1,484.4 million, representing a year-on-year increase of 53.5%. The average occupancy rate of the shopping malls was 92%, down by 1 percentage point year on year. As the market recovers, the customer traffic will gradually rally for brick-and-mortar businesses, and the occupancy rates are expected to steadily pick up.

In terms of office building business, the Group strengthened market research and analysis, continued to optimize the 3C operation service system, further enhanced information-based operation, devoted efforts to improve customer service quality and boosted asset management effectiveness. During the period under review, the Group's office buildings generated rental income of approximately RMB273.1 million, representing a year-on-year increase of 16.2%.

|  | <b>Six months ended 30 June</b> |                |
|--|---------------------------------|----------------|
|  | <b>2023</b>                     | 2022           |
|  | <b>(Unaudited)</b>              | (Unaudited)    |
| Rental income from investment properties and related services income (RMB million) | <b><u>2,150.1</u></b>           | <u>1,626.2</u> |

The table below sets forth the rental income and occupancy rates of the Group's major investment properties for the first half of 2023:

| <b>Project</b>                          | <b>City</b> | <b>Use</b>         | <b>Rental income<br/>(RMB million)</b> | <b>Occupancy<br/>rate<br/>(%)</b> |
|---|-------------|--------------------|--|-----------------------------------|
| Beijing Xidan Joy City Shopping Mall    | Beijing     | Retail             | 301.6                                  | 96                                |
| Beijing Chaoyang Joy City Shopping Mall | Beijing     | Retail             | 335.8                                  | 98                                |
| Tianjin Nankai Joy City Shopping Mall   | Tianjin     | Retail             | 226.3                                  | 97                                |
| Shanghai Jing'an Joy City Shopping Mall | Shanghai    | Retail             | 91.7                                   | 90                                |
| Shenyang Joy City Shopping Mall         | Shenyang    | Retail             | 125.8                                  | 89                                |
| Yantai Joy City Shopping Mall           | Yantai      | Retail             | 40.4                                   | 86                                |
| Chengdu Joy City Shopping Mall          | Chengdu     | Retail             | 145.0                                  | 95                                |
| Hangzhou Joy City Shopping Mall         | Hangzhou    | Retail             | 73.8                                   | 97                                |
| Suzhou Joy City Shopping Mall*          | Suzhou      | Retail             | 65.3                                   | 90                                |
| Chongqing Joy City Shopping Mall        | Chongqing   | Retail             | 12.7                                   | 81                                |
| Wuhan Joy City Shopping Mall            | Wuhan       | Retail             | 47.6                                   | 92                                |
| Beijing Xidan Joy City Offices          | Beijing     | Office             | 18.5                                   | 83                                |
| Beijing COFCO Plaza Offices             | Beijing     | Office and Retail  | 136.6                                  | 90                                |
| Hong Kong COFCO Tower                   | Hong Kong   | Office and Retail  | 29.3                                   | 83                                |
| Beijing COFCO • Landmark Tower          | Beijing     | Office and Retail  | 75.8                                   | 83                                |
| Fraser Suites Top Glory Shanghai        | Shanghai    | Serviced apartment | 67.6                                   | 91                                |
| Total                                   |             |                    | <u>1,793.8</u>                         |                                   |

\* Suzhou Joy Breeze Shopping Mall was renamed as Suzhou Joy City Shopping Mall.

The table below sets forth the rental income and occupancy rates of the Group's major investment properties for the first half of 2022:

| Project                                 | City      | Use                | Rental income<br>(RMB million) | Occupancy<br>rate<br>(%) |
|---|-----------|--------------------|--------------------------------|--------------------------|
| Beijing Xidan Joy City Shopping Mall    | Beijing   | Retail             | 276.5                          | 95                       |
| Beijing Chaoyang Joy City Shopping Mall | Beijing   | Retail             | 210.6                          | 98                       |
| Tianjin Nankai Joy City Shopping Mall   | Tianjin   | Retail             | 151.6                          | 97                       |
| Shanghai Jing'an Joy City Shopping Mall | Shanghai  | Retail             | 52.9                           | 92                       |
| Shenyang Joy City Shopping Mall         | Shenyang  | Retail             | 66.7                           | 91                       |
| Yantai Joy City Shopping Mall           | Yantai    | Retail             | 23.8                           | 91                       |
| Chengdu Joy City Shopping Mall          | Chengdu   | Retail             | 96.6                           | 95                       |
| Hangzhou Joy City Shopping Mall         | Hangzhou  | Retail             | 43.2                           | 95                       |
| Suzhou Joy Breeze Shopping Mall         | Suzhou    | Retail             | 13.4                           | 93                       |
| Chongqing Joy City Shopping Mall        | Chongqing | Retail             | 15.6                           | 80.5                     |
| Wuhan Joy City Shopping Mall            | Wuhan     | Retail             | 16.0                           | 90                       |
| Beijing Xidan Joy City Offices          | Beijing   | Office             | 13.1                           | 91                       |
| Beijing COFCO Plaza Offices             | Beijing   | Office and Retail  | 123.1                          | 91                       |
| Hong Kong COFCO Tower                   | Hong Kong | Office and Retail  | 28.2                           | 78                       |
| Beijing COFCO • Landmark Tower          | Beijing   | Office and Retail  | 70.5                           | 88                       |
| Fraser Suites Top Glory Shanghai        | Shanghai  | Serviced apartment | 65.5                           | 92                       |
| Total                                   |           |                    | <u>1,267.3</u>                 |                          |



## Review of Property Development

The Group continued to improve its development efficiency and sales capabilities. It channeled online sales from multiple dimensions, kept abreast of market hotspots, continued to innovate in new media marketing, and launched synergistic brand marketing campaigns “Joy Fans Festival” nationwide and online live stream, yielding positive marketing results. Meanwhile, focusing on the improvement of product and service capabilities, the Group initiated special campaigns such as the building of benchmark projects and the upgrade of residential product lines to improve product quality. During the period under review, the Group’s revenue derived from property development segment was approximately RMB1,004.8 million, representing a year-on-year decrease of 85.8%. The settlement area of properties delivered was approximately 77,414 sq.m., representing a year-on-year decrease of 78.9%. The average settlement unit price was approximately RMB12,979 per sq.m., representing a year-on-year decrease of 32.6%. The gross profit margin of the property development segment for the period was 16%, decreasing by 23 percentage points year on year, which was due to the changes in products and business formats of the projects settled during the period.

Despite the strong marketing initiatives adopted, the Group’s contracted sales for the period under review decreased by 35.4% year on year to approximately RMB10,535.1 million amid a broad downturn in the housing market. Contracted sales area was 394,411.8 sq.m., representing a year-on-year decrease of approximately 2.1%; and the average unit selling price was approximately RMB26,711 per sq.m., representing a year-on-year decrease of approximately 33.9%.

For the first half of 2023, the Group’s contracted sales amount and contracted sales area by region are as follows:

| Region          | Contracted sales amount          |                       | Contracted sales area            |                  |
|-----------------|----------------------------------|-----------------------|----------------------------------|------------------|
|                 | For the six months ended 30 June |                       | For the six months ended 30 June |                  |
|                 | 2023<br>(RMB million)            | 2022<br>(RMB million) | 2023<br>(sq.m.)                  | 2022<br>(sq.m.)  |
| Shanghai        | 2,075.9                          | 12,025.2              | 56,274.8                         | 211,697.8        |
| Hainan          | 1,022.3                          | 297.6                 | 34,624.6                         | 12,361.8         |
| Southwest China | 1,498.2                          | 738.0                 | 76,081.4                         | 43,638.8         |
| Zhejiang        | 119.4                            | 886.9                 | 2,878.3                          | 36,302.2         |
| Nanjing         | 1,721.2                          | 2,233.6               | 83,518.0                         | 90,635.3         |
| Central China   | 456.6                            | 100.5                 | 45,931.1                         | 7,995.2          |
| Southern China  | 1,109.9                          | 15.2                  | 24,471.9                         | 381.9            |
| Beijing         | 2,462.9                          | —                     | 62,455.8                         | —                |
| Northeast China | 68.7                             | —                     | 8,175.9                          | —                |
| Total           | <u>10,535.1</u>                  | <u>16,297.0</u>       | <u>394,411.8</u>                 | <u>403,013.0</u> |

## Review of Hotel Operations

In the first half of the year, as the country's tourism market recovered in an all-around way and the suppressed demand for business travel was released intensively, the Group's hotels capitalized on the market opportunities by enhancing their product appeal and intensifying marketing efforts, aiming to expand market share and level up average room rates. During the period under review, the Group's revenue from hotel operations was approximately RMB536.3 million, representing a year-on-year increase of 89.6%. The average occupancy rate of the hotels increased by 27 percentage points year on year to 74%.

|   | <b>Six months ended 30 June</b> |                    |
|---|---------------------------------|--------------------|
|   | <b>2023</b>                     | <b>2022</b>        |
|   | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
| Sales revenue from hotel operations (RMB million) | <b>536.3</b>                    | <b>282.9</b>       |

The table below sets forth the average occupancy rate, RevPAR and average room rate of each of the Group's major hotels for the first half of 2023:

| <b>Project</b>                           | <b>City</b> | <b>Use</b>     | <b>Average</b>   | <b>RevPAR</b> | <b>Average</b>   |
|--|-------------|----------------|------------------|---------------|------------------|
|  |             |                | <b>occupancy</b> |               | <b>room rate</b> |
|  |             |                | <b>rate</b>      | <b>(RMB)</b>  | <b>(RMB)</b>     |
|  |             |                | <b>(%)</b>       |               |                  |
| The St. Regis Sanya<br>Yalong Bay Resort | Sanya       | Resort         | <b>70</b>        | <b>1,661</b>  | <b>2,376</b>     |
| MGM Grand Sanya                          | Sanya       | Resort         | <b>90</b>        | <b>1,562</b>  | <b>1,735</b>     |
| Cactus Resort Sanya by Gloria            | Sanya       | Resort         | <b>47</b>        | <b>125</b>    | <b>270</b>       |
| Waldorf Astoria Beijing                  | Beijing     | Business Hotel | <b>71</b>        | <b>1,655</b>  | <b>2,333</b>     |
| Le Joy Hotel Beijing                     | Beijing     | Hotel          | <b>94</b>        | <b>626</b>    | <b>666</b>       |

The table below sets forth the average occupancy rate, RevPAR and average room rate of each of the Group's major hotels for the first half of 2022:

| Project                                  | City    | Use            | Average<br>occupancy<br>rate<br>(%) | RevPAR<br>(RMB) | Average<br>room rate<br>(RMB) |
|--|---------|----------------|-------------------------------------|-----------------|-------------------------------|
| The St. Regis Sanya Yalong Bay<br>Resort | Sanya   | Resort         | 35                                  | 893             | 2,560                         |
| MGM Grand Sanya                          | Sanya   | Resort         | 54                                  | 789             | 1,470                         |
| Cactus Resort Sanya by Gloria            | Sanya   | Resort         | 36                                  | 106             | 299                           |
| Waldorf Astoria Beijing                  | Beijing | Business Hotel | 22                                  | 664             | 2,966                         |
| Le Joy Hotel Beijing                     | Beijing | Hotel          | 75                                  | 420             | 559                           |

### **Review of Output Management and Other Services**

The Group adheres to the development strategy of combining asset-light and asset-heavy operations. During the period under review, the Group provided operation and management services for 14 shopping malls, including Tianjin Heping Joy City, Kunming Joy City, Shanghai Parkside Joy City, Xi' an Joy City, Shaoxing IFC Joy City and Wuxi Jiangnan Joy City, with its brand influence continually enhanced. During the period under review, the total revenue from output management and other services was approximately RMB121.2 million.

## **FINANCIAL REVIEW**

### ***Profit***

During the period under review, revenue from investment property and hotel operations segments increased year on year. However, revenue from the property development segment declined due to the change in the settlement cycle of property sales. The Group recorded profit of approximately RMB1,251.9 million, representing a year-on-year decrease of 19.6%; and profit attributable to owners of the Company amounted to approximately RMB960.0 million, representing a year-on-year increase of 10.8%. Excluding the after-tax fair value changes on investment properties and the effect of exchange rate changes, the core net profit attributable to owners of the Company for the period was RMB623.2 million, representing a year-on-year decrease of 32.2%.

## LIQUIDITY AND FINANCIAL POSITION

|   | <b>30 June<br/>2023</b> | 31 December<br>2022  |
|---|-------------------------|----------------------|
|   | <i>(RMB million)</i>    | <i>(RMB million)</i> |
|   | <b>(Unaudited)</b>      | <b>(Audited)</b>     |
| Total assets  | <b>145,414.3</b>        | 140,003.5            |
| Cash and cash equivalents (including restricted bank deposits and pledged deposits) | <b>16,615.6</b>         | 16,985.7             |
| Total interest-bearing borrowings *   | <b>44,456.2</b>         | 45,766.5             |
| Total equity  | <b>57,382.3</b>         | 58,089.3             |
| Current ratio   | <b>1.75</b>             | 1.79                 |
| Net debt to total equity ratio **   | <b>48.5%</b>            | 49.5%                |
| Weighted average borrowing cost   | <b>4.51%</b>            | 3.97%                |

\*: *Total interest-bearing borrowings include bank borrowings, loans from fellow subsidiaries, associates, joint ventures, non-controlling shareholders and third parties, and corporate bonds.*

\*\*: *The net debt to total equity ratio is calculated as net debt divided by total equity, in which the net debt is calculated as total interest-bearing borrowings less cash and cash equivalents and restricted and pledged bank deposits.*

As at 30 June 2023, the Group had total assets of approximately RMB145,414.3 million (31 December 2022: approximately RMB140,003.5 million). The total equity of the Group was approximately RMB57,382.3 million, representing a decrease of approximately 1.2% as compared with RMB58,089.3 million as at 31 December 2022.

As at 30 June 2023, bank and other interest-bearing borrowings amounted to approximately RMB44,456.2 million, representing a decrease of 2.9% from RMB45,766.5 million as at 31 December 2022. The net debt to total equity ratio was approximately 48.5%, representing a decrease of 1 percentage point as compared to 49.5% as at 31 December 2022. Of the interest-bearing borrowings, approximately 68% were denominated in RMB while approximately 32% were denominated in HKD and USD. Of the interest-bearing borrowings, approximately RMB19,355.2 million carried interest at fixed rates and the rest were floating-rate borrowings.

The Group is committed to optimizing its capital structure and reducing financing costs. COFCO Commercial Property Investment Co., Ltd., a non-wholly owned subsidiary of the Company, issued unsecured corporate bonds of RMB1,000 million on the Shenzhen Stock Exchange in April 2023 with a term of five (3 + 2) years and a coupon interest rate of 3.34%, and with options for the issuer to adjust the coupon rate and bondholders to sell back the bonds at the end of the third year.

As at 30 June 2023, the Group's average borrowing cost stood at 4.51%, up only 0.54 percentage points as compared to the beginning of the year despite the U.S. interest-rate hikes, which was due to its good relationships with banks and its active efforts to expand financing channels and optimize financing structure.

As at 30 June 2023, the Group had banking facilities of RMB54,085 million, including unused facilities of RMB22,705 million, all of which were denominated in RMB, HKD and USD, indicating that Group had adequate access to financing and sufficient credit facilities.

In view of the Group's current cash and bank balances, the management of the Company believes that the Group's financial resources are sufficiently available for its future development.

## **EMPLOYEES AND REMUNERATION POLICY**

The Group attaches great importance to the selection, employment, training and retainment of talents. In this regard, the Group keeps improving its selection and employment mechanisms, expands recruitment channels, and places equal emphasis on social recruitment and campus recruitment, with the aim to build a diversified talent team. At present, the Group has established core training projects, including "Core Team Training Camp", "Golden Helmsman", "Golden Seed", "Class 3040", "Sword Casting Plan", "New Joy Training Camp", "Future Star Training Camp" and "Joy Seminar", with on-going efforts to improve its online learning system and revitalize internal training resources to create an all-round talent training system. Through the "Team Members Competition", "Team Members Swapping" and "Team Members Training" programmes, the Group has opened up channels for internal talents exchange. The Group provided employees with competitive salaries and comprehensive benefits by reference to prevailing market pay levels, further optimized its incentive system and adopted a performance-oriented approach to motivate its employees. These efforts have enabled the Group to create a human resources management system with a focus on achieving "common development of employer and employees", build a competent and efficient workforce and maintain harmonious and consistent labor relations with its employees, providing strong talent support for the Group in achieving its strategic objectives. As at 30 June 2023, the Group had a total of 3,751 employees.

The employees of the Group's subsidiaries which operate in the Mainland of China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. Further, the Group's principal retirement benefits scheme available to its Hong Kong employees, namely the Mandatory Provident Fund, is also a defined contribution scheme which is administered by independent trustees. The Group is required to contribute to the Mandatory Provident Fund based on a certain percentage of the employees' salaries. The contributions made by the Group to the defined contribution schemes above are charged to the statement of profit or loss as they become payable in accordance with the rules of the respective defined contribution schemes. The only obligation of the Group with respect to such defined contribution schemes is to make the specified contributions. During the period under review, there was no forfeited contributions under the defined contribution schemes above. Accordingly, there was no forfeited contribution used by the Group or available for the Group to reduce its existing level of contributions during the period under review.

## **BUSINESS OUTLOOK**

Looking ahead to the second half of 2023, it is expected that local governments will introduce more policies to boost consumption in line with the “Year of Consumption Promotion”, and more premium commercial projects will be opened in key cities, which will provide superior offerings to local residents, stimulate consumption potential and help unlock consumer demand. Meanwhile, some cities have introduced policies to foster and develop “international consumption centers”, optimize business environment, encourage first-store economy and support outdoor business stands, with an aim to boost business tenants’ confidence in the market and drive the leasing of retail spaces. As such, retail space leasing in key cities is expected to continue to recover. In the future, the Group will continue to pursue its positioning as a “service provider of urban operation and better life”, leveraging its professional capabilities in project operation to enhance the profitability of its projects, promote the appreciation of the assets of its commercial property projects, and propel performance growth while contributing to the development of urban consumption markets.

## **DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2023.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed to maintain a high standard of corporate governance practices within a sensible framework with an emphasis on the principles of transparency, accountability and independence to safeguard the interests of its Shareholders and enhance the performance of the Group. From time to time, the Board of Directors monitors, reviews and improves the Company’s corporate governance practices in order to ensure compliance with rules and regulations, and applicable codes and standards.

The Company has adopted all code provisions in the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules as its own code on corporate governance (the “**Corporate Governance Code**”). During the six months ended 30 June 2023, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as the code of conduct for the Directors in their dealings in the securities of the Company (the “**Securities Dealings Code**”). All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Securities Dealings Code throughout the six months ended 30 June 2023.

## **REVIEW OF INTERIM RESULTS**

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023 (the “**Interim Results**”) have been reviewed by the auditor of the Company, SHINEWING (HK) CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The auditor’s independent report on review of the Interim Results will be set out in the 2023 interim report. The Interim Results have also been reviewed by the Audit Committee and the senior management of the Company.

## **EVENTS AFTER THE END OF THE PERIOD UNDER REVIEW**

Save as disclosed elsewhere in this announcement and the announcements of the Company in relation to the approval of registration and the issuance of medium term notes in the PRC dated 3 August 2023 and 21 August 2023, respectively, there was no other important event or transaction affecting the Group and which is required to be disclosed by the Company to its Shareholders after 30 June 2023 and up to the date of this announcement.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The 2023 interim results announcement is published on the websites of the Company at [www.joy-cityproperty.com](http://www.joy-cityproperty.com) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The 2023 interim report will be available on the websites of the Stock Exchange and the Company, and will be dispatched to the Shareholders in due course.

By order of the Board  
**JOY CITY PROPERTY LIMITED**  
**CHEN Lang**  
*Chairman*

The PRC, 29 August 2023

*As at the date of this announcement, the Board comprises Mr. CHEN Lang as Chairman and non-executive Director; Mr. CAO Ronggen as executive Director; Mr. MA Dewei, Mr. LIU Yun and Mr. ZHU Laibin as non-executive Directors; and Mr. LAU Hon Chuen, Ambrose, GBS, JP, Mr. LAM Kin Ming, Lawrence and Mr. CHAN Fan Shing as independent non-executive Directors.*

## GLOSSARY

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

|                           |   |
|---------------------------|---|
| “Audit Committee”         | the audit committee of the Company;   |
| “Board”                   | the board of Directors;   |
| “COFCO Corporation”       | COFCO Corporation (中糧集團有限公司), a state-owned enterprise incorporated in the PRC in September 1952 under the purview of the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), the holding company of Grandjoy Holdings Group and thus an indirect controlling shareholder of the Company; |
| “Company”                 | Joy City Property Limited (大悅城地產有限公司), a company incorporated under the laws of Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 207);   |
| “Director(s)”             | director(s) of the Company;   |
| “Grandjoy Holdings Group” | Grandjoy Holdings Group Co., Ltd.* (大悅城控股集團股份有限公司), a company established in the PRC whose A shares are listed on the Shenzhen Stock Exchange (stock code: 031.SZ) and a controlling shareholder of the Company;  |
| “Group”                   | the Company and its subsidiaries from time to time;   |
| “HK\$”                    | Hong Kong dollars, the lawful currency of Hong Kong;  |
| “Hong Kong”               | the Hong Kong Special Administrative Region of the PRC;   |
| “Listing Rules”           | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);  |
| “Model Code”              | the Mode Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules;  |
| “PRC or China”            | the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;  |



|                  |   |
|------------------|---|
| “RevPAR”         | revenue per available room, which is calculated by dividing the total hotel room revenue by the total number of room nights available for sale in a given period; |
| “RMB”            | Renminbi, the lawful currency of the PRC;   |
| “Share(s)”       | ordinary share(s) of HK\$0.10 each in the share capital of the Company;   |
| “Shareholder(s)” | registered holder(s) of the Shares;   |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; and  |
| “%”              | per cent.   |