THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in **Joy City Property Limited**, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

JOY CITY PROPERTY LIMITED
大悅城地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 207)

VERY SUBSTANTIAL DISPOSAL RELATING TO THE SALE OF THE ENTIRE EQUITY INTEREST OF THE TARGET COMPANY HOLDING THE PROPERTIES IN SHANGHAI AND NOTICE OF SPECIAL GENERAL MEETING

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 4 to 12 of this circular. A notice convening the SGM to be held at Forum Room I, Basement 2, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Friday, 10 November 2023 at 3:00 p.m. or any adjournment of such meeting is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you intend to attend the SGM, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed on it and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment of such meeting (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment of such meeting should you so wish and, in such event, the proxy form previously submitted shall be deemed to be revoked.

25 October 2023

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

"Announcement"	the announcement of the Company dated 27 September 2023 in relation to the Disposal
"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, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange (stock code: 207)
"Consideration"	the total consideration for the entire equity interest of the Target Company of RMB4,142,392,338.41
"CPS"	the non-redeemable convertible preference shares of HK$0.10 each in the share capital of the Company
"Director(s)"	director(s) of the Company
"Disposal"	the sale and purchase of the entire equity interest of the Target Company pursuant to the Equity Transfer Agreement
"Equity Transfer Agreement"	the equity transfer agreement dated 27 September 2023 entered into by the Vendor and the Purchaser in relation to the Disposal
"Grandjoy Holdings Group"	Grandjoy Holdings Group Co., Ltd.* (大悦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), which is a controlling shareholder of the Company and a subsidiary of COFCO Corporation
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	person(s) who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is not a connected person of the Company pursuant to the Listing Rules

"Latest Practicable Date"	19 October 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, which shall for the purpose of this circular, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Properties"	the properties comprising of buildings no. 5, 6 and 7 at Ocean One (海景壹號), a luxury residential project, which is managed as Fraser Suites serviced apartment (輝盛閣國際公寓) and located at the CBD of Lujiazui in the Pudong New Area of Shanghai, the PRC
"Public Tender"	the public tender for the sale of the entire equity interest of the Target Company through the Shanghai Assets Exchange as described in the announcement of the Company dated 28 July 2023
"Purchaser"	Shanghai Yongpeng Shiye Limited* (上海邕鵬實業有限公司), a company established in the PRC with limited liability and an Independent Third Party
"Remaining Group"	the Group having excluded the Target Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"SGM"	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Equity Transfer Agreement and the transactions contemplated thereunder
"Shanghai Assets Exchange"	Shanghai United Assets and Equity Exchange* (上海聯合產權交易所) and an Independent Third Party
"Share(s)"	ordinary share(s) in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Target Company"	Shanghai Top Glory Real Estate Development Co., Ltd.* (上海鵬利置業發展有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as of the Latest Practicable Date
"Vendor"	Jetway Developments Limited (亨達發展有限公司), a company incorporated in Samoa and a direct wholly-owned subsidiary of the Company
"%"	per cent

The shareholding of the respective Shareholder in the Company as disclosed in this circular refers to the percentage shareholding of such Shareholder to the issued share capital of the Company, without taking into account the non-redeemable convertible preference shares issued by the Company or the potential effect on the shareholding upon conversion of the non-redeemable convertible preference shares, unless otherwise stated.

In this circular, unless the context otherwise requires, the terms "connected person(s)", "controlling shareholder(s)", "percentage ratio(s)", "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

* *English translations of the names are provided for ease of reference only and they are not official English names of the companies and authority concerned.*

JOY CITY PROPERTY LIMITED
大悅城地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 207)

Executive Director:
Mr. CAO Ronggen

Non-executive Directors:
Mr. CHEN Lang *(Chairman)*
Mr. MA Dewei
Mr. LIU Yun
Mr. ZHU Laibin

Independent non-executive Directors:
Mr. LAU Hon Chuen, Ambrose *GBS, JP*
Mr. LAM Kin Ming, Lawrence
Mr. CHAN Fan Shing

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal place of business in Hong Kong:
33/F., COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

25 October 2023

To the Shareholders and holders of the CPS (for information only)

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL RELATING TO THE SALE OF THE ENTIRE EQUITY INTEREST OF THE TARGET COMPANY HOLDING THE PROPERTIES IN SHANGHAI

1. INTRODUCTION

Reference is made to the announcement of the Company dated 28 July 2023 in respect of the Public Tender conducted by Shanghai Assets Exchange in relation to the disposal of the entire equity interest of the Target Company and the Announcement. The bidding period for the Public Tender expired on 22 September 2023 and the Purchaser, being the qualified bidder with the highest effective bid price, was the successful bidder.

On 27 September 2023 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the entire equity interest of the Target Company for a Consideration of RMB4,142,392,338.41. The Target Company primarily holds the Properties located at the CBD of Lujiazui in the Pudong New Area of Shanghai, the PRC.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated in the Company's financial statements.

The purpose of this circular is to provide you with, among other things, (a) further information in relation to the Disposal; (b) the financial information of the Target Company; (c) the pro-forma financial information of the Remaining Group; (d) the details of the property valuation report; (e) other information as required under the Listing Rules; and (f) notice of the SGM.

2. THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are summarized below:

Date

27 September 2023

Parties

(a) the Vendor, a direct wholly-owned subsidiary of the Company; and

(b) the Purchaser.

Subject matter

Pursuant to the Equity Transfer Agreement, the Vendor has conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the entire equity interest of the Target Company. The Target Company only holds and operates the Properties located at the CBD of Lujiazui in the Pudong New Area of Shanghai, the PRC. For further details of the Target Company, please refer to the section headed "Information on the Target Company" below.

As of the Latest Practicable Date, the Vendor holds the entire equity interest of the Target Company. Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated in the Company's financial statements.

Conditions Precedent

The Equity Transfer Agreement will take effect upon:

(a) the execution of the Equity Transfer Agreement by the Vendor and the Purchaser; and

(b) the obtaining of the approval of the Shareholders of the Company at the SGM.

The conditions precedent above cannot be waived, among which condition precedent (a) has been fulfilled as of the Latest Practicable Date. In addition, in the event that the approval of the Shareholders in respect of the Disposal at the SGM has not been obtained, the Equity Transfer Agreement will not take effect and the parties will negotiate on the practicable solution, and if the Equity Transfer Agreement is terminated, the Consideration (including the security deposit for the Public Tender) paid by the Purchaser will be refunded. Further, as of the Latest Practicable Date, the Company does not have alternative or follow up plans for the disposal of the entire equity interest of the Target Company in the event that the Equity Transfer Agreement is terminated.

Consideration

The Consideration for the entire equity interest of the Target Company is RMB4,142,392,338.41. As the Purchaser has already paid the security deposit for the Public Tender of RMB1,242,000,000 to the Shanghai Assets Exchange, such amount will form part of the payment of the Consideration. The remaining balance of the Consideration of RMB2,900,392,338.41 will be paid by the Purchaser to the Shanghai Assets Exchange within 5 business days from the date of the Equity Transfer Agreement. After the Purchaser has fully paid the Consideration to the Shanghai Assets Exchange in accordance with the Equity Transfer Agreement, the Shanghai Assets Exchange will issue the equity transfer certificate to the Vendor and the Purchaser. The Shanghai Assets Exchange will pay the total amount of the Consideration to the Vendor within 3 business days after the issuance of the equity transfer certificate by the Shanghai Assets Exchange and the Vendor's request. The Vendor will bear its own portion of the related transaction costs, taxes and expenses of the Disposal and such amounts will be paid separately by the Vendor.

Completion

The Vendor and the Purchaser will cooperate with the Target Company and complete the change of equity registration with the relevant PRC authorities within 10 business days from the date of issuance of the equity transfer certificate by the Shanghai Assets Exchange. Completion will take place within 10 business days from the date of registration for the change of equity with the relevant PRC authorities.

Default in payment

If the Purchaser fails to pay any instalment of the Consideration in accordance with the terms of the Equity Transfer Agreement, the Purchaser will be liable to pay to the Vendor a daily default interest of 0.5‰. If the default continues for more than sixty days from the relevant due date, the Vendor will be entitled to forfeit the security deposit and to terminate the Equity Transfer Agreement and request for compensation from the Purchaser. In addition, if the Equity Transfer Agreement is terminated due to any circumstances relating to the Purchaser, the Purchaser should compensate the Vendor and also pay a penalty representing 10% of the Consideration to the Vendor.

3. BASIS OF THE CONSIDERATION

The Consideration is the outcome of the Public Tender conducted by Shanghai Assets Exchange in accordance with PRC laws and regulations and the Consideration represents the highest bidding price for the entire equity interest of the Target Company that had been put forward by the Purchaser, which was accepted by the Group with reference to the starting bid price for the Public Tender of RMB4,142,392,338.41 and the appraised value of the Target Company as at 31 March 2023 of approximately RMB4,142,392,338.41 based on the valuation report issued by a PRC independent valuer. The valuation report was prepared by the PRC independent valuer based on the asset based approach and income approach appraisal methods on the assets and liabilities of the Target Company and in accordance with PRC laws and regulations, and in connection with the Public Tender. The property valuation report in relation to the Properties prepared by Cushman & Wakefield Limited in Appendix IV to this circular was not available at the close of the bidding period for the Public Tender and therefore had not been taken into account for the evaluation of the Consideration. Further, the discrepancy between the appraised values under the PRC valuation report and the property valuation report in Appendix IV to this circular was mainly attributable to the differences in the reference dates (namely 31 March 2023 for the PRC valuation report and 31 August 2023 for the property valuation report in Appendix IV to this circular) and the valuation methods and subject matters (namely the asset based approach and income approach appraisal methods on the assets and liabilities of the Target Company for the PRC valuation report and the investment method on the Properties for the property valuation report in Appendix IV to this circular) for such valuation reports.

4. INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability in 1998. As of the Latest Practicable Date, the entire equity interest of the Target Company is held by the Vendor and therefore the Target Company is an indirectly wholly-owned subsidiary of the Company. The Target Company only holds and operates the Properties as of the Latest Practicable Date. The Properties comprises buildings no. 5, 6 and 7 at Ocean One (海景壹號), a luxury residential project, which is managed as Fraser Suites serviced apartment (輝盛閣國際公寓) and located at the CBD of Lujiazui in the Pudong New Area of Shanghai, the PRC with an aggregate saleable floor area of approximately 49,212 square meters. The Properties were developed by the Target Company and construction was completed between 2008 and 2009. Buildings no. 5 and 6 commenced operations in late 2008 and building no. 7 commenced operations in mid-2010.

The financial results of the Target Company for the two years ended 31 December 2022 based on the audited financial statements of the Target Company prepared based on PRC GAAP and the financial results of the Target Company for the six months period ended 30 June 2023 based on the unaudited management accounts of the Target Company prepared based on PRC GAAP are as follows:

	For the year ended 31 December 2021 (audited) *RMB'000*	For the year ended 31 December 2022 (audited) *RMB'000*	For the six months period ended 30 June 2023 (unaudited) *RMB'000*
Revenue	251,869	235,702	87,650
(Loss)/Profit before taxation	(36,848)	(81,418)	206,301
(Loss)/Profit after taxation	(56,797)	(98,997)	253,516

The net asset value of the Target Company as at 30 June 2023 based on the unaudited management accounts of the Target Company prepared based on PRC GAAP was approximately RMB738,199,502 and the net book value of the Properties as at 30 June 2023 based on the unaudited management accounts of the Target Company prepared based on PRC GAAP was approximately RMB581,492,819.

The financial results of the Target Company for the two years ended 31 December 2022 based on the audited financial statements of the Target Company prepared based on Hong Kong Financial Reporting Standards and the financial results of the Target Company for the six months period ended 30 June 2023 based on the unaudited management accounts of the Target Company prepared based on Hong Kong Financial Reporting Standards are as follows:

	For the year ended 31 December 2021 (audited) *RMB'000*	For the year ended 31 December 2022 (audited) *RMB'000*	For the six months period ended 30 June 2023 (unaudited) *RMB'000*
Revenue	251,869	235,702	87,650
(Loss)/Profit before taxation	(29,910)	(183,992)	206,475
(Loss)/Profit after taxation	(43,446)	(194,908)	253,646

The net asset value of the Target Company as at 30 June 2023 based on the unaudited management accounts of the Target Company prepared based on Hong Kong Financial Reporting Standards is approximately RMB3,863,074,000. The differences arising from the net asset value amounts of the Target Company prepared based on PRC GAAP and Hong Kong Financial Reporting Standards was mainly attributable to fair value adjustments pursuant to the Hong Kong Financial Reporting Standards.

The financial information of the Target Company in Appendix II to this circular is prepared based on Hong Kong Financial Reporting Standards on a consolidated basis, having taken into account of the historic financial results and financial position of a subsidiary and a joint venture of the Target Company, and such subsidiary and joint venture have been transferred by the Target Company to the Remaining Group in March 2023. The financial information of the Target Company set out above is prepared in respect of the Target Company on a standalone basis to illustrate the financial results and financial position of the Target Company that is subject to the Disposal.

5. FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

As of the Latest Practicable Date, the Target Company is an indirect wholly-owned subsidiary of the Company. Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated in the Company's financial statements.

As illustrated in the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, following the Completion, the total asset of the Group as at 30 June 2023 will be reduced by RMB1,040,244,000, from approximately RMB145,414,306,000 to approximately RMB144,374,062,000 for the Remaining Group and the total liabilities of the Group as at 30 June 2023 will be decreased by RMB955,740,000, from approximately RMB88,032,028,000 to approximately RMB87,076,288,000 for the Remaining Group.

Upon Completion, the profits attributable to the Target Companies will no longer be consolidated in the consolidated financial statements of the Remaining Group. As illustrated in the unaudited pro forma consolidated statement of profit or loss of the Remaining Group as set out in Appendix III to this circular, the revenue will be reduced by RMB235,702,000, from approximately RMB20,831,357,000 for the year ended 31 December 2022 for the Group to approximately RMB20,595,655,000 for the Remaining Group.

For illustration purposes only, the net gain on the Disposal of approximately RMB277,247,186 calculated by the difference between (a) the Consideration of RMB4,142,392,338.41; and (b) the net asset value of the Target Company as at 30 June 2023 prepared based on Hong Kong Financial Reporting Standards based on the financial information of the Target Company in Appendix II of approximately RMB3,863,073,956 and the related transaction costs, taxes and expenses of the Disposal of approximately RMB2,071,197 in aggregate. The net gain on the Disposal above is calculated based on the information available as of the Latest Practicable Date and will be subject to final audit and any further adjustments relating to Hong Kong Financial Reporting Standards.

6. USE OF PROCEEDS

The estimated net proceeds from the Disposal, calculated based on the Consideration of RMB4,142,392,338.41 minus the estimated related transaction costs, taxes and expenses of the Disposal of approximately RMB363,822,490 in aggregate, is approximately RMB3,778,569,848. The Group intends to apply the net proceeds from the Disposal to repay its existing indebtedness as to approximately 39% and to fund potential investments by the Group as to approximately 40%, which is expected to be within 18 months of receiving the proceeds from the Disposal, and to replenish its working capital as to approximately 21%. In respect of the portion of net proceeds from the Disposal to fund potential investments by the Group, such potential investments are expected to be focused on the acquisition(s) of land plots in the PRC for the purpose of development of properties on the relevant land plots by the Group through participation in public auction(s) of land plots conducted by the relevant PRC authorities and/or capital investment(s) in project companies holding land plots that are pending property development. The land plots involved will mainly focus in first-tier cities or second-tier cities in the PRC, which is consistent with the Group's business strategy in core cities and their surrounding areas in five major city groups including Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing and middle Yangtze River.

7. REASONS FOR AND BENEFITS OF THE DISPOSAL

The Properties, which is held by the Target Company, is one of the major investment properties developed and held by the Group in the PRC. As the property industry in the PRC is recently undergoing reorganisation, the Group considered that the industry trend to revitalise existing investments and reallocate and consolidate its resources on assets that have a greater business potential or stronger financial performance would facilitate the Group's stable and sustainable development. Such recent industry trend provided an opportunity for the Group to review its existing investments and identify assets with a higher market value and relatively lower returns for revitalisation. On this basis, the Company considers that the Disposal represents a good opportunity for the Group to unlock the value in the Properties and realise its investment in the Target Company. The cash inflows generated from the Disposal will facilitate the Group to optimize the allocation of resources for the development of its existing business and/or investments in other business opportunities and improving its gearing ratio, which will be beneficial for the Group's long term development. As of the Latest Practicable Date, other than the Properties under the Disposal and the properties located at Andingmenwai Street in Dongcheng District, Beijing, the PRC pursuant to the disposal described in the Company's announcement dated 28 September 2023, the Group holds 20 investment properties, and after completion of the Disposal, the Group will continue its operations relating to the investment properties business segment.

The Directors are of the view that the Disposal is not conducted in the ordinary course of business of the Group and, after taking into account the reasons for and benefits of the Disposal set out above, are of the view that the terms of the Equity Transfer Agreement were entered into on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

8. INFORMATION ON THE PARTIES

The Company

The Company is an investment holding company incorporated in Bermuda. The Group is principally engaged in development, operation, sales, leasing and management of mixed-use complexes and commercial properties in the PRC. The Group develops, holds and operates various property projects in the PRC and Hong Kong.

The Vendor

The Vendor is a company incorporated in Samoa with limited liability and a direct wholly-owned subsidiary of the Company. The Vendor is principally engaged in the development of and investment in properties in the PRC. As of the Latest Practicable Date, the Vendor holds the entire equity interest of the Target Company.

The Purchaser

The Purchaser is a company established in the PRC with limited liability and owned by Yu Hong Ze and Liu Yan Cao as to 70% and 30%, respectively. The Purchaser is principally engaged in corporate, information, financial and economic consultation services, software and information technology services and development, trade and sales distribution and agency and leasing of residential properties in the PRC.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties of the Company.

9. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal exceeds 75%, the transactions contemplated under the Equity Transfer Agreement constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries and as of the Latest Practicable Date, none of the Directors was considered to have a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder under the Listing Rules, therefore no Director was required to abstain, or has abstained, from voting on the relevant board resolutions approving the Equity Transfer Agreement and the transactions contemplated thereunder. A SGM will be convened for the Shareholders to consider and, if thought fit, to approve the Equity Transfer Agreement and the transactions contemplated thereunder. Voting by the Shareholders at the SGM will be taken by poll. To the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting in respect of the Equity Transfer Agreement and the transactions contemplated thereunder at the SGM.

10. THE SGM

The SGM will be held at Forum Room I, Basement 2, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong, on Friday, 10 November 2023, at 3:00 p.m. for the Shareholders to consider and, if thought fit, approve the Equity Transfer Agreement and the transactions contemplated thereunder. A notice of the SGM is set out on pages SGM-1 to SGM-2 of this circular. In compliance with the Listing Rules, the resolutions will be voted on by way of a poll at the SGM. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM (not later than 3:00 p.m. on Wednesday, 8 November 2023) or any adjournment thereof to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

In order to determine the list of Shareholders who will be entitled to attend and vote at the SGM, the register of members of the Company will be closed for registration of transfer of Shares from Tuesday, 7 November 2023 to Friday, 10 November 2023 (both days inclusive) during which period no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company on Friday, 10 November 2023 shall be entitled to attend and vote at the SGM. In order for the Shareholders to qualify for attending and voting at the SGM, all transfer documents, accompanied by the relevant Share certificates, should be lodged for registration with Tricor Progressive Limited, the Company's branch share registrar and transfer office in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong on or before 4:30 p.m., Monday, 6 November 2023.

11. RECOMMENDATION

Having considered the reasons set out herein, the Directors (including the independent non-executive Directors) consider that the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

12. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board
Joy City Property Limited
CHEN Lang
Chairman

1. CONSOLIDATED FINANCIAL STATEMENTS

Details of the financial information of the Group for each of the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020 and for the six months period ended 30 June 2023 are disclosed in the following documents which have been published on both the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.joy-cityproperty.com):

- interim report of the Company for the six months ended 30 June 2023 published on 15 September 2023 (pages 50 to 91) (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0915/2023091500421.pdf);

- annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 87 to 219) (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042705162.pdf);

- annual report of the Company for the year ended 31 December 2021 published on 28 April 2022 (pages 76 to 211) (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042800942.pdf); and

- annual report of the Company for the year ended 31 December 2020 published on 22 April 2021 (pages 113 to 247) (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0422/2021042200785.pdf).

2. INDEBTEDNESS STATEMENT

Borrowings

The Group's indebtedness as at 31 August 2023, being the latest practicable date for the purpose of determining the indebtedness of the Group prior to the printing of this circular is summarized as follows:

(i) Bank borrowings

	RMB'000
– Short term bank loans, secured and guaranteed	29,870
– Short term bank loans, secured and unguaranteed	906,090
– Short term bank loans, unsecured and guaranteed	87,233
– Short term bank loans, unsecured and unguaranteed	975,000
– Long term bank loans, secured and guaranteed	2,915,666
– Long term bank loans, secured and unguaranteed	7,057,634
– Long term bank loans, unsecured and guaranteed	7,959,589
– Long term bank loans, unsecured and unguaranteed	5,202,476
	25,133,558

(ii) Loans from fellow subsidiaries

As at 31 August 2023, the Group had outstanding unsecured loans from fellow subsidiaries of approximately RMB595 million, which were unsecured and unguaranteed.

(iii) Loans from non-controlling interests

As at 31 August 2023, the Group had outstanding loan from a non-controlling interest of a subsidiary of approximately RMB585 million, which was unsecured and unguaranteed.

(iv) Loans from third parties

As at 31 August 2023, the Group had outstanding loan from third parties of approximately RMB7,913 million, approximately RMB6,150 million of which was unsecured and guaranteed and approximately RMB1,763 million was secured and guaranteed.

(v) Loans from joint ventures

As at 31 August 2023, the Group had outstanding loan from a joint venture of approximately RMB5,825 million, which was unsecured and unguaranteed.

(vi) Loan from an associate

As at 31 August 2023, the Group had outstanding loan from an associate of approximately RMB490 million, which was unsecured and unguaranteed.

(vii) Bonds payable

As at 31 August 2023, the Group had a total amount of outstanding bonds payable of RMB4,038 million, which was unsecured and unguaranteed. As at 31 August 2023, the Group had a total amount of bonds authorised but not issued of RMB3,000 million.

Charges

As at 31 August 2023, the Group's secured bank borrowings and loan from a third party were secured by certain of the Group's investment properties with a carrying amount of approximately RMB29,813 million, property, plant and equipment with a carrying amount of approximately RMB2,071 million, properties under development for sales with a carrying amount of approximately RMB18,125 million, properties held for sales with a carrying amount of approximately RMB710 million, right-of-use assets (leased land) with a carrying amount of approximately RMB1,241 million, and accounts receivable with a carrying amount of approximately RMB27 million.

Lease liabilities

As at 31 August 2023, the Group, as a lessee, had lease liabilities of carrying amounts of RMB148 million, which was unsecured and unguaranteed.

Contingent liabilities or guarantees

The Group has certain non-compliance incidents which are relating to the failure to comply with certain terms and conditions of the relevant construction works planning permits in respect of the Chaoyang Joy City and Shenyang Joy City project. The Group may be subject to a fine of up to 10% of the construction cost of the noncompliant structure or the excess area (as the case may be), demolishment of the relevant property and confiscation of any illegal revenue.

The construction costs of Chaoyang Joy City amounted to RMB3,377 million, including the cost for the non-compliant structure of RMB42 million. The non-compliant structure has been occupied as office and has not generated any revenue, and accordingly, the Directors believe that these would not be illegal revenue subject to confiscation. Chaoyang Joy City generated revenue since the year 2010 and it has not received any notification from the relevant authorities with respect to the non-compliant structure since the commencement of operation. The aggregate revenue of the shopping mall of Chaoyang Joy City since it generated revenue up to 31 August 2023 amounted to RMB7,090 million.

The construction costs of Shenyang Joy City amounted to RMB1,943 million, including an estimated cost for the excess area of RMB81 million. The excess area has been utilized as passageways for commercial use and has generated only a small percentage of the aggregate revenue of Shenyang Joy City. Shenyang Joy City generated revenue since the year 2009 and it has not received any notification from the relevant authorities with respect to the excess area since the commencement of operation, and accordingly, the Directors believe that the likelihood for the confiscation of any illegal revenue is low, and any action taken by the authorities will have minimal impact on the income and performance of Shenyang Joy City. The aggregate revenue of Shenyang Joy City since it generated revenue up to 31 August 2023 amounted to RMB3,292 million.

Based on the reasons and circumstances of these non-compliances and the PRC legal advice, the management of the Group considers that the risk of above losses is remote, and accordingly, no provision has been made. In addition, COFCO Corporation, the ultimate holding company of the Company, has undertaken to indemnify the Company against all penalties, losses and expenses in connection with the above non-compliances.

As at 31 August 2023, the Group had provided guarantees to certain banks relating to mortgage facilities arranged for certain buyers of properties developed by the Group and the outstanding mortgage loans under these guarantees amounted to RMB5,926 million. As at 31 August 2023, the Group had provided guarantees to associates relating to a bank loan and the guarantee were amounted to RMB696 million.

General

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities, issued and outstanding, and authorized or otherwise created but unissued, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities as at 31 August 2023.

3. WORKING CAPITAL

The Directors are satisfied after due and careful consideration and taking into account the present internal financial resources available to the Group, the banking facilities presently available, the effect of the provision of the Shareholder Loans and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for at least twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. VALUATION RECONCILIATION STATEMENT

The Company has engaged Cushman & Wakefield Limited, an independent professional valuer, to value the Properties and prepare the property valuation report, the text of which is set out in Appendix IV to this circular.

The table below sets forth the reconciliation of the book value of the investment properties of the Target Company as at 30 June 2023 as set out in Appendix II to this circular to the market value of the Properties of the Target Company as at 31 August 2023 as set out in the property valuation report in Appendix IV to this circular.

	RMB'000
Book value of the investment properties of the Target Company as at 30 June 2023 as set out in Appendix II to this circular	4,747,000
Valuation surplus	39,000
Market value of the investment properties of the Target Company as at 31 August 2023 as set out in the property valuation report in Appendix IV to this circular (being the sum of the market value of aboveground apartment buildings and the investment value of the underground parking spaces as set out in the property valuation report in Appendix IV)	4,786,000

6. FINANCIAL AND TRADING PROSPECTS

As disclosed in the interim report of the Company dated 15 September 2023, gross revenue of the Group amounted to approximately RMB3,812,356,000 for the six months ended 30 June 2023, representing a decrease of approximately 58.3% compared to approximately RMB9,134,276,000 for the six months ended 30 June 2022. Gross profit and net profit of the Group amounted to approximately RMB2,127,499,000 and approximately RMB1,251,898,000 respectively for the six months ended 30 June 2023, representing a decrease of approximately 48.01% and a decrease of approximately 19.59% respectively compared to approximately RMB4,091,924,000 and approximately RMB1,556,803,000, respectively, for the six months ended 30 June 2022. For further details, please refer to the interim report of the Company for the six months ended 30 June 2023.

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.

Save and except for the transactions already disclosed in announcements and circulars of the Company prior to the Latest Practicable Date and acquisitions, disposals and investments in joint ventures by the Group in its ordinary course of business which have not materialized into and/or constituted discloseable inside information of the Company or information required to be disclosed pursuant to the Listing Rules as at the Latest Practicable Date, the Company did not have any intention, negotiation, agreement, arrangement and understanding (concluded or otherwise) about (i) the acquisition of any new business; (ii) any disposal, scaling-down and/or termination of its existing business and/or major operating assets; and (iii) the injection of any new business to the Group.

7. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Upon completion of the Disposal, the Company will no longer hold any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company, and the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Company. However, as the subsidiary and joint venture of the Target Company has been transferred to the Remaining Group in March 2023, the financial results and financial position of the Target Company on a standalone basis only has been excluded for the purposes of management discussion and analysis of the Remaining Group below.

In addition, upon completion of the Disposal, the Remaining Group will continue to carry out its existing businesses and there will be no change to the principal business of the Remaining Group.

On this basis, the management discussion and analysis on the Remaining Group for the years ended 31 December 2020 ("**FY2020**"), 31 December 2021 ("**FY2021**") and 31 December 2022 ("**FY2022**") is set out below.

BUSINESS REVIEW

For the year ended 31 December 2020

During the year, the Remaining Group gave full play to its strengths and made nimble responses to the epidemic shock, ensuring stable development in its four business segments, namely investment properties, property development, hotel operations, and output management and other services.

In terms of investment properties, the Remaining Group innovated online channels and launched live broadcast sales. Our projects actively carried out community operation by organizing a range of original IP marketing campaigns, including “Joy City Spring Outing Season”, “Hi, It’s New Shopping Festival”, and “Joy City Shopping Festival”, leading to a steady upturn in sales. During the pandemic, the Remaining Group also actively performed its social responsibility as an enterprise directly under the central government by cutting the rents for some smaller merchants to support them in overcoming the challenges. During the year, the Remaining Group’s shopping malls recorded a rental revenue of approximately RMB2.38 billion. Among them, Chengdu Joy City saw a rebound in its sales to the level in the same period of last year.

In terms of property development, the Remaining Group strengthened its marketing efforts and built online channels including online live broadcast, activities and promotions to attract customers. Amid the pandemic, the Remaining Group introduced the “3H Healthy Living System” for residential products to improve product quality. During the year, the Remaining Group recorded approximately RMB20.12 billion in contracted sales of property development, rising 67.3% year-on-year.

In terms of hotel operations, the Remaining Group significantly increased the exposure of its hotels through product innovation and marketing enhancement, resulting in a good profit and reputation. As the pandemic came under control, the business performance of hotel operations recovered steadily, with the total revenue of MGM Grand Sanya and St. Regis Sanya in the second half of the year hitting a record high. In particular, MGM Grand Sanya was ranked first in the Yalong Bay area by annual total revenue. During the year, Waldorf Astoria Beijing was ranked Top 1 in Best Hotels in China and 17th in World in Readers’ Choice Awards 2020 by Condé Nast Traveler. Zijin Mansion, the Chinese restaurant in the hotel, was rated as one-star restaurant in the Michelin Guide Beijing 2021.

In terms of output management and other services, the Remaining Group fully leveraged the appeal and operation capability of commercial brands of the Remaining Group to operate such projects as Tianjin Heping Joy City, Kunming Joy City, Shanghai Parkside Joy City, and Xi’an Joy City based on a light-asset model. December saw the successful opening of Anshan Joy City, and Beijing Daxing Joy Breeze, the Remaining Group’s first Breeze project, which was well received by the market. Meanwhile, the Remaining Group newly secured three output management projects, namely Changsha North Star Delta Joy City, Beijing Huijing Twin Towers (originally Beijing LG Twin Towers) and Wuxi Jiangnan Joy City, continuously strengthening its brand influence.

For the year ended 31 December 2021

During the year, the Remaining Group gave full play to its strengths to ensure stable development of its four business segments, namely investment properties, property development, hotel operations, and output management and other services.

The Remaining Group enhanced its operations and achieved sound results. In 2021, the Remaining Group created more diversified consumption scenarios for its shopping malls by launching original IP activities nationwide to boost sales and customer traffic. During the "Joy City Shopping Festival" from 19 to 21 September 2021, the Remaining Group recorded sales of RMB480 million nationwide, representing a year-on-year increase of 27%, with single-day sales of each of Chengdu Joy City, Chaoyang Joy City, Tianjin Nankai Joy City, Xidan Joy City and Shenyang Joy City exceeding RMB20 million. During the year, the Remaining Group and its parent company won nearly 140 major industry awards, including ranking fifth among the "2020 Top 20 Influential Commercial Real Estate Enterprises" (2020年度商業不動產影響力企業TOP20排行榜), being one of the "2021 Top 10 Chinese Commercial Real Estate Enterprises" (2021中國商業地產十強企業), and the award of "2021 Golden Lily Shopping Mall – Best Practice Case" (2021金百合購物中心最佳實踐案例), demonstrating the brand influence of the Remaining Group. During the year, the Remaining Group's shopping malls recorded sales of approximately RMB24.92 billion, representing a year-on-year increase of 40% over 2020.

The office building business was in stable operation, and maintained a stable occupancy rate by focusing on enhancing core capabilities by virtue of the 3C operation service system, contributing a steady income stream for the development of the Remaining Group. During the year, the Remaining Group's office buildings recorded a rental income of approximately RMB560 million, representing a year-on-year decrease of 3%. In particular, COFCO • Landmark Tower recorded an average occupancy rate of over 93% and has successfully developed into a new financial center and landmark project of Dongcheng District, Beijing by leveraging its strengths in tenant recruitment and operation.

The Remaining Group continued to promote targeted marketing and innovation empowerment. On 20 May 2021, the Remaining Group introduced online sales channels by launching its online selling application "大悅嗨房GO". Besides, the Remaining Group closely followed market trends and created synergistic marketing campaigns including "Joy Care Season" (玖悅陪伴季) "Joy Fans Festival" (大悅寵粉節), "Joy Special Offers" (大悅給利節), which received positive results. During the year, the Remaining Group recorded approximately RMB27.0 billion in contracted sales of property development, registering an increase of 34.2% over 2020. The projects launched for sale for the first time performed well.

The Remaining Group enhanced and innovated its operations. During the year, the Remaining Group's hotels leveraged on cross-industry cooperation by teaming up with a number of brands to create distinctive images. As a result, the Remaining Group's hotel operations registered steady improvement in performance and generated operating revenue of approximately RMB770.0 million, representing a year-on-year increase of 28.1%. Further, the Remaining Group's hotels won a total of 61 awards within or outside the industry. In particular, Waldorf Astoria Beijing ranked second on the list of Top 20 Hotels in China in Readers' Choice Awards 2021 by Condé Nast Traveler; Zijin Mansion, the Chinese restaurant in Waldorf Astoria Beijing, was rated as one-star restaurant in the Michelin Guide Beijing 2021 and 2022; MGM Grand Sanya was honored as Best Hotel in China at SHANG Hotel Awards 2021; and The St. Regis Sanya Hotel was ranked among Selected Luxury Hotels 2021 by Voyage.

The Remaining Group fully leveraged the appeal and operation capability of "Joy City" as a brand. During the year, it provided management services for such projects as Tianjin Heping Joy City, Kunming Joy City, Shanghai Parkside Joy City, Xi'an Joy City, Anshan Joy City and Changsha North Star Delta Joy City, and newly secured two output management projects, namely Shaoxing IFC Joy City and Tianjin Xiqing Joy Breeze, with its brand influence further enhanced. During the year, the Remaining Group delivered stellar performance in provision of management services, of which Tianjin Heping Joy City recorded sales revenue of RMB518 million in 2021, up 43% over 2020.

For the year ended 31 December 2022

During the year, the Remaining Group gave full play to its strengths to ensure stable development of its four business segments, namely investment properties, property development, hotel operations, and output management and other services.

The Remaining Group's shopping malls continued to strengthen their operations and upgrade mall positioning to enhance the Remaining Group's brand influence, which has achieved satisfactory results. During the "Joy Lit Season" lasting from 9 July to 28 August 2022, the Remaining Group recorded sales of approximately RMB4,340 million nationwide during, representing a year-on-year increase of 28%, and total footfall reached 36,256,000, representing a year-on-year increase of 21%. In addition, the Remaining Group won over 140 major industry awards and honors, including "ICSC 2022 MAXI Awards – Global Innovation Award", the third place of "2022 Top 10 Chinese Property Developers (Central State-owned Enterprises) in Terms of Brand Value", the sixth place of "2022 Top 100 Retail Commercial Real Estate Enterprises in Terms of Comprehensive Strengths" and the "Marketing Plan Excellence Award 2022 at Mall China Golden Mall Awards", demonstrating its brand influence. During the year, the Remaining Group's shopping malls generated revenue of approximately RMB2,760 million, and recorded sales of approximately RMB24,800 million. In particular, Beijing Chaoyang Joy City, which was positioned as an "ideal urban lifestyle destination" integrating elements of culture, commerce, sports, tourism and science, recorded sales of approximately RMB4,200 million for the year.

In terms of office building business, the Remaining Group followed the strategy of "retaining existing tenants and recruiting new tenants" so as to maintain stable development. Beijing COFCO Plaza improved its operational support and 3C service standards to enhance the quality of property services, achieving a customer satisfaction rate of 93%; Beijing COFCO • Landmark Tower secured new tenants such as Zhongrong Fund, Pacific Insurance and China Mobile Fund, continued to offer comprehensive operational services, achieving a customer satisfaction rate of 95%. Besides, the Remaining Group's property projects received a number of honors, for example, Beijing COFCO Plaza was honored as one of the "Top 100 Enterprises in Beijing Dongcheng District" in 2021 by the CPC Beijing Dongcheng District Committee and the People's Government of Dongcheng District, Beijing and was awarded as an outstanding project at "Beijing Urban Renewal Best Practice Awards", and Beijing COFCO • Landmark Tower was listed as one of the "Outstanding Projects of Urban Renewal" in 2022 by china.org.cn.

The Remaining Group has always pursued robust marketing campaigns and innovative operation. It kept abreast of market hotspots through channeling online marketing, yielding positive marketing results. During the year, the Remaining Group successfully sold out the large-scale projects such as Shanghai Joy Centre and Wuhan Optics Valley Joy City Offices, and built a number of local benchmark projects. The newly launched projects, such as Shanghai Rui Hong and Hangzhou OPUS Mansion, were sold out on the first day, achieving admirable sale results. During the year, the Remaining Group's contracted sales from property development amounted to approximately RMB28,600 million.

Based on operational innovation, the Remaining Group attracted customers through marketing and promotion initiatives such as cross-industry cooperation and created operational spotlights. MGM Grand Sanya joined hands with China Cool Carnival to build the first social resort hotel in Hainan; Waldorf Astoria Beijing carried out cross-industry cooperation with brands such as "LA MER" and "Steiff", and achieved favorable returns and market reputation. During the year, the Remaining Group's hotels notched a number of awards: MGM Grand Sanya was honored the "2022 Annual Award World Tour-Outstanding Lifestyle Brand Hotel of the Year"; The St. Regis Sanya Hotel was awarded the "2022 Forbes Travel Guide – the Most Prestigious Resort Hotel Recommended for Family Travel"; Waldorf Astoria Beijing was awarded the "Condé Nast Traveler Gold List-China Top 10 Hotel" and Zijin Mansion, the Chinese Restaurant of Waldorf Astoria Beijing, was rated as one-star restaurant in the Michelin Guide for three consecutive years.

The Remaining Group adhered to the development strategy of combining asset-light and asset-heavy operations. It operated such projects as Tianjin Heping Joy City, Kunming Joy City, Shanghai Parkside Joy City, Xi'an Joy City, Changsha North Star Delta Joy City and Shaoxing IFC Joy City under asset-light model, and newly secured three output management projects, namely Guangzhou Huangpu Joy Life, Chengdu Jinniu Joy City and Shenyang Financial Center Joy City, with its brand influence continually enhanced. During the year, the Remaining Group delivered stellar performance in asset-light operation projects with total sales revenue of approximately RMB4,700 million. In 2023, the Remaining Group will continue to focus on key areas, further explore in the core cities, adhere to the strategic direction of "combining asset-light and asset-heavy operations", so as to improve the business landscape and contribute to the rapid growth of values in relevant cities and regions.

Future Prospects

In addition to the financial and trading prospects as set out in the paragraph headed "6. Financial and Trading Prospects" above in this appendix, the Remaining Group's commercial property division will continue to pursue the brand vision of "the creator of better urban life", shoulder its social responsibilities as an enterprise directly under the central government, arouse vitality of the commercial property sectors in cities, and drive the high-quality development of the real economy. As of the Latest Practicable Date, other than the Properties under the Disposal and the properties located at Andingmenwai Street in Dongcheng District, Beijing, the PRC pursuant to the disposal described in the Company's announcement dated 28 September 2023, the Remaining Group will hold 20 investments properties and after completion of the disposals mentioned above, the Remaining Group will continue its operations relating to the investment properties business segment.

FINANCIAL REVIEW

For the year ended 31 December 2020

Overall Performance Review

For the year ended 31 December 2020, the Remaining Group's operating revenue was approximately RMB13,857.1 million (2019: RMB10,337.8 million), representing an increase of 34.0% as compared with last year, mainly due to the increase in delivered settlement area in 2020, resulting in a substantial increase in revenue from property development and primary land development. For the year ended 31 December 2020, the profit of the Remaining Group amounted to RMB2,104.7 million (2019: RMB2,668.5 million), representing a decrease of 21.1% as compared with last year, of which the profit attributable to owners of the Company amounted to RMB1,040.1 million (2019: RMB1,635.9 million). Excluding the fair value gains after tax of investment properties and the exchange rate changes, and meanwhile excluding the non-recurring after-tax effects of the disposal of subsidiaries, but retaining the accumulated realised after-tax fair value gains recognized by the Remaining Group for the sale of investment properties, the core net profit attributable to owners of the Company amounted to RMB750.4 million (2019: RMB585.2 million), representing an increase of 28.2% as compared with last year.

Segmental information

Review on Investment Properties

In 2020, the Remaining Group's total rental income from investment properties and related services income was approximately RMB3,465.7 million, and accounted for 25.0% of the total revenue, representing a decrease of 20.2% as compared with last year, of which the rental income from Joy City recorded RMB2,381.3 million, representing a decrease of 22.3% as compared to RMB3,064.0 million in last year. Excluding the effect of the disposal of Shanghai Parkside Joy City and Xi'an Joy City in 2019, Joy City's rental income decreased by 15.9% as compared with last year, mainly due to the negative impact of COVID-19 on retail market in the first half of 2020, the decrease in passenger flow, and appropriate rent reductions and exemptions for its leased properties implemented by the Company. The rental income dropped significantly year on year. The Company made every effort to overcome the difficult situation caused by COVID-19 by strengthened operations, active innovation, and taking multiple measures to recover performance, thus the decline in annual rental income was significantly narrower than that in the first half of the year.

The table below sets forth the rental income and occupancy rate of the major investment properties of the Remaining Group in 2020:

Project	**City**	**Use/intended use**	**Rental income** *(RMB million)*	**Occupancy rate** *(%)*
Xidan Joy City Shopping Mall	Beijing	Retail	571.7	97
Chaoyang Joy City Shopping Mall	Beijing	Retail	555.0	97
Tianjin Joy City Shopping Mall	Tianjin	Retail	396.8	97
Shanghai Jing'an Joy City Shopping Mall	Shanghai	Retail	163.5	86
Shenyang Joy City Shopping Mall	Shenyang	Retail	224.0	95
Yantai Joy City Shopping Mall	Yantai	Retail	114.1	90
Chengdu Joy City Shopping Mall	Chengdu	Retail	197.1	96
Hangzhou Joy City Shopping Mall	Hangzhou	Retail	159.1	91
Xidan Joy City Offices	Beijing	Office	43.0	88
COFCO Plaza Offices	Beijing	Office and Retail	295.1	90
Hong Kong COFCO Tower	Hong Kong	Office and Retail	77.2	85
COFCO • Landmark Tower	Beijing	Office and Retail	163.4	90
Total			2,960.0	

Review on Property and Land Development

Total revenue from property development and primary land development was approximately RMB9,608.3 million, and accounted for 69.3% of the total revenue, representing an increase of 95.8% as compared with last year. In 2020, the scale of delivered products in Hangzhou, Suzhou, Shanghai and other regions increased, and settlement area was 346,067 sq.m., representing an increase of 287.8% as compared with last year.

In 2020, the contracted sales amount and contracted sales area of each region achieved by the Remaining Group are as follows:

Region	**Contracted sales amount 2020** *(RMB million)*	**Contracted sales area 2020** *(sq.m.)*
Shanghai	8,920.3	104,205.3
Hainan	902.1	31,113.7
Southwest China	3,245.7	173,483.1
Zhejiang	432.7	13,934.9
Shandong	1,823.2	129,020.0
Southern Jiangsu	3,196.1	122,418.0
Central China	1,601.8	78,840.8
Southern China	–	–
Nanjing	–	–
Total	20,121.9	653,015.8

Review on Hotel Operations

Total revenue from hotel operations was approximately RMB598.3 million, accounting for 4.3% of the total revenue, representing a decrease of 28.9% as compared with last year, mainly due to the negative impact of COVID-19 on the tourism market in the first half of 2020, the demand for hotel accommodation has shrunk, and the occupancy rate has declined; in the second half of the year, especially in Sanya, the regional market rebounded significantly, which led to an increase in occupancy rate. Operating income of hotel business in the second half of the year increased by 4.9% year on year. However, due to the impact of the first half of the year, the revenue of hotel operation for the whole year was still lower than last year.

The table below sets forth the average occupancy rate, RevPAR and average room rate of the major hotels of the Remaining Group in 2020:

Project	**City**	**Use/ Intended use**	**Average occupancy rate** *(%)*	**RevPAR** *(RMB)*	**Average room rate** *(RMB)*
The St. Regis Sanya Yalong Bay Resort	Sanya	Resort	54	966	1,797
MGM Grand Sanya	Sanya	Resort	63	798	1,269
Cactus Resort Sanya by Gloria	Sanya	Resort	34	102	298
Waldorf Astoria Beijing	Beijing	Business Inn	38	792	2,106
Le Joy Hotel Beijing	Beijing	Hotel	37	268	725

Review on Output Management and Other Services

Total revenue from output management was approximately RMB147.2 million, accounting for 1.0% of the total revenue, representing an increase of 10.5% as compared with last year. Beijing Daxing Joy Breeze and Anshan Joy City, both were opened this year, as well as various output management projects were operating well, and the newly developed Changsha North Star Delta Joy City is progressing smoothly, all contributing a stable cash flow to the Remaining Group.

Total revenue from other services was RMB37.6 million, accounting for 0.3% of the total revenue, representing a decrease of 66.8% as compared with last year.

Other Income

For the year ended 31 December 2020, the Remaining Group's other income was approximately RMB404.6 million, representing an increase of 53.7% as compared to RMB263.2 million in last year, mainly due to the year-on-year increase in interest income from banks and associated companies and government subsidies in 2020.

Other Gains and Losses

For the year ended 31 December 2020, in respect of other gains and losses, the Remaining Group recorded a gain of RMB629.6 million, representing an increase of RMB831.4 million as compared to the loss of RMB203.1 million in 2019, mainly due to holding USD and HKD borrowings, during the year, the appreciation of RMB generated exchange gain of RMB597.2 million, an increase of RMB711.2 million from exchange loss of RMB114.0 million in 2019.

Fair Value Gain of Investment Properties

For the year ended 31 December 2020, the fair value loss of investment properties held by the Remaining Group was approximately RMB8.2 million (2019: gain of RMB833.7 million), mainly due to the adverse impact of the pandemic on the investment property market. However the overall fair value of the Remaining Group's investment properties remain stable, and no significant changes have been recorded in the fair value.

Taxation

For the year ended 31 December 2020, the Remaining Group's tax expense was RMB1,700.9 million (2019: RMB1,751.4 million), basically the same as last year. The effective tax rate of the Remaining Group in 2020 was 44.7% (2019: 39.6%).

Financial Position

Bank Borrowings

Bank borrowings decreased from RMB23,091.4 million as at 31 December 2019 to RMB22,710.1 million as at 31 December 2020, representing a slight decrease of 1.7% as compared with last year. As at 31 December 2020, all bank borrowings carry floating rates.

Bank borrowings of approximately RMB6,069.1 million is repayable within one year and is shown as current liabilities. All the Remaining Group's bank borrowings are denominated in RMB, HKD and USD. There is no material seasonal impact on the Remaining Group's needs for borrowings.

As at 31 December 2020, the Remaining Group had banking facilities of approximately RMB36,806.4 million, of which RMB26,614.4 million was utilised and all were denominated in RMB, HKD and USD.

As at 31 December 2020, the amount of RMB2,841,377,000 of bank borrowings was denominated in HK$ (2019: RMB3,651,199,000), and the amount of RMB10,045,927,000 of bank borrowings was denominated in US$ (2019: RMB9,118,176,000). Out of these foreign currency denominated bank loans, the Group has entered into interest rate swap agreements with independent counterparties to lock-up the variable interest rates of the loans amounting to RMB8,565,889,000 as at 31 December 2020 (31 December 2019: RMB6,367,875,000) into fixed rates. These interest rate swap instruments are designated as effective hedging instruments. The Group has entered into foreign currency forward contracts with independent counterparties to lock-up the variable foreign currency exchange rates of the loans amounting to RMB439,185,000 as at 31 December 2020 (31 December 2019: nil) into fixed rates. These exchange rate swap instruments are designated as effective hedging instruments.

Corporate Bonds

On 14 January 2016, a subsidiary of the Company issued 5-year domestic corporate bonds in the total principal amount of RMB3 billion, which will be due on 14 January 2021. The corporate bonds bear interest on its outstanding principal amount at the rate of 3.20% per annum payable annually in arrears on 14 January each year. Pursuant to the terms and conditions of the corporate bonds, the coupon rate was adjusted as 3.95% per annum at the option of the subsidiary from 14 January 2019, and at that time the amount of bonds had been redeemed by the holder of corporate bonds was RMB2.268 billion.

On 9 January 2019, a subsidiary of the Company issued domestic corporate bonds in the total principal amount of RMB2.36 billion, including RMB1.66 billion for 3+3 years at the coupon rate of 3.94% and RMB0.7 billion for 5+2 years at the coupon rate of 4.10%.

On 27 March 2020, a subsidiary of the Company issued domestic corporate bonds in the total principal amount of RMB1.5 billion, including RMB900 million for 3 years at the coupon rate of 3.14% and RMB600 million for 5 years at the coupon rate of 3.60%.

Medium Term Notes

On 6 September 2017, the Company completed issuance of the First Tranche Medium Term Notes, which total principal amount was RMB1 billion for 3 years at the coupon rate of 4.95%. On 6 September 2020, the Company has paid off the principal and interest of the notes in full.

Renewable Medium-Term Notes

On 16 December 2019, a subsidiary of the Company issued 3+N-year renewable domestic medium-term notes in the total principal amount of RMB1.5 billion at the coupon rate of 4.25%. On 6 November 2020, a subsidiary of the Company issued 3+N-year renewable domestic medium-term notes in the total principal amount of RMB1.5 billion at the coupon rate of 4.51%.

Net Gearing Ratio

As at 31 December 2020, the net debt to total equity ratio was approximately 37.2%, which was calculated by the sum of bank borrowings (current and non-current), corporate bonds, borrowings from fellow subsidiaries, joint ventures, non-controlling shareholders and third parties (current and non-current) and total interest-bearing borrowings after deducting cash and bank balances and restricted and pledged bank deposits, as divided by total equity.

Liquidity

The Remaining Group previously financed its working capital and capital expenditures with cash from operations, commercial bank loans, the issuance of bonds or notes and the issuance of share capital. In the future, the Remaining Group will continue to rely on cash from operating activities and business loans, and will also consider the issuance of bonds or other securities.

As of 31 December 2020, the Remaining Group had cash and cash equivalents (including restricted bank deposits and pledged deposits) of RMB16,115.0 million, mainly denominated in RMB, HKD and USD (2019: RMB12,138.9 million).

The Remaining Group's net cash inflow for the year ended 31 December 2020 amounted to RMB4,349.5 million, which included:

Net cash inflow from operating activities of RMB3,858.6 million, mainly attributable to the property sales payments received by the Remaining Group and the deposits received from pre-sale properties, property rentals, hotel operating income, etc., which were partially offset by construction costs, taxes, etc. paid.

Net cash outflow from investment activities amounted to RMB887.3 million, primarily attributable to the purchase and construction of investment properties, purchases of property, plant and equipment, acquisition of subsidiaries and borrowings to associates, which was partially offset by the recovery of borrowings from associates, joint ventures, and non-controlling interests.

Net cash inflow from financing activities was RMB1,253.2 million, primarily attributable to the addition of bank borrowings, loans from third parties, investments and loans from non-controlling shareholders, the issuance of bonds and perpetual capital instruments, which were partially offset by repayment of bank loans, payment of interests, payment of dividends, repayment of bonds and perpetual capital instruments.

Pledge of Assets

As at 31 December 2020, the Remaining Group's bank and other borrowings were secured by the pledge of the Remaining Group's investment properties of RMB24,348.9 million, property, plant and equipment of RMB2,341.2 million, properties under development for sale of RMB9,544.6 million, right-of-use assets of RMB1,373.6 million, trade receivables of RMB9.1 million and bank deposits of RMB7.9 million, details of which are set out in Note 41 to the consolidated financial statements in the Company's annual report 2020 published on 22 April 2021 (the "**2020 Financial Statements**").

Contingent Liabilities

As at 31 December 2020, details of the Remaining Group's contingent liabilities and non-compliance issues are set out in Note 38 to the 2020 Financial Statements. The directors of the Company believe that, based on the reasons and circumstances of those non-compliances and the PRC legal advice, the Remaining Group is unlikely to be subject to any fine, penalty or demolishment or confiscation, and accordingly, no provision has been made in the consolidated financial statements.

Capital Commitments

As at 31 December 2020, the capital expenditure contracted for the purchase and construction of investment properties and the purchase of property, plant and equipment and capital injection commitments to a newly established offshore fund of the Remaining Group were approximately RMB3,635.5 million (as at 31 December 2019: RMB3,201.0 million). The Directors of the Company believe that the amount was not material and the Remaining Group has sufficient funds to settle the expenditures.

Interest Rate Risk

The Remaining Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The Remaining Group's policies are to reduce the interest rates by negotiating the terms of the interest-bearing borrowings, and explore direct financing at low interest rates such as the issuance of corporate bonds to replace the borrowings at high interest rates. In addition, the Company simultaneously uses the interest rate swap terms in order to reduce the interest rate fluctuation risk of foreign currency variable-rate borrowings.

Foreign Exchange Risk

The daily transaction currency for the principal business operations of the Remaining Group is Renminbi. Save for certain bank deposits, bank and other borrowings denominated in foreign currencies, the Remaining Group is not exposed to any material risk directly arising from the volatility of exchange rate. The Remaining Group will pay close attention to the change of financial environment, and reasonably allocate the scales of domestic and offshore financing. As for the exchange rate risk caused by the fluctuation of RMB exchange rate, the Company is gradually locking through forward and other tools.

Subsidiaries, joint ventures and associates

Details of the Company's principal subsidiaries, joint ventures and associates as at 31 December 2020 are set out in Notes 50, 21 and 20 to the 2020 Financial Statements.

For the year ended 31 December 2021

Overall Performance Review

For the year ended 31 December 2021, the Remaining Group's operating revenue was approximately RMB12,061.4 million (2020: RMB13,857.1 million). The overall gross profit margin was approximately 37.8%, which hardly changed as compared to the previous year.

For the year ended 31 December 2021, the Remaining Group recorded profit for the year of approximately RMB1,428.1 million (2020: RMB2,104.7 million), down by 32.1% over last year, which was due to the lower-than-expected property selling prices of certain projects, provision for impairments on certain properties held for sale and on the amount due from an associate and the effect of exchange rate changes. In particular, the profit attributable to owners of the Company was approximately RMB534.9 million, representing a year-on-year decrease of 48.6%. Excluding the after-tax fair value gain on investment properties and the effect of exchange rate changes, the core net profit attributable to owners of the Company for the year was approximately RMB463.0 million, representing a year-on-year decrease of 38.3%.

Segmental Information

Review on Investment Properties

During the year, the COVID-19 pandemic was effectively brought under control in China, which had a positive impact on the retail market. The Remaining Group's total rental income from investment properties and related services income was approximately RMB3,927.5 million, representing an increase of 13.3% as compared to RMB3,465.7 million for the previous year. The gross profit margin of the investment properties business was 78.8%, basically unchanged from the previous year. Shopping malls and office buildings contributed 80% and 14% of the total revenue, respectively.

The Remaining Group's shopping malls recorded sales of approximately RMB24,920 million, representing a year-on-year increase of 40%; and recorded rental income of RMB2,766.0 million, representing an increase of 16.2% as compared to RMB2,381.3 million for the previous year. The average occupancy rate of the shopping malls was 95%, representing a year-on-year increase of 0.5 percentage point.

The office building business was in stable operation, and recorded rental income of approximately RMB562.0 million, representing a year-on-year decrease of 3.0% due to the large impact on Hong Kong arising from the pandemic and market environment. The average occupancy rate of the office buildings was 88%, representing a year-on-year decrease of 1.6 percentage points.

The table below sets forth the rental income and occupancy rate of the major investment properties of the Remaining Group in 2021:

Project	**City**	**Use/ intended use**	**Rental income** *(RMB million)*	**Occupancy rate** *(%)*
Xidan Joy City Shopping Mall	Beijing	Retail	639.9	98
Chaoyang Joy City Shopping Mall	Beijing	Retail	674.0	99
Tianjin Joy City Shopping Mall	Tianjin	Retail	464.4	98
Shanghai Jing'an Joy City Shopping Mall	Shanghai	Retail	183.9	89
Shenyang Joy City Shopping Mall	Shenyang	Retail	259.1	94
Yantai Joy City Shopping Mall	Yantai	Retail	118.3	89
Chengdu Joy City Shopping Mall	Chengdu	Retail	250.6	96
Hangzhou Joy City Shopping Mall	Hangzhou	Retail	155.2	93
Suzhou Joy Breeze Shopping Mall	Suzhou	Retail	20.5	91
Xidan Joy City Offices	Beijing	Office	35.8	88
COFCO Plaza Offices	Beijing	Office and Retail	293.3	88
Hong Kong COFCO Tower	Hong Kong	Office and Retail	56.3	71
COFCO • Landmark Tower	Beijing	Office and Retail	176.7	93
Total			3,328.0	

Review on Property Development

During the year, the Remaining Group's revenue derived from property development segment was RMB7,149.3 million, representing a decrease of 24.4% from RMB9,454.6 million in the previous year. The settlement area of properties delivered was 359,507 sq.m., representing a year-on-year increase of approximately 3.9%. The unit settlement price was RMB19,886/sq.m., representing a year-on-year decrease of approximately 27.2%. Due to the changes in structure of the properties delivered, the gross profit margin of the property development segment for the year reduced to 16%.

During the year, the Remaining Group recorded contracted sales of approximately RMB27,002.0 million, representing a year-on-year increase of 34.2%. Contracted sales area was 640,975.6 sq.m., representing a year-on-year decrease of approximately 1.8%; and the average unit selling price was approximately RMB42,126/sq.m., representing a year-on-year increase of approximately 36.7%.

In 2021, the contracted sales amount and contracted sales area of each region achieved by the Remaining Group are as follows:

Region	**Contracted sales amount 2021** *(RMB million)*	**Contracted sales area 2021** *(sq.m.)*
Shanghai	16,602.1	200,328.5
Hainan	1,231.3	43,430.5
Southwest China	839.7	46,307.5
Zhejiang*	(451.5)	(21,130.8)
Shandong	2,177.4	145,373.6
Southern Jiangsu	3,248.6	124,355.1
Central China	739.2	35,525.6
Southern China	1,567.7	34,419.8
Nanjing	1,047.5	32,365.8
Total	27,002.0	640,975.6

* The contracted sales amount and area in Zhejiang Province for the year were approximately RMB500.1 million and approximately 13,439.0 sq.m. respectively. Due to the customer's inability to pay the remaining consideration for purchase of the office units and car parking spaces in Hangzhou Joy City, which were sold through agreement in 2017, the original property purchase agreement was terminated during the year, resulting in reversal of the contracted sales area and the negative contracted sales.

Review on Hotel Operations

In 2021, the Remaining Group's hotel operations recorded operating revenue of approximately RMB766.4 million, representing a year-on-year increase of 28.1%; and the average occupancy rate was 61%, representing a year-on-year increase of 12 percentage points.

The table below sets forth the average occupancy rate, RevPAR and average room rate of the major hotels of the Remaining Group in 2021:

Project	**City**	**Use/ Intended use**	**Average occupancy rate** *(%)*	**RevPAR** *(RMB)*	**Average room rate** *(RMB)*
The St. Regis Sanya Yalong Bay Resort	Sanya	Resort	58	1,166	2,005
MGM Grand Sanya	Sanya	Resort	81	1,048	1,302
Cactus Resort Sanya by Gloria	Sanya	Resort	35	100	282
Waldorf Astoria Beijing	Beijing	Business Inn	48	1,022	2,141
Le Joy Hotel Beijing	Beijing	Hotel	79	493	620

Review on Output Management

The Remaining Group fully leveraged the appeal and operation capability of "Joy City" as a brand. During the year, the total revenue from management output was approximately RMB180.0 million, representing a year-on-year increase of 22.2%.

Other gains and losses

For the year ended 31 December 2021, the Remaining Group recorded a loss in other gains and losses of RMB122.8 million, representing a decrease of RMB751.1 million as compared to a gain of RMB628.3 million in the previous year, which was mainly due to a decrease of the foreign exchange gain of RMB479.7 million as compared to RMB597.2 million in 2020 for the USD- and HKD-denominated borrowings held by the Remaining Group resulting from the less appreciation of RMB than that in 2020, recording a foreign exchange gain of RMB117.5 million in 2021. Under the impact of macro-control in the real estate industry, the properties sales have slowed down since the second half of the year, consequently, the selling prices of the apartment and commercial properties of the Remaining Group located in Qingdao and Chongqing were lower than expected, resulting in an impairment losses of RMB266.6 million (2020: Nil) in the properties under development for sale.

Impairment losses under expected credit loss model, net of reversal

For the year ended 31 December 2021, the Remaining Group's impairment losses under expected credit loss model, net of reversal, amounted to approximately RMB308.5 million (2020: RMB9.5 million), of which, a loss allowance of RMB299.4 million was recognised for the loan to an associate, after taking into account the impairment loss on its properties and assessing the lifetime expected credit losses of such associate.

Taxation

Income tax expense comprises PRC corporate income tax, land appreciation tax and Hong Kong profit tax. The Remaining Group's tax expenses was RMB966.1 million (2020: RMB1,700.9 million).

Financial Position

As at 31 December 2021, the interest-bearing borrowings amounted to approximately RMB38,989.7 million, representing an increase of 11.8% as compared to RMB34,862.7 million as at 31 December 2020. The net debt to total equity ratio was approximately 49.1%, representing an increase of 14.4 percentage points from 34.7% as at the end of year 2020. Among the interest-bearing borrowings, 63.6% were denominated in RMB while 36.4% were denominated in HKD and USD.

In the total interest-bearing borrowings, approximately RMB16,748 million were with fixed interest rates ranging from 3.14% per annum to 6.5% per annum, and the other borrowings carried interest at floating rates. As of 31 December 2021, the proportion of fixed interest borrowings was 43% (31 December 2020: 31%) of the total interest-bearing borrowings.

The Remaining Group is committed to optimizing its capital structure and reducing financing costs. In July 2021, Joy City Commercial Management (Tianjin) Co., Ltd., a wholly-owned subsidiary of the Company, issued an asset-backed special plan on the Shenzhen Stock Exchange with Shenyang Joy City as the underlying asset, issued the notes with a size of RMB1,801 million, a term of 15 years (3+3+3+3+3) and a preferential coupon rate of 3.80%. With access to multiple financing platforms at home and abroad, the Company has been able to seize the opportunities in capital markets to raise financing at a lower cost, to support to the development of the Remaining Group.

In 2021, the Remaining Group maintained a good relationship with banks and actively broadened financing channels to optimize its financing structure. Under the development of the real estate credit policy of the banks, the Remaining Group's average financing cost stood at 4.13%, representing a year-on-year decrease of 0.23 percentage point. As such, the Remaining Group's capital cost was further reduced and remained at a relatively low level in the industry.

Bank Borrowings

Bank borrowings decreased to RMB21,176.6 million as at 31 December 2021, representing a decrease of 6.8% as compared with that at the beginning of the year. All bank borrowings carry floating rates.

Bank borrowings of approximately RMB8,400.1 million is repayable within one year and is shown as current liabilities. All the Remaining Group's borrowings are denominated in RMB, HKD and USD. There is no material seasonal impact on the Remaining Group's needs for borrowings.

As at 31 December 2021, the Remaining Group had banking facilities of RMB40,212.1 million, of which unused facilities amounting to RMB14,908.9 million, indicating that Remaining Group had adequate access to financing and sufficient credit facilities.

As at 31 December 2021, the amount of RMB3,528,850,000 of bank borrowings was denominated in HK$ (2020: RMB2,841,377,000), and the amount of RMB10,666,032,000 of bank borrowings was denominated in US$ (2020: RMB10,045,927,000). Out of these foreign currency denominated bank loans, the Group has entered into interest rate swap agreements with independent counterparties to lock-up the variable interest rates of the loans amounting to RMB8,370,019,000 as at 31 December 2021 (31 December 2020: RMB8,565,889,000) into fixed rates. These interest rate swap instruments are designated as effective hedging instruments. The Group has entered into foreign currency forward contracts with independent counterparties to lock-up the variable foreign currency exchange rates of the loans amounting to RMB7,241,671,000 as at 31 December 2021 (31 December 2020: 439,185,000) into fixed rates. These exchange rate swap instruments are designated as effective hedging instruments.

As at 31 December 2021, the Group has the following bonds payable:

– On 14 January 2016, a non-wholly-owned subsidiary of the Company (the "**Subsidiary**"), COFCO Commercial Property Investment Co., Ltd（中糧置業投資有限公司）, issued a five-year term unsecured corporate bond (the "**Corporate Bonds**") in the PRC with a principal amount of RMB3,000,000,000. The coupon rate of the Corporate Bonds is 3.20% per annum for the first three years, up to 14 January 2019. At the end of the third year by giving a 7-day notice, the bond holders have a right to require the Subsidiary to redeem the Corporate Bonds at its par value plus accrued and unpaid interest, and the Subsidiary has a right to adjust the coupon rate of the Corporate Bonds from a range of 1-100 basis points. On 21 December 2018, the Subsidiary announced that it received bond holders' notice to sell the Corporate Bonds in an aggregate principal amount of RMB2,267,788,000 (the "**Announcement**"). On 14 January 2019, the Corporate Bonds with the principal amount of RMB2,267,788,000 were redeemed according to the Announcement. The adjusted coupon rate of the remaining Corporate Bonds is 3.95% for the next two years. During the year ended 31 December 2021, the remaining bonds of RMB732,212,000 has been repaid.

– On 9 January 2019, the Subsidiary further issued a six-year term and a seven-year term unsecured corporate bonds ("**CBI**" and "**CBII**") in the PRC, with principal amounts of RMB1,660,000,000 and RMB700,000,000 respectively. The coupon rates of the bonds are 3.94% and 4.10% per annum. At the end of the third year of CBI and the fifth year of CBII, the bond holders have a right to require the Subsidiary to redeem the bonds at its par value plus accrued and unpaid interest, and the Subsidiary has a right to adjust the coupon rate of the bonds from a range of 1-100 basis points.

– On 27 March 2020, the Subsidiary further issued a three-year term and a five-year term of unsecured corporate bonds in the PRC, with principal amounts of RMB900,000,000 and RMB600,000,000 respectively, carrying coupon rate of 3.14% and 3.60% per annum, respectively.

Net Gearing Ratio

As at 31 December 2021, the net debt to total equity ratio was approximately 52.1%, which was calculated by the sum of bank borrowings (current and non-current), corporate bonds, borrowings from fellow subsidiaries, joint ventures, non-controlling shareholders and third parties (current and non-current) and total interest-bearing borrowings after deducting cash and bank balances and restricted and pledged bank deposits, as divided by total equity.

Contingent Liabilities

As at 31 December 2021, details of the Remaining Group's contingent liabilities and non-compliance issues are set out in Note 38 to the consolidated financial statements in the Company's annual report 2021 published on 28 April 2022 (the "**2021 Financial Statements**"). The directors of the Company believe that, based on the reasons and circumstances of those non-compliances and the PRC legal advice, the Remaining Group is less likely to be subject to any fine, penalty or demolishment or confiscation, and accordingly, no provision has been made in the consolidated financial statements.

Interest Rate Risk

The Remaining Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The Remaining Group's policies are to reduce the interest rates by negotiating the terms of the interest-bearing borrowings, and explore direct financing at low interest rates such as the issuance of corporate bonds to replace the borrowings at high interest rates. In addition, the Company uses interest rate swaps to lock in interest rates in order to reduce the interest rate fluctuation risk of foreign currency variable-rate borrowings.

Foreign Exchange Risk

The daily transaction currency for the principal business operations of the Remaining Group is Renminbi. Save for certain bank deposits, bank and other borrowings denominated in foreign currencies, the Remaining Group is not exposed to any material risk directly arising from the volatility of exchange rate. The Remaining Group will pay close attention to the change of financial environment, and reasonably allocate the scales of domestic and offshore financing. As for the exchange rate risk caused by the fluctuation of RMB exchange rate, the Company locks such risks through forward and other tools.

Subsidiaries, joint ventures and associates

Details of the Company's principal subsidiaries, joint ventures and associates as at 31 December 2021 are set out in Notes 49, 21 and 20 to the 2021 Financial Statements.

For the year ended 31 December 2022

Overall Performance Review

For the year ended 31 December 2022, the Remaining Group's operating revenue was RMB20,595.7 million (2021: RMB12,061.4 million). Overall gross profit margin was approximately 30.4%, representing a decrease of 7.4 percentage points as compared with 37.8% for the previous year.

The Remaining Group recorded profit for the year of approximately RMB1,060.6 million (2021: RMB1,428.1 million), representing a year-on-year decrease of 25.7%, which was due to the rental concessions granted to tenants and fair value changes of investment properties for the year. In particular, the profit attributable to owners of the Company was approximately RMB490.8 million, representing a year-on-year decrease of 8.2%. Excluding the after-tax fair value loss on investment properties and the effect of exchange rate changes, the core net profit attributable to owners of the Company for the year was approximately RMB747.7 million, representing a year-on-year increase of 61.5%.

Segmental information

Review on Investment Properties

During the year, in order to fulfill its responsibilities as a central state-owned enterprise and alleviate the financial pressure of its business tenants, the Remaining Group provided rent concessions of approximately RMB819.7 million in total to tenants who leased properties of the Remaining Group in 2022 and met the requirements of the rent concession policy. As a result, the Remaining Group's total rental income from investment properties and related services income was approximately RMB3,362.5 million, representing a decrease of 14.4% as compared with RMB3,927.5 million in the previous year. The gross profit margin of the investment properties was 74.9%, representing a decrease of 3.9 percentage points from 78.8% in the previous year. Shopping malls, office buildings and other income contributed 79%, 15% and 6% of the total revenue, respectively.

The Remaining Group's shopping malls recorded sales of approximately RMB24.8 billion, and recorded rental income of RMB2,157.6 million. The average occupancy rate of the shopping malls was 93%.

In terms of office building business, the Remaining Group adhered to the customer-oriented approach and adopted the development strategy of "retaining existing tenants and recruiting new tenants" to maintain stable development and promote in-depth operations, thereby establishing a good brand image. The rental income from office buildings was approximately RMB506.2 million and the average occupancy rate was 88%.

The table below sets forth the rental income and occupancy rate of the major investment properties of the Remaining Group in 2022:

Project	**City**	**Use**	**Rental income** *(RMB million)*	**Occupancy rate** *(%)*
Xidan Joy City Shopping Mall	Beijing	Retail	572.9	95
Chaoyang Joy City Shopping Mall	Beijing	Retail	487.0	99
Tianjin Joy City Shopping Mall	Tianjin	Retail	295.8	97
Shanghai Jing'an Joy City Shopping Mall	Shanghai	Retail	118.8	91
Shenyang Joy City Shopping Mall	Shenyang	Retail	154.8	91
Yantai Joy City Shopping Mall	Yantai	Retail	57.0	89
Chengdu Joy City Shopping Mall	Chengdu	Retail	185.6	95
Hangzhou Joy City Shopping Mall	Hangzhou	Retail	122.8	95
Suzhou Joy Breeze Shopping Mall	Suzhou	Retail	76.8	94
Chongqing Joy City Shopping Mall	Chongqing	Retail	15.0	81
Wuhan Joy City Shopping Mall	Wuhan	Retail	71.1	91
Xidan Joy City Offices	Beijing	Office	33.4	85
COFCO Plaza Offices	Beijing	Office and Retail	267.9	90
Hong Kong COFCO Tower	Hong Kong	Office and Retail	55.5	78
COFCO • Landmark Tower	Beijing	Office and Retail	149.4	89
Total			2,663.8	

Review on Property Development

During the year, the Remaining Group's operating revenue derived from property development segment was RMB16,483.7 million, representing an increase of 130.6% from RMB7,149.3 million in the previous year. The settlement area of properties delivered was 717,820 sq.m., representing an increase of approximately 99.7% as compared with 359,507 sq.m. in the previous year. The unit settlement price was RMB22,964/sq.m., representing an increase of 15.5% as compared with RMB19,886/sq.m.. Due to the changes in structure of the properties delivered, the gross profit margin of the property development segment for the year increased by 6 percentage points year-on-year to 22%.

During the year, the Remaining Group recorded contracted sales of approximately RMB28,558.0 million, representing a year-on-year increase of 5.8%; and contracted sales area amounted to 800,946.4 sq.m., representing a year-on-year increase of approximately 25.0%. The average unit selling price was approximately RMB35,655/sq.m., representing a year-on-year decrease of 15.4%.

In 2022, the contracted sales amount and contracted sales area of each region achieved by the Remaining Group are as follows:

Region	**Contracted sales amount 2022** *(RMB million)*	**Contracted sales area 2022** *(sq.m.)*
Shanghai	12,812.0	244,811.4
Hainan	565.3	22,022.7
Southwest China	2,580.8	130,617.6
Zhejiang	2,384.2	52,259.3
Nanjing	4,360.2	176,617.8
Central China	575.6	45,141.7
Southern China	2,527.0	56,289.6
Beijing	2,662.0	61,965.6
Northeast China	90.9	11,220.9
Total	28,558.0	800,946.4

Review on Hotel Operations

Based on operational innovation, the Remaining Group attracted customers through marketing and promotion initiatives such as cross-industry cooperation and created operational spotlights. During the year, the Remaining Group's hotel operations recorded revenue of approximately RMB553.7 million, representing a year-on-year decrease of 27.8%; and the average occupancy rate was 50%, representing a year-on-year decrease of 11 percentage points.

The table below sets forth the average occupancy rate, RevPAR and average room rate of the major hotels of the Remaining Group in 2022:

Project	City	Use	Average occupancy rate *(%)*	RevPAR *(RMB)*	Average room rate *(RMB)*
The St. Regis Sanya Yalong Bay Resort	Sanya	Resort	40	802	2,016
MGM Grand Sanya	Sanya	Resort	58	757	1,298
Cactus Resort Sanya by Gloria	Sanya	Resort	37	108	293
Waldorf Astoria Beijing	Beijing	Business Inn	31	717	2,334
Le Joy Hotel Beijing	Beijing	Hotel	79	448	569

Review on Output Management

Revenue from output management for the year was approximately RMB167.8 million.

Other gains and losses

For the year ended 31 December 2022, the Remaining Group recorded a loss of approximately RMB310.7 million under other gains and losses, representing an increase of loss of RMB187.9 million as compared with a loss of RMB122.8 million in the previous year, mainly due to the foreign exchange loss of RMB147.1 million (2021: foreign exchange gain of RMB117.5 million) recorded in 2022 for the USD– and HKD-denominated borrowings held by the Remaining Group resulting from the depreciation of RMB during the year. In response to the sluggish situation of the real estate sector for the year, the Company exerted efforts to adjust its marketing strategies to mitigate the negative impact of a market downturn. The Remaining Group recorded an impairment loss of RMB291.1 million (2021: RMB266.6 million) for both of the properties held for sale and the properties under development for sale due to the lower-than-expected selling prices of the office buildings and apartment properties in Wuhan and Qingdao.

Impairment losses under expected credit loss model, net of reversal

For the year ended 31 December 2022, the Remaining Group's impairment losses under expected credit loss model, net of reversal, amounted to approximately RMB99.9 million (2021: RMB308.5 million).

Taxation

Income tax expense comprises PRC corporate income tax, land appreciation tax and Hong Kong profit tax. The Remaining Group's tax expenses was RMB1,499.3 million (2021: RMB966.1 million).

Financial Position

As at 31 December 2022, the interest-bearing borrowings aggregated to approximately RMB45,766.5 million, representing an increase of 17% as compared with RMB38,989.7 million as at 31 December 2021. The net debt to total equity ratio was approximately 52.3%, representing an increase of 0.2 percentage point from 52.1% in the previous year. Among the interest-bearing borrowings, 63.7% were denominated in RMB while 36.3% were denominated in HKD and USD.

In the total interest-bearing borrowings, approximately RMB20,134 million were with fixed interest rates ranging from 3% per annum to 6.5% per annum, and the other borrowings carried interest at floating rates. As of 31 December 2022, the proportion of fixed interest borrowings was 44% (31 December 2021: 43%) of the total interest-bearing borrowings.

The Remaining 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 corporate bonds of RMB1,500 million on the Shenzhen Stock Exchange in January 2022, comprising RMB1,000 million with a term of 3 + 2 years and a coupon rate of 3.08% and RMB500 million with a term of 5 + 2 years and a coupon rate of 3.49%. It issued perpetual medium-term notes of RMB1,500 million in the National Association of Financial Market Institutional Investors in December 2022, with a term of 2 + N years and a coupon rate of 5.1%. With access to multiple financing platforms at home and abroad, the Remaining Group has been able to seize the opportunities in capital markets to raise financing at a lower cost, to support to the development of the Remaining Group.

In 2022, the Company maintained a good relationship with banks and actively broadened financing channels to optimize its financing structure. Despite the general imposition of bank property lending caps, the Company's average financing cost still stood at 3.97%, representing a decrease of 0.16 percentage point as compared with that in the previous year. As such, the Remaining Group's capital cost was further reduced and remained at a relatively low level in the industry.

Bank Borrowings

Bank borrowings amounted to RMB24,342.4 million as at 31 December 2022, representing an increase of 14.9% as compared with that at the beginning of the year. All bank borrowings carry floating rates.

Bank borrowings of approximately RMB4,936.0 million is repayable within one year and is shown as current liabilities. All the Remaining Group's borrowings are denominated in RMB, HKD and USD. There is no material seasonal impact on the Remaining Group's needs for borrowings. As at 31 December 2022, the Remaining Group had banking facilities of RMB46,635 million, of which unused facilities amounting to RMB17,792 million, indicating that Remaining Group had smooth access to financing and sufficient credit facilities.

As at 31 December 2022, the amount of RMB3,498,939,000 of bank borrowings was denominated in HK$ (2021: RMB3,528,850,000), and the amount of RMB12,803,794,000 of bank borrowings was denominated in US$ (2021: RMB10,666,032,000). Out of these foreign currency denominated bank loans, the Group has entered into interest rate swap agreements with independent counterparties to lock-up the variable interest rates of the loans amounting to RMB4,302,730,000 as at 31 December 2022 (31 December 2021: RMB8,370,019,000) into fixed rates. These interest rate swap instruments are designated as effective hedging instruments. The Group has entered into foreign currency forward contracts with independent counterparties to lock-up the variable foreign currency exchange rates of the loans amounting to RMB5,710,972,000 as at 31 December 2022 (31 December 2021: RMB7,241,671,000) into fixed rates. These exchange rate swap instruments are designated as effective hedging instruments.

As at 31 December 2022, the Group has the following bonds payable:

– On 9 January 2019, a wholly-owned subsidiary of the Company (the "**Subsidiary**"), COFCO Commercial Property Investment Co., Ltd（中糧置業投資有限公司）, issued a six-year term and a seven-year term unsecured corporate bonds ("**CBI**" and "**CBII**") in the PRC, with principal amounts of RMB1,660,000,000 and RMB700,000,000 respectively. The coupon rates of the bonds are 3.94% and 4.10% per annum. At the end of the third year of CBI and the fifth year of CBII, the bond holders have a right to require the Subsidiary to redeem the bonds at its par value plus accrued and unpaid interest, and the Subsidiary has a right to adjust the coupon rate of the bonds from a range of 1-100 basis points.

– On 27 March 2020, the Subsidiary issued a three-year term and a five-year term of unsecured corporate bonds in the PRC, with principal amounts of RMB900,000,000 and RMB600,000,000 respectively, carrying coupon rate of 3.14% and 3.60% per annum, respectively.

– On 19 January 2022, the Subsidiary issued a five-year term and a seven-year term of unsecured corporate bonds in the PRC, with principal amounts of RMB1,000,000,000 and RMB500,000,000 respectively. The coupon rates of the bonds are 3.08% and 3.49% per annum.

Net Gearing Ratio

As at 31 December 2022, the net debt to total equity ratio was approximately 52.3%, which was calculated by the sum of bank borrowings (current and non-current), corporate bonds, borrowings from fellow subsidiaries, joint ventures, non-controlling shareholders and third parties (current and non-current) and total interest-bearing borrowings after deducting cash and bank balances and restricted and pledged bank deposits, as divided by total equity.

Contingent Liabilities

As at 31 December 2022, details of the Remaining Group's contingent liabilities and non-compliance issues are set out in Note 38 in the Company's annual report 2022 published on 27 April 2023 (the "**2022 Financial Statements**"). The Directors believe that, based on the reasons and circumstances of those non-compliances and the PRC legal advice, the Remaining Group is less likely to be subject to any fine, penalty or demolishment or confiscation, and accordingly, no provision has been made in the consolidated financial statements.

Interest Rate Risk

The Remaining Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The Remaining Group's policies are to reduce the interest rates by negotiating the terms of the interest-bearing borrowings, and explore direct financing at low interest rates such as the issuance of corporate bonds to replace the borrowings at high interest rates. In addition, the Company is gradually locking in interest rates by using interest rate swaps in order to reduce the interest rate fluctuation risk of foreign currency variable-rate borrowings.

Foreign Exchange Risk

The daily transaction currency for the principal business operations of the Remaining Group is Renminbi. Save for certain bank deposits, bank and other borrowings denominated in foreign currencies, the Remaining Group is not exposed to any material risk directly arising from the volatility of exchange rate. The Remaining Group will pay close attention to the change of financial environment, and reasonably allocate the scales of domestic and offshore financing. As for the exchange rate risk caused by the fluctuation of RMB exchange rate, the Company locks such risks through forward and other tools.

Subsidiaries, joint ventures and associates

Details of the Company's principal subsidiaries, joint ventures and associates as at 31 December 2022 are set out in Notes 48, 20 and 21 to the 2022 Financial Statements.

FUNDING AND TREASURY POLICIES

The Remaining Group's funding and treasury policy focuses on proactive centralized management of stable cash flows to the Remaining Group through monitoring of sales turnover, reinforcing the relationship with banks, reductions in costs and outlays, exploration of different channels of fund raising and supervision of the progress in land acquisitions and property development. During the years ended 31 December 2020, 31 December 2021 and 31 December 2022, the Remaining Group financed its business activities mainly from cash generated from the operating activities and loans and borrowings, details of which are set out above. The Remaining Group will continue to follow a prudent policy in managing the Remaining Group's cash balances and maintain a strong and adequate liquidity for the Remaining Group's operations, potential investments and development plans. As mentioned above, the Remaining Group's net debt to total equity ratio was approximately 37.2% as at 31 December 2020, approximately 52.1% as at 31 December 2021 and approximately 52.3% as at 31 December 2022, and the Remaining Group will continue to optimize its capital structure based on its business plans and the financial market conditions in the PRC.

EMPLOYEES AND REMUNERATION POLICIES

The Remaining Group attaches great importance to the selection, employment, training and retainment of talents. While sticking to equal employment and optimizing its remuneration and incentive mechanisms, the Remaining Group diversifies recruitment channels and protects rights and interests of employees. Thus the Remaining Group is able to attract and establish a lean, competent and highly efficient staff team, promote the common development of enterprise and employees, and provide talent support for the Remaining Group's strategic goals. As of 31 December 2020, 31 December 2021 and 31 December 2022, the Remaining Group had 4,351, 4,151 and 3,726 employees in total, respectively.

Aiming to maintain the "high efficiency and competitive incentives", the Remaining Group has established a sound remuneration and incentive system. The Remaining Group has also built a harmonious and consistent labor relationship with its staff by providing 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.

Upholding the training concept of "learning for application", the Remaining Group systematically planned and coordinated the layout, focused on the development of talents at all levels of key positions and their reserve, focused on the improvement of business capabilities, established a talent training system, and created a sufficient quantity and quality of talent supply chain for the Remaining Group, so as to support the achievement of strategic goals. At present, the Remaining Group has established the 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", "Joy Seminar" and so on. It explores the internal courses of the Remaining Group, and revitalizes internal training resources by establishing a professional and systematic internal training lecturer team and improving online learning systems.

In addition, the Remaining Group has built a value-based and development-oriented dual-career path development system for management and professionalism by integrating the features of the industry and the relevant positions. Through the "Team Members Competition" programme designed to stimulate internal competition, the "Team Members Swapping" programme designed for rotation training and the "Team Members Training" programme designed to foster young beginners, the Remaining Group facilitates internal talents exchange and the internal talent transfer and promotion, which provides a clear development path for employees.

The employees of the Remaining Group's subsidiaries which operate in the mainland 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 Remaining 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 Remaining Group is required to contribute to the Mandatory Provident Fund based on a certain percentage of the employees' salaries. The contributions made by the Remaining 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 Remaining Group with respect to such defined contribution schemes is to make the specified contributions. During the year, there was no forfeited contributions under the defined contribution schemes above. Accordingly, there was no forfeited contribution used by the Remaining Group or available for the Remaining Group to reduce its existing level of contributions during the year.

The Remaining Group strictly complies with the management policies under the relevant international and national standards, rules and regulations, or those of the places where it operates in respect of child labor or forced labor prevention. We have developed necessary procedures of information collection and approval of recruitment of staff to ensure labor standards are implemented and executed. We employ our employees in accordance with laws, prevent employment discrimination, and eradicate the use of child labor and forced labor; whereas we provide those such as the disabled, ethnic minorities and veterans with employment opportunities and achieve "equal pay for equal work for both men and women". During the year, there was no violation by the Remaining Group of international or national standards, rules and regulations, or those of the places where the operations of the Remaining Group were located in respect of child labor and forced labor.

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皇室大廈安達人壽大樓17樓

REPORT ON REVIEW OF UNAUDITED HISTORICAL FINANCIAL INFORMATION OF THE DISPOSAL GROUP

The Directors
Joy City Property Limited
33/F, COFCO Tower,
262 Gloucester Road,
Causeway Bay, Hong Kong

Dear Sirs,

Report on Review of Unaudited Historical Financial Information of the Shanghai Top Glory Real Estate Development Co., Ltd. and its subsidiaries

Introduction

We have reviewed the unaudited historical financial information set out on pages II-3 to II-12 which comprise the unaudited consolidated statements of financial position of Shanghai Top Glory Real Estate Development Co., Ltd. and its subsidiaries (collectively referred to as the "**Disposal Group**") as at 31 December 2020, 31 December 2021 and 31 December 2022 and 30 June 2023 (the "**Relevant Periods**") and unaudited consolidated statements of profit or loss and other comprehensive income, unaudited consolidated statements of cash flows for each of the three years ended 21 December 2022 and six months ended 30 June 2023 and explanatory notes (together, the "**Historical Financial Information**"). The Historical Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Joy City Property Limited (the "**Company**") in connection with the disposal of the Disposal Group in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") 14.68(2)(a)(i)(A).

The directors of the Company are responsible for the preparation and presentation of the Historical Financial Information of the Disposal Group in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information and Listing Rule 14.68(2)(a)(i). The directors of the Company are also responsible for such internal control as management determines is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error. The Historical Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this Historical Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants. A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Disposal Group for the relevant periods is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practicing Certificate Number: P05589
Hong Kong
25 October 2023

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	2,718,324	3,396,948	603,324	342,872	103,243
Cost of sales and services rendered	(2,363,375)	(2,784,943)	(261,688)	(148,605)	(16,081)
Gross profit	354,949	612,005	341,636	194,267	87,162
Other income	5,208	9,931	6,019	3,138	538
Other gains and losses, net	2,372	10,336	(2,005)	(383)	(120,732)
Impairment losses under expected credit loss model, net of reversal	789	(1,035)	(2,970)	(1,994)	(362)
Distribution and selling costs	(17,296)	(107,982)	(38,503)	(17,498)	(3,126)
Administrative expenses	(46,468)	(68,515)	(69,507)	(27,124)	(23,146)
Fair value (loss)/gain on investment properties	(18,076)	128,095	(44,121)	(17,000)	(9,000)
Finance costs	(183)	(13,981)	(38,280)	(20,260)	(2,736)
Share of gains/(losses) of a joint venture	(173,705)	(94,570)	(224,630)	(72,706)	5,378
Profit/(loss) before tax	107,590	474,284	(72,361)	40,440	(66,024)
Income tax (expenses)/credit	(113,944)	(165,900)	(39,719)	(28,684)	45,710
(Loss)/profit and total comprehensive (expense)/income for the year/period	(6,354)	308,384	(112,080)	11,756	(20,314)
(Loss)/profit for the year attributable to:					
Owners of the Company	(64,580)	132,742	(153,411)	(21,951)	(22,498)
Non-controlling interests	58,226	175,642	41,331	33,707	2,184
	(6,354)	308,384	(112,080)	11,756	(20,314)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December			As at 30 June
		2020	2021	2022	2023
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Investment properties	*3*	6,013,000	7,170,000	7,126,000	4,747,000
Property, plant and equipment		7,625	7,998	7,023	5,027
Right of use assets		47	49	49	107
Intangible assets		418	604	353	59
Interests in joint ventures		234,200	224,630	–	–
Deferred tax assets		8,689	8,279	22,869	53,837
		6,263,979	7,411,560	7,156,294	4,806,030
Current assets					
Inventories		121	181	229	270
Properties held for sale		323,716	657,437	505,142	–
Properties under development for sale		2,700,538	–	–	–
Accounts receivable		593	1,715	2,428	294
Contract costs		31,553	2,362	679	–
Deposits, prepayments and other receivables		751,454	240,282	252,225	551
Amounts due from fellow subsidiaries		271,177	303,753	359,334	130,272
Tax recoverable		7,664	–	63,149	9,184
Restricted bank deposits		154,043	65,581	15,133	–
Bank balances and cash		667,669	563,447	273,253	2,485
		4,908,528	1,834,758	1,471,572	143,056
Current liabilities					
Accounts payable		675,224	966,420	790,271	5,334
Other payables and accruals		394,195	332,805	111,307	20,863
Contract liabilities		2,165,230	144,588	26,093	–
Amount due to a joint venture		–	4,272	–	–
Amounts due to fellow subsidiaries		7,113	8,031	8,035	–
Amounts due to the immediate holding company		380,916	380,695	381,401	–
Loans from fellow subsidiaries		359,500	–	577,794	–
Bank borrowings		–	–	10,080	–
Income tax and land appreciation tax payables		6,059	48,469	13,922	–
Deferred income		–	–	92	–
		3,988,237	1,885,280	1,918,995	26,197
Net current assets (liabilities)		920,291	(50,522)	(447,423)	116,859
Total assets less current liabilities		7,184,270	7,361,038	6,708,871	4,922,889

	As at 31 December			As at 30 June
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities				
Other payables and accruals	1,860	17,318	57,779	18,380
Lease liabilities	–	–	–	58
Loans from fellow subsidiary	577,794	577,794	–	–
Bank borrowings	1,006,900	819,900	809,760	–
Deferred tax liabilities	1,054,890	1,094,973	1,102,359	1,041,377
	2,641,444	2,509,985	1,969,898	1,059,815
Net assets	4,542,826	4,851,053	4,738,973	3,863,074
Capital and reserves				
Share capital	531,179	531,179	531,179	531,179
Reserves	3,377,933	3,510,675	3,357,264	3,331,895
Non-controlling interests	633,714	809,199	850,530	–
	4,542,826	4,851,053	4,738,973	3,863,074

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Other Reserves	Statutory reserve	Retained profits	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	531,179	1,929	199,664	3,239,978	3,972,750	–	3,972,750
(Loss)/profit and total comprehensive (expense)/income for the year	–	–	–	(64,580)	(64,580)	58,226	(6,354)
Acquisition of a subsidiary	–	–	–	–	–	575,488	575,488
Others	–	942	–	–	942	–	942
At 31 December 2020 and 1 January 2021	531,179	2,871	199,664	3,175,398	3,909,112	633,714	4,542,826
Profit and total comprehensive income for the year	–	–	–	132,742	132,742	175,642	308,384
Final 2020 dividend declared	–	–	–	–	–	(157)	(157)
Statutory reserve appropriation	–	–	28,102	(28,102)	–	–	–
At 31 December 2021 and 1 January 2022	531,179	2,871	227,766	3,280,038	4,041,854	809,199	4,851,053
(Loss)/profit and total comprehensive (expense)/income for the year	–	–	–	(153,411)	(153,411)	41,331	(112,080)
Statutory reserve appropriation	–	–	4,493	(4,493)	–	–	–
At 31 December 2022 and 1 January 2023	531,179	2,871	232,259	3,122,134	3,888,443	850,530	4,738,973
(Loss)/profit and total comprehensive (expense)/income for the period	–	–	–	(22,498)	(22,498)	2,184	(20,314)
Other	–	(2,871)	(207,428)	207,428	(2,871)	(852,714)	(855,585)
At 30 June 2023	531,179	–	24,831	3,307,064	3,863,074	–	3,863,074
At 1 January 2022	531,179	2,871	227,766	3,280,038	4,041,854	809,199	4,851,053
(Loss)/profit and total comprehensive (expense)/income for the period	–	–	–	(21,951)	(21,951)	33,707	11,756
At 30 June 2022	531,179	2,871	227,766	3,258,087	4,019,903	842,906	4,862,809

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
OPERATING ACTIVITIES					
Profit/(loss) before tax	107,590	474,284	(72,361)	40,440	(66,024)
Adjustments for:					
Finance costs	183	13,981	38,280	20,260	2,736
Interest income	(4,477)	(9,757)	(5,486)	(2,905)	(417)
Amortisation of intangible assets	456	549	251	161	46
Depreciation of right-of-use assets	1,789	321	116	58	58
Depreciation of property, plant and equipment	1,159	1,769	2,126	1,074	661
Fair value gain/(loss) on investment properties	18,076	(128,095)	44,121	17,000	9,000
Recognition of impairment loss on accounts receivables, net	–	–	–	–	6
Recognition of impairment loss on amounts due from joint ventures, net	–	–	2,507	–	–
(Reversal)/recognition of impairment loss on other receivables, net	(789)	1,035	463	1,994	356
Loss on disposal of property, plant and equipment, net	106	216	113	3	98
(Gain)/loss on disposal on subsidiary	–	(6,765)	–	–	121,062
Share of losses/(gains) of joint ventures	173,705	94,570	224,630	72,706	(5,378)
Exchange (gain)/loss, net	(906)	(383)	1,251	637	(494)
Operating cash flows before working capital	296,892	441,725	236,011	151,428	61,710

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
OPERATING ACTIVITIES – continued					
Operating cash flows before working capital	296,892	441,725	236,011	151,428	61,710
Increase in inventories	(39)	(60)	(48)	(30)	(41)
Decrease in properties held for sale	2,418,426	2,796,985	196,757	77,007	–
(Increase) decrease in properties under development for sale	(151,369)	(2,175,197)	(44,462)	(2,398)	1,473
Increase in accounts receivable	(476)	(1,122)	(713)	(5,171)	(1,460)
(Increase)/decrease in contract costs	(17,709)	29,191	1,683	1,402	–
(Increase)/decrease in deposits, prepayments and other receivables	(289,151)	260,957	(3,604)	(22,621)	(3,358)
Increase/(decrease) in accounts payable	68,312	308,221	(176,149)	(114,572)	(153,587)
(Decrease)/increase in contract liabilities	(2,119,071)	(1,558,945)	(118,495)	(123,488)	65,572
Decrease in other payables and accruals	(144,195)	(146,757)	(61,293)	(24,145)	(22,516)
Increase in rental deposits received	962	42,716	6,015	4,272	928
(Increase)/decrease in restricted bank deposits	(2,800)	88,462	50,448	64,407	–
Increase/(decrease) in amounts due from fellow subsidiaries	105,079	(32,193)	(56,832)	(17,359)	228,687
Increase/(decrease) in amounts due to joint ventures	–	4,272	(4,272)	(3,801)	–
(Decrease)/increase in amounts due to immediate holding company	–	(221)	706	355	(21,401)
Increase/(decrease) in amounts due to fellow subsidiaries	140	22,792	4	(867)	(6,359)
(Decrease)/increase in deferred income	(33)	–	92	–	–
Interest received	4,476	9,756	5,478	2,905	19
Cash generated from (used in) operations	169,444	90,582	31,326	(12,676)	149,667
PRC Enterprise Income Tax refunded (paid)	5,534	(65,807)	(141,873)	(141,873)	(22,889)
Land Appreciation Tax paid	(59,474)	(34,670)	(8,802)	(5,952)	(439)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	115,504	(9,895)	(119,349)	(160,501)	126,339

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
INVESTING ACTIVITIES					
Purchases of property, plant and equipment	(1,044)	(3,123)	(1,267)	(268)	(590)
Payments for right-of-use assets/leasehold land and land use rights	–	(1,356)	(116)	(116)	(116)
Payments for intangible assets	–	(735)	–	–	–
Payments for investment properties	(201,584)	(1,150,769)	(128,325)	(128,325)	–
Proceeds on disposal of property, plant and equipment	–	66	3	–	548
Payments for acquisition of subsidiary	729,868	–	–	–	–
Proceeds from disposal of subsidiary	–	(135,726)	–	–	535,754
Proceeds from disposal of joint venture	–	–	–	–	7,885
Increase in amount due from joint venture	–	–	(2,507)	–	–
Capital injection to a joint venture	(125,000)	(85,000)	–	–	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES	402,240	(1,376,643)	(132,212)	(128,709)	543,481
FINANCING ACTIVITIES					
Interest paid	(21,329)	(54,185)	(38,445)	(20,524)	(2,736)
Proceeds from bank borrowings	–	200,000	460,000	460,000	–
Repayment of bank borrowings	(767,000)	(387,000)	(460,060)	(460,030)	–
Loan from fellow subsidiary	1,561,694	7,416,145	–	–	–
Repayments of loan from fellow subsidiary	(624,400)	(6,152,175)	–	–	(577,794)
Repayments of leases liabilities	(1,891)	(326)	(128)	–	(58)
Loans from non-controlling interests	–	994,857	–	–	–
Repayments of loans from non-controlling interests	–	(735,000)	–	–	–
Dividends paid	–	–	–	–	(360,000)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	147,074	1,282,316	(38,633)	(20,554)	(940,588)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	664,818	(104,222)	(290,194)	(309,764)	(270,768)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/ PERIOD	2,851	667,669	563,447	563,447	273,253
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	667,669	563,447	273,253	253,683	2,485

NOTES TO THE UNAUDITED HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Shanghai Top Glory Real Estate Development Co., Ltd.*(上海鵬利置業發展有限公司)(the "**Disposal Company**") was incorporated in the People's Republic of China (the "**PRC**") as an exempted company with limited liability on Room 1203, Building F, No. 28 Zhoukang Road, Pudong New District, Shanghai, the PRC. Its ultimate holding company is Joy City Property Limited (the "**Company**") (together with its subsidiaries referred to as the "**Group**"), which 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**").

During the Relevant Periods, the Disposal Company and its subsidiaries (collectively referred to as the "**Disposal Group**") is principally engaged in property investment and development.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Disposal Group.

2. BASIS OF PREPARATION AND PRESENTATION

The Historical Financial Information of Disposal Group has been prepared solely for the purpose of inclusion in the circular to be issued by the Company in connection with the proposed disposal of the entire equity interest in Disposal Group in accordance with Rule 14.68(2)(a)(i) of the Listing Rules and in accordance with the relevant accounting policies adopted by the Disposal Group as set out in the annual reports of the Company for the years ended 31 December 2020, 2021 and 2022 and its interim report for the six months ended 30 June 2023, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The Directors have a reasonable expectation that the Disposal Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements for the years ended 31 December 2020, 2021 and 2022 and for the six months ended 30 June 2023.

The Historical Financial Information of the Disposal Group has been prepared under the historical cost convention. The Historical Financial Information of Disposal Group does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" nor an complete condensed interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants, and that it should be read in connection with the relevant published annual financial statements of the Company.

3. INVESTMENT PROPERTIES

Under operating leases, the Disposal Group leases various offices and retail stores, which are subject to monthly rent payments. The initial lease period is usually between 1 and 20 years, and the lessee only has the right to unilaterally extend the lease after the initial period. Most lease contracts contain a market review clause should the lessee exercise the extension option. Leases for retail stores include variable lease payments based on 1% to 40% of sales and fixed minimum annual lease payments over the lease term.

The Disposal Group is not exposed to foreign exchange risk from leasing arrangements as all leases are measured based on the relevant functional currency of the group entities. The lease contract does not contain a residual value guarantee at the end of the lease term and/or the lessee's right to purchase the property.

	Completed investment properties *RMB'000*	Investment properties under development *RMB'000*	Total *RMB'000*
Fair value			
At 1 January 2020	4,865,000	–	4,865,000
Acquisition of subsidiaries	–	964,000	964,000
Addition of leased investment properties	–	202,076	202,076
Change in fair value recognized in profit or loss	(20,000)	1,924	(18,076)
At 31 December 2020 and 1 January 2021	4,845,000	1,168,000	6,013,000
Addition of leased investment properties	–	1,275,303	1,275,303
Transfer from construction in progress upon completion	2,369,000	(2,369,000)	–
Disposal	–	(246,398)	(246,398)
Change in fair value recognized in profit or loss	(44,000)	172,095	128,095
At 31 December 2021 and 1 January 2022	7,170,000	–	7,170,000
Others	121	–	121
Change in fair value recognized in profit or loss	(44,121)	–	(44,121)
At 31 December 2022 and 1 January 2023	7,126,000	–	7,126,000
Disposal	(2,370,000)	–	(2,370,000)
Change in fair value recognized in profit or loss	(9,000)	–	(9,000)
At 30 June 2023	4,747,000	–	4,747,000

At 31 December 2020, 2021 and 2022, the Disposal Group's investment properties with an aggregate carrying amount of RMB1,168,000,000, RMB2,369,000,000 and RMB2,370,000,000 were pledged to secure banking facilities granted to the Disposal Group respectively. At 30 June 2023, no investment property was pledged to secure banking facilities granted to the Disposal Group.

At 31 December 2021 and 2022, building ownership certificates in respect of investment properties of the Disposal Group with an aggregate carrying amount of RMB2,369,000,000 and RMB2,370,000,000 had not been issued by the relevant PRC authorities respectively. At 31 December 2020 and 30 June 2023, no building ownership certificates in respect of investment properties of the Disposal Group had not been issued by the relevant PRC authorities.

Fair value measurement of the Disposal Group's investment properties

In estimating the fair value of the investment properties, the Directors use market observable data to the extent it is available. The Directors work closely with the valuer to establish the appropriate valuation techniques and inputs to the model.

The fair value of the Disposal Group's completed investment properties in Mainland China at 31 December 2020, 2021 and 2022 and 30 June 2023 has been arrived at on the basis of a valuation carried out as at these days by Cushman & Wakefield ("**C&W**"), independent qualified professional valuer which is not connected with the Disposal Group.

The valuations were arrived at by making reference to the comparable market transactions as available in the market and where appropriate, by valuing the properties on the basis of capitalisation of the rental income derived from the existing tenancy agreements with due allowance for the reversionary income potential of the properties.

There has been no change in the valuation techniques during the each reporting period. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The amount of the change in fair value recognised in profit or loss were related to investment properties held at the end of each reporting period.

The fair value of the Disposal Group's investment properties at 31 December 2020, 2021 and 2022 and 30 June 2023 is grouped into Level 3 of fair value measurement. There were no transfers into or out of Level 3 during the Relevant Periods.

The following table gives information about how the fair value of the Disposal Group's investment properties as at 31 December 2020, 2021 and 2022 and 30 June 2023 is determined. The significant unobservable inputs included (i) capitalisation rate, which taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition: and (ii) monthly unit rent, which using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities. A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa. A slight increase in the market rent used would result in a significant increase in fair value, and vice versa.

	Significant unobservable inputs Capitalisation rate			
	Year ended 31 December			**Six months ended 30 June**
	2020	**2021**	**2022**	**2023**
Fraser Suites Top Glory, Shanghai				
– residential units	2.5%	2.5%	2.5%	2.5%
Suzhou Joy Breeze				
– shop	–	6.0%	6.0%	–

	Significant unobservable inputs Monthly unit rent(sq.m/month)			
	Year ended 31 December			**Six months ended 30 June**
	2020	**2021**	**2022**	**2023**
	RMB	*RMB*	*RMB*	*RMB*
Fraser Suites Top Glory, Shanghai				
– residential units	293	293	294	295
Suzhou Joy Breeze				
– shop	–	143	144	–

(A) THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1 Introduction

The following is a summary of the illustrative unaudited pro forma consolidated statement of financial position as at 30 June 2023, unaudited pro forma consolidated statement of profit or loss and other comprehensive income, and unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022 and related notes of the Group excluding the Disposal Company upon the completion of the Disposal (hereinafter referred to as the "**Remaining Group**") (the "**Unaudited Pro Forma Financial Information**") which has been prepared on the basis of the notes set out below for the purpose of illustrating the effects of the disposal of the entire equity interest of Shanghai Top Glory Real Estate Development Co., Ltd. and its subsidiaries (the "**Disposal**") as if (i) the Disposal had been completed on 30 June 2023 for the unaudited pro forma consolidated statement of financial position; and (ii) the Disposal had been completed on 1 January 2022 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023 as extracted from the published interim report for the six months ended 30 June 2023 after making pro forma adjustments relating to the Disposal that are factually supportable and directly attributable to the Disposal as set out below.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited .pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated statement of profit or loss, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2022 as extracted from the published annual report of the Group for the year ended 31 December 2022 after making pro forma adjustments relating to the Disposal that are factually supportable and directly attributable to the Disposal as set out below.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company in accordance with paragraph 4.29 of Listing Rules for illustrative purposes only, based on their judgements, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group as at 30 June 2023 or at any future date, or the financial performance and cash flows of the Remaining Group for the year ended 31 December 2022 or for any future period.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published interim report for the six months ended 30 June 2023, annual report for the year ended 31 December 2022 and other financial information contained in this circular.

2.1 Unaudited pro forma consolidated statement of financial position of the Group as at 30 June 2023

	The Group as at 30 June 2023	Pro forma adjustments			The Remaining Group as at 30 June 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)				(Unaudited)
	Note 1	*Note 2*	*Note 3*	*Note 2*	
ASSETS					
Non-current assets					
Investment properties	64,021,883	(4,747,000)	–	–	59,274,883
Property, plant and equipment	2,991,560	(5,027)	–	–	2,986,533
Right-of-use assets	1,498,736	(107)	–	–	1,498,629
Intangible assets	105,875	(59)	–	–	105,816
Interests in associates	736,985	–	–	–	736,985
Interests in joint ventures	6,949,029	–	–	–	6,949,029
Loans to associates	754,877	–	–	–	754,877
Financial assets at fair value through profit or loss	510	–	–	–	510
Goodwill	184,297	–	–	–	184,297
Deposits	158,421	–	–	–	158,421
Deferred tax assets	368,993	(53,837)	–	–	315,156
Amount due from a non-controlling interest	294	–	–	–	294
Hedging instruments	221,840	–	–	–	221,840
Loans to a non-controlling interest	751,740				751,740
	78,745,040	(4,806,030)	–	–	73,939,010

	The Group as at 30 June 2023	Pro forma adjustments			The Remaining Group as at 30 June 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)				(Unaudited)
	Note 1	*Note 2*	*Note 3*	*Note 2*	
Current assets					
Inventories	38,636	(270)	–	–	38,366
Properties held for sale	4,690,339	–	–	–	4,690,339
Properties under development for sale	36,471,443	–	–	–	36,471,443
Accounts receivable	115,266	(294)	–	–	114,972
Contract costs	186,209	–	–	–	186,209
Deposits, prepayments and other receivables	3,885,996	(551)	–	–	3,885,445
Amounts due from fellow subsidiaries	27,652	(130,272)	130,272	–	27,652
Amounts due from non-controlling interests	26,363	–	–	–	26,363
Amounts due from joint ventures	49,713	–	–	–	49,713
Amounts due from associates	902,563	–	–	–	902,563
Loans to associates	2,622,823	–	–	–	2,622,823
Loans to non-controlling interests	66,000	–	–	–	66,000
Tax recoverable	648,476	(9,184)	–	–	639,292
Hedging instruments	322,180	–	–	–	322,180
Restricted bank deposits	33,069	–	–	–	33,069
Pledged deposits	5,359	–	–	–	5,359
Cash and bank balances	16,577,179	(2,485)	–	3,778,570	20,353,264
	66,669,266	(143,056)	130,272	3,778,570	70,435,052
Total assets	145,414,306	(4,949,086)	130,272	3,778,570	144,374,062

	The Group as at 30 June 2023	Pro forma adjustments			The Remaining Group as at 30 June 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)				(Unaudited)
	Note 1	*Note 2*	*Note 3*	*Note 2*	
Current liabilities					
Accounts payable	5,369,442	(5,334)	–	–	5,364,108
Other payables and accruals	6,740,028	(20,863)	130,272	–	6,849,437
Contract liabilities	19,484,815	–	–	–	19,484,815
Lease liabilities	69,382	–	–	–	69,382
Amount due to the ultimate holding company	4	–	–	–	4
Amounts due to intermediate holding companies	16,806	–	–	–	16,806
Amount due to the immediate holding company	99,488	–	–	–	99,488
Amounts due to non-controlling interests	223,480	–	–	–	223,480
Amounts due to associates	885,694	–	–	–	885,694
Amounts due to joint ventures	168,652	–	–	–	168,652
Amounts due to fellow subsidiaries	208,584	–	–	–	208,584
Loans from fellow subsidiaries	225,548	–	–	–	225,548
Loans from non-controlling interests	618,618	–	–	–	618,618
Loan from a third party	29,340	–	–	–	29,340
Bank borrowings	2,275,038	–	–	–	2,275,038
Income tax and land appreciation tax payables	782,037	–	–	–	782,037
Deferred income	1,471	–	–	–	1,471
Bonds payable	837,356	–	–	–	837,356
	38,035,783	(26,197)	130,272	–	38,139,858
Net current assets	28,633,483	(116,859)	–	3,778,570	32,295,194
Total assets less current liabilities	107,378,523	(4,922,889)	–	3,778,570	106,234,204

	The Group as at 30 June 2023	Pro forma adjustments			The Remaining Group as at 30 June 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)				(Unaudited)
	Note 1	*Note 2*	*Note 3*	*Note 2*	
Non-current liabilities					
Other payables and accruals	635,388	(18,380)	–	–	617,008
Lease liabilities	97,709	(58)	–	–	97,651
Loan from a fellow subsidiary	371,000	–	–	–	371,000
Loans from third parties	7,883,320	–	–	–	7,883,320
Loans from joint ventures	5,824,800	–	–	–	5,824,800
Loan from a non-controlling interest	246,856	–	–	–	246,856
Bank borrowings	22,624,413	–	–	–	22,624,413
Deferred tax liabilities	8,253,828	(1,041,377)	–		7,212,451
Bonds payable	3,176,931	–	–	–	3,176,931
Loan from an associate	343,000	–	–	–	343,000
Amount due to a joint venture	539,000	–	–	–	539,000
	49,996,245	(1,059,815)	–	–	48,936,430
Net assets	57,382,278	(3,863,074)	–	3,778,570	57,297,774

2.2 *Unaudited pro forma statement of profit or loss and other comprehensive income of the Group as at 31 December 2022*

	The Group for the year ended 31 December 2022			Pro forma adjustments				Remaining Group for the year ended 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)							*(Unaudited)*
	Note 1	*Note 4*	*Note 8*	*Note 9*	*Note 6*	*Note 7*	*Note 5*	
Revenue	20,831,357	(603,324)	–	–	367,622	–	–	20,595,655
Cost of sales and services rendered	(14,424,999)	261,688	–	–	(157,246)	–	–	(14,320,557)
Gross profit	6,406,358	(341,636)	–	–	210,376	–	–	6,275,098
Other income	340,982	(6,019)	1,079	–	4,808	–	–	340,850
Other gains and losses, net	(311,977)	2,005	–	–	(725)	–	98,467	(212,230)
Impairment losses, net of reversal	(102,410)	2,970	–	–	(485)	–	–	(99,925)
Distribution and selling costs	(851,314)	38,503	–	–	(33,578)	–	–	(846,389)
Administrative expenses	(865,073)	69,507	–	–	(27,113)	–	(630)	(823,309)
Fair value gain on:		–	–	–	–	–	–	–
investment properties	(782,608)	44,121	–	–	879	–	–	(737,608)
financial assets at fair value through profit or loss	(9,628)		–	–	–	–	–	(9,628)
Finance costs	(1,251,797)	38,280	(1,079)	–	(38,279)	–	–	(1,252,875)
Share of gains/(losses) of associates	(40,226)		–	–	–	–	–	(40,226)
Share of gains/(losses) of a joint venture	68,164	224,630	–	–	–	(224,630)	–	68,164
Profit before tax	2,600,471	72,361	–	–	115,883	(224,630)	97,837	2,661,922
Income tax expense	(1,499,893)	39,719	–	(10,284)	(28,803)	–	(361,121)	(1,860,382)
Profit for the year	1,100,578	112,080	–	(10,284)	87,080	(224,630)	(263,284)	801,540
Profit for the year attributable to:								
Owners of the Company	530,773	153,411	–	(10,284)	45,749	(224,630)	(263,284)	231,735
Holders of perpetual capital instruments	334,593	–	–	–	–	–	–	334,593
Non-controlling interests	235,212	(41,331)	–	–	41,331	–	–	235,212
	1,100,578	112,080	–	(10,284)	87,080	(224,630)	(263,284)	801,540

	The Group for the year ended 31 December 2022	Pro forma adjustments						Remaining Group for the year ended 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)							*(Unaudited)*
	Note 1	*Note 4*	*Note 8*	*Note 9*	*Note 6*	*Note 7*	*Note 5*	
Profit for the year	1,100,578	112,080	–	(10,284)	87,080	(224,630)	(263,284)	801,540
Other comprehensive (expense)/ income:								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation	(596,491)	–	–	–			–	(596,491)
Fair value gain on hedging instruments for cash flow hedges	308,415	–	–	–			–	308,415
Other comprehensive (expense)/ income for the year net of income tax	(288,076)	–	–	–			–	(288,076)
Total comprehensive income for the year	812,502	112,080	–	(10,284)	87,080	(224,630)	(263,284)	513,464
Total comprehensive income for the year attributable to:								
Owners of the Company	233,145	153,411	–	(10,284)	45,749	(224,630)	(263,284)	(65,893)
Holders of perpetual capital instruments	334,593	–	–	–	–	–	–	334,593
Non-controlling interests	244,764	(41,331)	–	–	41,331	–	–	244,764
	812,502	112,080	–	(10,284)	87,080	(224,630)	(263,284)	513,464

2.3 *Unaudited pro forma statement of cash flows of the Group as at 31 December 2022*

	The Group for the year ended 31 December 2022	**Pro forma adjustments**					**Unaudited pro forma consolidated statement of cash flows of the Remaining Group as at 31 December 2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)						*(Unaudited)*
	Note 1	*Note 4*	*Note 8*	*Note 6*	*Note 7*	*Note 5*	
OPERATING ACTIVITIES							
Profit before tax	2,600,471	72,361	–	115,883	(224,630)	97,837	2,661,922
Finance costs	1,251,797	(38,280)	1,079	38,279	–	–	1,252,875
Interest income	(291,048)	5,486	(1,079)	(4,351)	–	–	(290,992)
Share of losses/(profits) of associates	40,226	–	–	–	–	–	40,226
Share of losses of joint ventures	(68,164)	(224,630)	–	–	224,630	–	(68,164)
Amortisation of intangible assets	10,965	(251)	–	175	–	–	10,889
Depreciation of right-of-use assets	72,124	(116)	–	–	–	–	72,008
Depreciation of property, plant and equipment	200,195	(2,126)	–	829	–	–	198,898
Fair value loss/(gain) on:	–						
investment properties	782,608	(44,121)	–	(879)	–	–	737,608
financial liabilities at fair value through profit or loss	9,628	–	–	–	–	–	9,628
Recognition of impairment loss on accounts receivable, net	9,852	–	–	–	–	–	9,852
Recognition of impairment loss on other receivables, net	3,542	(463)	(2,507)	485		–	1,057
Recognition of impairment loss on amounts due from joint ventures, net	–	(2,507)	2,507	–	–	–	–
Recognition of impairment loss on non-controlling interests, net	71	–	–	–	–	–	71
Recognition of impairment loss on fellow subsidiaries, net	7,336	–	–	–	–	–	7,336
Recognition of impairment loss on joint ventures, net	45,764	–	–	–	–	–	45,764
Recognition of impairment loss on loan to an associate	35,845	–	–	–	–	–	35,845
Exchange loss/(gain), net	249,113	(1,251)	–	–	–	–	247,862
Impairment loss on properties under development for sale	81,972	–	–	–	–	–	81,972
Impairment loss on properties held for sale	209,114	–	–	–	–	–	209,114
Loss/(gain) on disposal of property, plant and equipment, net	2,043	(113)	–	–	–	–	1,930
Gain on disposal on subsidiary	(10,314)	–	–	–	–	(98,467)	(108,781)
Operating cash flows before movements in working capital	5,243,140	(236,011)	–	150,421	–	(630)	5,156,920

	The Group for the year ended 31 December 2022	Pro forma adjustments					Remaining Group for the year ended 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)						*(Unaudited)*
	Note 1	*Note 4*	*Note 8*	*Note 6*	*Note 7*	*Note 5*	
OPERATING ACTIVITIES							
(Increase)/decrease in inventories	(490)	48	–	–	–	–	(442)
Decrease/(increase) in properties held for sale	13,613,129	(196,757)	–	192,504	–	–	13,608,876
Decrease/increase in properties under development for sale	(11,288,538)	44,462	–	(44,462)	–	–	(11,288,538)
(Increase)/decrease in accounts receivable	(7,278)	713	–	(471)	–	–	(7,036)
(Increase)/decrease in contract costs	(16,679)	(1,683)	–	1,683	–	–	(16,679)
Decrease/(increase) in deposits, prepayments and other receivables	266,362	3,604	59,339	(3,695)	–	–	325,610
Increase/(decrease) in accounts payable	495,025	176,149	–	(182,810)	–	–	488,364
(Decrease)/increase in contract liabilities	(1,134,274)	118,495	–	(118,495)	–	–	(1,134,274)
Increase/(decrease) in other payables and accruals	388,022	61,293	(710)	(44,721)	–	–	403,884
(Decrease)/increase in rental deposits received	(36,766)	(6,015)	–	4,226	–	–	(38,555)
Decrease/(increase) in restricted bank deposits	42,324	(50,448)	–	50,448	–	–	42,324
Decrease in amount due from an intermediate holding company	(114)	–	–	–	–	–	(114)
(Decrease)/increase in amounts due from fellow subsidiaries	(9,663)	56,832	(56,832)	(684)	–	–	(10,347)
Increase in amounts due from joint ventures	1,762	4,272	–	–	–	–	6,034
Increase/(decrease) in amounts due to fellow subsidiaries	51,532	(4)	4	(541)	–	–	50,991
Increase/(decrease) in deferred income	13	(92)	–	92	–	–	13
Interest received	140,605	(5,478)	–	4,350	–	–	139,477
Increase in amount due to non-controlling interests	30,595	–	–	–	–	–	30,595
Increase in amounts due to the immediate holding company	–	(706)	706	–	–	–	–
Decrease in amount due to the ultimate holding company	(20)	–	–	–	–	–	(20)
Increase in deposits paid	27,317	–	–	–	–	–	27,317
Cash generated from/(used in) operations	7,806,004	(31,326)	2,507	7,845	–	(630)	7,784,400
PRC Enterprise Income Tax and Hong Kong Profits Tax paid	(863,401)	141,873	–	(119,802)	–	–	(841,330)
Land Appreciation Tax paid	(365,995)	8,802	–	(8,802)	–	–	(365,995)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	6,576,608	119,349	2,507	(120,759)	–	(630)	6,577,075

	The Group for the year ended 31 December 2022			Pro forma adjustments			Remaining Group for the year ended 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)						*(Unaudited)*
	Note 1	*Note 4*	*Note 8*	*Note 6*	*Note 7*	*Note 5*	
INVESTING ACTIVITIES							
Purchases of property, plant and equipment	(31,470)	1,267	–	(152)	–	–	(30,355)
Payments for right-of-use assets/ leasehold land and land use rights	(894)	116	–	–	–	–	(778)
Payments for intangible assets	(13,179)	–	–	–	–	–	(13,179)
Payments for investment properties	(1,304,496)	128,325	–	(128,325)	–	–	(1,304,496)
Proceeds on disposal of property, plant and equipment	5,882	(3)	–	–	–	–	5,879
Proceeds on disposal of investment properties	2,902	–	–	–	–	–	2,902
Proceeds from disposal of subsidiaries	5,942	–	–	–	–	3,779,200	3,785,142
Capital injection to associates	(983,839)	–	–	–	–	–	(983,839)
Loan to non-controlling interests	(147,000)	–	–	–	–	–	(147,000)
Repayment of loan to non-controlling interests	25,000	–	–	–	–	–	25,000
Loans to an associate	(2,560,981)	–	–	–	–	–	(2,560,981)
Proceeds from repayment of loans to associates	1,061,797	–	–	–	–	–	1,061,797
Increase in amounts due from non-controlling interests	57,616	–	–	–	–	–	57,616
Increase/(decrease) in amounts due from joint ventures	824	–	–	–	–	–	824
Increase in amount due from associates	18,259	–	–	–	–	–	18,259
Increase in amount due from joint venture	–	2,507	(2,507)	–	–	–	–
Proceed from disposal of equity investment at fair value through profit or loss	1,617	–	–	–	–	–	1,617
Decrease in pledged deposits	98	–	–	–	–	–	98
Capital injection to a joint venture	(25,600)	–	–	–	–	–	(25,600)
NET CASH USED IN INVESTING ACTIVITIES	(3,887,522)	132,212	(2,507)	(128,477)	–	3,779,200	(107,094)

	The Group for the year ended 31 December 2022	Pro forma adjustments					Remaining Group for the year ended 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)						*(Unaudited)*
	Note 1	*Note 4*	*Note 8*	*Note 6*	*Note 7*	*Note 5*	
Interest paid	(1,191,238)	38,445	–	(40,779)	–	–	(1,193,572)
Repayment of perpetual capital instruments	(2,768,000)	–	–	–	–	–	(2,768,000)
Repayment of bonds payable	(1,491,050)	–	–	–	–	–	(1,491,050)
Issuance of perpetual capital instruments	1,500,000	–	–	–	–	–	1,500,000
Issuance of bonds	1,494,812	–	–	–	–	–	1,494,812
Interest paid on perpetual capital instruments	(132,620)	–	–	–	–	–	(132,620)
Interest paid on bonds payable	(143,964)	–	–	–	–	–	(143,964)
Repayments of amount due to non-controlling interest	(6,686)	–	–	–	–	–	(6,686)
Proceeds from bank borrowings	12,733,006	(460,000)	–	460,000	–	–	12,733,006
Repayments of bank borrowings	(11,102,985)	460,060	–	(460,060)	–	–	(11,102,985)
Loans from fellow subsidiaries	700,000	–	–	–	–	–	700,000
Repayments of loans from fellow subsidiaries	(1,193,078)	–	–	–	–	–	(1,193,078)
Repayments of leases liabilities	(81,462)	128	–	–	–	–	(81,334)
Repayments to joint ventures	(19,555)	–	–	–	–	–	(19,555)
Advance from an associate	408,233	–	–	–	–	–	408,233
Repayment to associates	(99,610)	–	–	–	–	–	(99,610)
Repayments to fellow subsidiaries	(35,837)	–	–	–	–	–	(35,837)
Loans from non-controlling interests	1,963,162	–	–	–	–	–	1,963,162
Repayments of loans from non-controlling interests	(1,261,601)	–	–	–	–	–	(1,261,601)
Loans from joint ventures	3,050,000	–	–	–	–	–	3,050,000
Loans from third parties	350,000	–	–	–	–	–	350,000
Repayment of loan from a third party	(19,440)	–	–	–	–	–	(19,440)
Dividends paid to non-controlling interests	(242,377)	–	–	–	–	–	(242,377)
Contribution from non-controlling interests	1,057,958	–	–	–	–	–	1,057,958
Advance from a joint venture	305,000	–	–	–	–	–	305,000
NET CASH FROM FINANCING ACTIVITIES	3,772,668	38,633	–	(40,839)	–	–	3,770,462

	The Group for the year ended 31 December 2022			Pro forma adjustments			Remaining Group for the year ended 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)						*(Unaudited)*
	Note 1	*Note 4*	*Note 8*	*Note 6*	*Note 7*	*Note 5*	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,461,754	290,194	–	(290,075)	–	3,778,570	10,240,443
Cash and cash equivalents at beginning of year	10,352,897	(563,447)	–	560,766	–		10,350,216
Effects of exchange rate changes on the balance of	–	–	–	–	–	–	–
cash and bank balances held in foreign currencies	80,716	–	–	–	–	–	80,716
CASH AND CASH EQUIVALENTS AT END OF YEAR	16,895,367	(273,253)	–	270,691	–	3,778,570	20,671,375
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AT END OF YEAR							
Cash and bank balances	16,866,904	(273,253)	–	270,691	–	3,778,570	20,642,912
Non-pledged time deposit	28,463	–	–	–	–	–	28,463
Cash and bank balances as stated in the consolidated statement of financial position	16,895,367	(273,253)	–	270,691	–	3,778,570	20,671,375

Notes:

1. For the preparation of the unaudited pro forma consolidated statement of financial position, the amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023 as set out in the published interim report of the Group for the six months ended 30 June 2023, whereas for the preparation of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows, the amounts are extracted from the audited consolidated statement of profit or loss, the audited consolidated statement of other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2022 as set out in the published annual report of the Group for the year ended 31 December 2022.

2. The adjustment reflects the exclusion of the assets and liabilities of Shanghai Top Glory Real Estate Development Co., Ltd. ("**Shanghai Top Glory**") and its subsidiaries and recognition of the corresponding gain on disposal as if the Disposal had been completed on 30 June 2023. The assets and liabilities for Shanghai Top Glory as at 30 June 2023 have been extracted from the unaudited condensed consolidated statement of financial position of Shanghai Top Glory as at 30 June 2023 as set out in Appendix II to this circular.

	RMB'000
Total non-current assets as set out in Appendix II to this circular	4,806,030
Total current assets as set out in Appendix II to this circular	143,056
	4,949,086
Total non-current liabilities as set out in Appendix II to this circular	1,059,815
Total current liabilities as set out in Appendix II to this circular	26,197
	1,086,012
Net assets of Shanghai Top Glory as at 30 June 2023 for the purpose of exclusion of assets and liabilities	3,863,074

The adjustment is not expected to have a continuing effect on the Remaining Group.

The estimated loss on disposal assuming that the Disposal had been completed on 30 June 2023 is calculated as follows:

		RMB'000
Consideration		4,142,392
Less: Net assets of Shanghai Top Glory as at 30 June 2023		(3,863,074)
Less: Estimated transaction costs attributable to the disposal	*Note (2i)*	(2,071)
Estimated gain on disposal before tax		277,247
Less: Estimated other related cost	*Note (2i)*	(630)
Less: Income tax expense regarding the disposal	*Note (2ii)*	(361,121)
Estimated loss on Disposal		(84,504)

		RMB'000
Consideration		4,142,392
Less: Estimated transaction costs attributable to the disposal	*Note (2i)*	(2,071)
Less: Estimated other related cost	*Note (2i)*	(630)
Less: Income tax expense regarding the disposal	*Note (2ii)*	(361,121)
Net cash inflow from the Disposal		3,778,570
Cash and cash equivalent held by Shanghai Top Glory as at 30 June 2023		2,485

Notes:

(i) The transaction costs represent the professional fees and other taxes which are estimated to be approximately RMB2,701,000 in aggregate and it is assumed that the transaction costs would be settled by cash.

(ii) The amount represents the estimated withholding tax payable to the PRC tax authority in relation to the gain on the disposal, which is calculated based on a tax rate of 10% and it is assumed that the withholding tax would be settled by cash upon Disposal.

3. These adjustments represent the reinstatement of intragroup balance between the Shanghai Top Glory and the Remaining Group, which have been eliminated in the condensed consolidated statement of assets and liabilities of the Group for the six months ended 30 June 2023, and would not have been eliminated if the Disposal had been completed on 30 June 2023.

4. The adjustments represent the exclusion of the results and cash flows of Shanghai Top Glory for the year ended 31 December 2022, assuming that the Disposal had been completed on 1 January 2022. The statement of profit or loss and other comprehensive income and the statement of cash flows of the Shanghai Top Glory are extracted from the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2022.

5. The estimated loss on disposal assuming that the Disposal had been completed on 1 January 2022 is calculated as follows:

		RMB'000
Consideration		4,142,392
Less: Net assets of Shanghai Top Glory and its subsidiaries attributable to the Company as at 1 January 2022		(4,041,854)
Less: Estimated transaction costs attributable to the disposal	*Note (2i)*	(2,071)
Estimated gain on disposal before tax		98,467
Less: Estimated other related cost	*Note (2i)*	(630)
Less: Income tax expense regarding the disposal	*Note (2ii)*	(361,121)
Estimated loss on Disposal		(263,284)

		RMB'000
Consideration		4,142,392
Less: Estimated transaction costs attributable to the disposal	*Note (2i)*	(2,071)
Less: Estimated other related cost	*Note (2i)*	(630)
Less: Income tax expense regarding the disposal	*Note (2ii)*	(361,121)
Net cash inflow from the Disposal		3,778,570
Cash and cash equivalent held by Shanghai Top Glory and its subsidiaries as at 1 January 2022		563,447

6. The adjustment represents the reinstatement of the financial information of the Suzhou City Xiang Zhi Yue Property Development Co., Ltd (the "Xiang Zhi Yue"), the subsidiary of the Disposal Company. During the six months ended 30 June 2023 the entire equity interest in Xiang Zhi Yue has been transferred to the Group. The balance have been eliminated in the unaudited pro forma statement of profit or loss and other comprehensive income and statements of cash flows of the Group for the year ended 31 December 2022, and would not have been eliminated if the Disposal had been completed on 1 January 2022.

7. The adjustment represents the reinstatement of the financial information of the COFCO Gaohe (Tianjin) M & A Fund No.1 Partnership (Limited Partnership) (the "COFCO Gaohe"), the joint venture of the Disposal Company. During the six months ended 30 June 2023 the entire equity interest in COFCO Gaohe has been transferred to the Group after the completion of the Disposal. The balance have been eliminated in the unaudited pro forma statement of profit or loss and other comprehensive income and statements of cash flows of the Group for the year ended 31 December 2022, and would not have been eliminated if the Disposal had been completed on 1 January 2022.

8. The adjustment represents the reinstatement of related party transactions between the Shanghai Top Glory and the Remaining Group, which have been eliminated in the consolidated financial statements of the Group for the year ended 31 December 2022, and would not have been eliminated if Disposal had been completed on 1 January 2022.

9. The adjustment represents the reinstatement of the withholding income tax expense recognised during the year ended 31 December 2022, assuming the Disposal had been completed on 1 January 2022.

10. Apart from the above, no adjustments have been made to reflect any trading results or other transactions of the Remaining Group entered into subsequent to 30 June 2023.

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors
Joy City Property Limited
33/F, COFCO Tower,
262 Gloucester Road,
Causeway Bay, Hong Kong

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Joy City Property Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2023, the unaudited pro forma statement of profit or loss and other comprehensive income for the year ended 31 December 2022, the unaudited pro forma statement of cash flows for the year ended 31 December 2022, and related notes as set out on pages III-1 to III-14 of the circular issued by the Company dated 25 October 2023 (the "**Circular**"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in Appendix III to the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Disposal (as defined in the Circular) on the Group's financial position as 30 June 2023 as if the Disposal had taken place at 30 June 2023, and the Group's financial performance and cash flows for the year ended 31 December 2022 as if the Disposal had taken place at 1 January 2022. As part of this process, information about the Group's condensed consolidated statement of financial position, consolidated statement of profit or loss and cash flows has been extracted by the Directors from the Group's financial position as at 30 June 2023 and the Group's consolidated statement of profit or loss and cash flows for the year ended 31 December 2022, on which an interim report and an audit report have been published, respectively.

Directors' Responsibility for the Unaudited pro forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management ("**HKSQM**") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of the Disposal on unadjusted financial information of the Group as if the Disposal had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589

Hong Kong
25 October 2023

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of the value of the property held by the Group in the PRC as at 31 August 2023.

27th Floor
One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

25 October 2023

The Board of Directors
Joy City Property Limited
33/F COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

Dear Sirs,

Re: Building Nos. 5, 6 and 7 at Ocean One, Fraser Suites serviced apartment, Lane 600, Yincheng Middle Road, Pudong New Area, Shanghai, the PRC

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with your instructions for Cushman & Wakefield Limited ("**C&W**") to value the captioned property in the People's Republic of China (the "**PRC**") in which Joy City Property Limited (the "**Company**") together with its subsidiaries (collectively the "**Group**") have interests, we confirm that we have inspected the property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the property as at 31 August 2023 (the "**Valuation Date**").

VALUATION BASIS

Our valuation of the property represents its market value which in accordance with The HKIS Valuation Standards 2020 issued by The Hong Kong Institute of Surveyors ("**HKIS**") is defined as 'the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'.

In valuing the property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules governing the Listing of Securities published by the Stock Exchange of Hong Kong Limited.

VALUATION ASSUMPTIONS

Our valuation of the property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuation of the property, we have relied on the information and advice given by the Company and the Company's PRC legal adviser (the "**Legal Adviser**"), Dentons' Preferred Law Firm in Chian(北京大成(上海)律師事務所), regarding the titles to the property and the interests of the Company in the property in the PRC. Unless otherwise stated in the legal opinion, in valuing the property, we have assumed that the Company has an enforceable title to the property and has free and uninterrupted rights to use, occupy or assign the property for the whole of the respective unexpired land use term as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

VALUATION METHODS

In valuing the property, we have used Investment Method by capitalising the rental income derived from the existing tenancies, with due provision for the reversionary potential at an appropriate capitalisation rate. Transactions involving properties of the same nature and tenancy structure in the same district are not frequent. On the other hand, as the property generates rental income from letting arrangements and such rental comparables are more readily available, we consider Investment Method, which is also commonly used in valuing properties of similar use type, to be the best method to value the property.

When using Investment Method, we have mainly made reference to lettings within the property as well as other relevant comparable rental evidence of properties of similar use type subject to appropriate adjustments including but not limited to location, accessibility, age, quality, size, time and other relevant factors.

The capitalisation rate adopted in our valuation is based on our analyses of the yields of properties of similar use types after due adjustments. Such capitalisation rate is estimated with reference to the yields generally expected by the market for comparable properties of similar use type, which implicitly reflect the type and quality of the property, the expectation of the potential future rental growth, capital appreciation and relevant risk factors. The capitalisation rate adopted is reasonable and in line with the market norm having regard to the analysed yields of transactions of the relevant use type.

SOURCE OF INFORMATION

We have accepted advice given by the Company on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings and car parking spaces, facilities, particulars of occupancy, rental incomes and revenue, site and floor areas, interest attributable to the Company and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents of the property provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise you to make reference to the original Chinese editions of the documents and consult the Legal Adviser regarding the legality and interpretation of these documents.

TITLE INVESTIGATION

We have been provided with extracts of documents relating to the titles of the property, but no title searches have been made. Moreover, we have not inspected the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the titles of the property and we have therefore relied on the advice given by the Company or the Company's Legal Adviser regarding the interests of the Company in the property.

SITE INSPECTION

Our valuer, Jun Wang (Manager, CIREA) of our Shanghai Office, inspected the exterior and, where possible, the interior of the property on 1 September 2023. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the property is free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not carried out on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the documents handed to us are correct.

CURRENCY

Unless otherwise stated, all monetary sums stated in our valuation are in Renminbi ("**RMB**"), the official currency in the PRC.

OTHER DISCLOSURE

We hereby confirm that Cushman & Wakefield Limited and the undersigned have no pecuniary or other interests that could conflict with the proper valuation of the property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

We enclose herewith our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace S.M. Lam
MRICS, MHKIS, RPS (GP)
Senior Director
Valuation & Advisory Services, Greater China

Note: Ms. Grace S.M. Lam is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Property held by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2023
Building Nos. 5, 6 and 7 at Ocean One, Fraser Suites serviced apartment, Lane 600, Yincheng Middle Road, Pudong New Area, Shanghai, the PRC	The property comprises three apartment buildings and an underground car parking complex erected on a parcel of land with a total site area of 24,316 sq m. The property was completed in between 2008 and 2009. According to the information provided by the Company, the property has a total gross floor area of 49,212.01 sq m. The constituent gross floor areas of the property are as follows: **Uses** / **Gross Floor Area (sq m)** Apartment Building no. 5: 13,283.97 Apartment Building no. 6: 13,741.64 Apartment Building no. 7: 22,186.40 **Total: 49,212.01** According to the information provided by the Company, the certificates of real estate ownership of 311 underground car parking spaces of the property have not yet been obtained. The land use rights of the property have been granted for a term due to expire on 22 April 2069 for residential use.	As at the Valuation Date, the property with a total gross floor area of 49,212 sq m were subject to various tenancies for various terms with the latest tenancy due to expire on 1 September 2024 at a total monthly rent of approximately RMB10,866,000 exclusive of VAT and building management fees.	RMB4,592,000,000 (RENMINBI FOUR BILLION FIVE HUNDRED AND NINETY-TWO MILLION) (please refer to Note (1) for the value of underground car parking spaces.)

Notes:-

(1) According to Shanghai Certificate of Real Estate Ownership No. (2011) 043560 dated 20 July 2011, the land use rights of the property with a site area of 24,316 sq m and the building ownership of the property with gross floor area of 49,212.01 sq m have been vested in Shanghai Top Glory Real Estate Development Co., Ltd. (上海鵬利置業發展有限公司) for a term due to expire on 22 April 2069 for apartment use.

Out of the 311 underground car parking spaces, a total of 28 spaces are not allowed for sale due to obstruction of public facilities. According to Shanghai's policy on civil defence parking spaces, the remaining 283 car parking spaces can currently be issued with certificates of real estate ownership and sold. Due to the lack of corresponding certificates of real estate ownership, the underground car parking spaces of the property are considered subject to sale restriction. Therefore, market value is not applicable in the valuation.

For the Group's management reference, however, we have conducted an assessment on a non-market value basis known as investment value which, according to the International Valuation Standards, which the HKIS Valuation Standards follow, is defined as "the value of an asset to the owner or a prospective owner for individual investment or operational objectives". Investment value is an entity-specific basis of value which reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a hypothetical exchange. It must be emphasized that investment value is not market value.

Having regard to the above, the investment value of 311 underground car parking spaces of the property in existing state as at 31 August 2023 was RMB194,000,000 (RENMINBI ONE HUNDRED AND NINETY FOUR MILLION).

(2) According to Business Licence No.913101156073896491, Shanghai Top Glory Real Estate Development Co., Ltd. (上海鵬利置業發展有限公司) was established as a limited liability company on 5 May 1998 with a registered capital of USD70,000,000 for an operation period from 5 May 1998 to 4 May 2068.

(3) In terms of location, surrounding amenities and maintenance conditions, the property is slightly inferior to the comparable properties. In the course of our valuation, we have adopted a capitalisation rate at 2.5% having regard to the analysis of the rates of return of relevant market segment.

(4) Where Investment Method is considered, we firstly identified appropriate rental comparables. All rental comparables of each respective use type that we have identified are located in the same subject building and/or the nearby locality transacted within one year prior to the Valuation Date from public domain as well as our inhouse database. We have for each case, subject to availability, identified three relevant rental comparables and compared the characteristics of each comparable and the respective subject property portion in terms of location, size, floor level, building age and building quality etc.. The identified comparables for each subject property portion are similar in nature and command unit rates within close range.

Having regard to the above, the unit monthly rents (before adjustments) of comparables being considered are summarised below. The unit rents of comparable properties (before adjustments) range from about RMB248 to RMB274 per sq m for apartment units; and about RMB1,800 to RMB2,000 per car parking lots.

Where confirmation of capitalisation rate is required, we firstly identified appropriate yield comparables for each use type. All yield comparables of each respective use type that we have identified are located in the nearby locality and transacted within one year prior to the Valuation Date from public domain as well as our inhouse database. We have for each case, subject to availability, identified three comparables in the nearby locality and transacted within one year from the Valuation Date and analysed various recent sales and rental transactions of residential properties.

The yields implied in those transactions are generally within the range from about 2% to 2.5% for residential premises in Shanghai.

(5) Rental Comparable properties are selected based on the following criteria: (i) the rent of comparable properties took place in 2023; (ii) comparable properties located in Shanghai City; (iii) the nature of the comparable properties is similar to the property (i.e. being properties for apartment and car parking purposes). The rental comparables selected by us are considered exhaustive based on the above criteria.

Details of the identified apartment rental comparables are listed below:

Rental Comparable	**Unit Rent** *(RMB/sq m/month)*
An apartment building located on Century Avenue	273
An apartment building located on Huayuanshiqiao Road	248
Another apartment building located on Century Avenue	274

The adjustments made to arrive at our valuation, include but not limited to:

Adjustment	**Range**
Location & Environment	-3% to 4%
Floor Level	0% to 6%
Size	-2% to 0%

Details of the identified car parking spaces rental comparables are listed below:

Rental Comparable	**Unit Rent** *(RMB/month/lot)*
Car parking space located on Yincheng Middle Road	2,000
Car parking space located on Dongtai Road	2,000
Car parking space located on Century Avenue	1,800

The adjustments made to arrive at our valuation, include but not limited to:

Adjustment	Range
Location & Environment	-3% to 2%
Facilities	-2% to 0%

In arriving at the key assumptions, appropriate adjustments and analysis are considered to reflect the differences in several aspects including but not limited to location and physical characteristics between the property and the comparable properties. The general basis of adjustment is that if the property is better than the comparable properties, an upward adjustment is made. Alternatively, if the property is inferior or less desirable than the comparable properties, a downward adjustment is made.

(6) We have been provided with a legal opinion on the property prepared by the Company's PRC Legal Adviser, which contains, inter alia, the following information

(a) Shanghai Top Glory Real Estate Development Co., Ltd. (上海鵬利置業發展有限公司) has legally obtained the land use rights and building ownership of the property;

(b) Shanghai Top Glory Real Estate Development Co., Ltd. (上海鵬利置業發展有限公司) has obtained all approvals and permissions for obtaining the land use rights of the property;

(c) Shanghai Top Glory Real Estate Development Co., Ltd. (上海鵬利置業發展有限公司) has fully settled the land premium;

(d) Shanghai Top Glory Real Estate Development Co., Ltd. (上海鵬利置業發展有限公司) is entitled to legally possess, use or otherwise comply with the regulations of PRC regarding the land use rights and building ownership of the property;

(e) Shanghai Top Glory Real Estate Development Co., Ltd. (上海鵬利置業發展有限公司) has the right to lawfully use the property for the statutory purposes specified in the certificate of real estate ownership during the term of use, and has the right to dispose of, transfer and lease the property and is entitled to the corresponding profits generated from the property in accordance with laws, regulations and relevant provisions in the PRC; and

(f) The property is not subject to mortgage and seizure.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST BY DIRECTORS

A. Interests of Directors

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she has taken or deemed to have under such provisions of the SFO); (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in the shares, underlying shares and debentures of the Company and its associated corporations

Name of Directors/ chief executive	Company/ name of associated corporations	Capacity	Number of issued ordinary shares held (Note 1)	Approximate percentage of the issued share capital
Mr. CAO Ronggen	The Company	Beneficial owner	3,451,663	0.02% (Note 2)
Mr. LAM Kin Ming, Lawrence	The Company	Beneficial owner	6,000	0.00% (Note 2)
Mr. CHAN Fan Shing	The Company	Beneficial owner	136,758	0.00% (Note 2)

Notes:

1. Long positions in the shares of the Company or its associated corporations, other than equity derivatives such as share options, warrants or convertible bonds.

2. The percentage (rounded to 2 decimal places) was calculated based on the total number of Shares of the Company in issue as at the Latest Practicable Date, i.e. 14,231,124,858 Shares.

Save for those disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she has taken or was deemed to have under such provisions of the SFO); (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, (i) Mr. CHEN Lang is a deputy general manager of COFCO Corporation and a director and chairman of Grandjoy Holdings Group; (ii) Mr. CAO Ronggen is a director and general manager of Grandjoy Holdings Group; (iii) Mr. MA Dewei is an employee of COFCO Corporation and a director of Grandjoy Holdings Group; (iv) Mr. LIU Yun is an employee of COFCO Corporation and a director of Grandjoy Holdings Group; and (v) Mr. Zhu Laibin is an employee of COFCO Corporation and a director of Grandjoy Holdings Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company was a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

B. Interests of substantial shareholders

So far as it is known to the Directors, as at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholders	Class of shares	Number of shares held	Approximate percentage of the issued share capital *(Note 1)*
COFCO Corporation	Shares	9,501,359,644 (L) *(Note 2)*	66.76%
	CPS	1,095,300,778 (L) *(Note 3)*	100%
COFCO (Hong Kong) Limited ("**COFCO (HK)**")	Shares	9,501,359,644 (L) *(Note 2)*	66.76%
	CPS	1,095,300,778 (L) *(Note 3)*	100%
Vibrant Oak Limited ("**Vibrant Oak**")	Shares	9,133,667,644 (L) *(Note 2)*	64.18%

Name of substantial shareholders	Class of shares	Number of shares held	Approximate percentage of the issued share capital (Note 1)
Grandjoy Holdings Group	Shares	9,133,667,644 (L) (Note 2)	64.18%
Achieve Bloom Limited (“**Achieve Bloom**”)	Shares	367,692,000 (L) (Note 2)	2.58%
	CPS	1,095,300,778 (L) (Note 3)	100%
Citigroup Inc.	Shares	996,152,757 (L)	6.99%
		32,000 (S)	0.00%
		996,119,312 (P)	6.99%
GIC Private Limited	Shares	843,020,000 (L) (Note 4)	5.92%

Notes:

1. The percentages (rounded to 2 decimal places) of the Shares were calculated based on the total number of Shares in issue as at the Latest Practicable Date, i.e. 14,231,124,858 Shares, and assuming that 1,095,300,778 CPS were not fully converted into 1,095,300,778 Shares. The percentages of CPS were calculated based on 1,095,300,778 CPS in issue as at the Latest Practicable Date.

2. Vibrant Oak, through its non-wholly owned subsidiary, Grandjoy Holdings Group, was deemed to be interested in 9,133,667,644 Shares as at the Latest Practicable Date. COFCO (HK), through its wholly-owned subsidiaries, Achieve Bloom and Vibrant Oak, and through its non-wholly owned subsidiary, Grandjoy Holdings Group, was deemed to be interested in 9,501,359,644 Shares as at the Latest Practicable Date. COFCO Corporation, through its wholly-owned subsidiary, COFCO (HK), was deemed to be interested in 9,501,359,644 Shares as at the Latest Practicable Date.

3. COFCO (HK), through its wholly-owned subsidiary, Achieve Bloom, was deemed to be interested in 1,095,300,778 CPS as at the Latest Practicable Date. COFCO Corporation, through its wholly-owned subsidiary, COFCO (HK), was deemed to be interested in 1,095,300,778 CPS as at the Latest Practicable Date.

4. GIC Private Limited held 843,020,000 Shares as investment manager as at the Latest Practicable Date.

L. Indicates a long position.
S. Indicates a short position.
P. Indicates a lending pool.

Save as disclosed above, the Directors were not aware, as at the Latest Practicable Date, of any person (not being a Director or chief executive of the Company) who had an interest (or short position in the Shares or underlying Shares) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors were materially interested, directly or indirectly, in any subsisting contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group.

5. MATERIAL CONTRACTS

The following are contracts entered into by the Group (not being contracts entered into in the ordinary course of business of the Group) within two years immediately preceding the date of this circular and which are or may be material:

(a) the equity transfer agreement dated 28 September 2023 entered into by Xidan Joy City Co., Ltd.*（西單大悅城有限公司）(as vendor) and China Post Life Insurance Company Limited（中郵人壽保險股份有限公司）(as purchaser), an Independent Third Party, in relation to the sale and purchase of the entire equity interest of Beijing Kunting Asset Management Company Limited*（北京昆庭資產管理有限公司）and related shareholder's loan at the total consideration of RMB4,255,847,036.76; and

(b) the Equity Transfer Agreement.

6. LITIGATION AND CLAIMS

At as the Latest Practicable Date, the Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Group.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business which competed or might compete with the business of the Group, or had or might have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

8. EXPERTS

The following are the qualifications of the experts who have provided their opinions or advices, which are contained in this circular:

Name	Qualification
SHINEWING (HK) CPA Limited	Certified Public Accountants
Cushman & Wakefield Limited	Independent valuer

Each of the experts has given and has not withdrawn its written consent to the issue of this circular, with the inclusion therein of its letter and/or report or the references to its name in the form and context in which it appears.

As at the Latest Practicable Date, none of the experts had have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group and none of the experts had any interest, either direct or indirect, in any assets which had since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up, been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. GENERAL

The company secretary of the Company is Ms. Hau Hei Man Sonya (Associate of both The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute).

The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is at 33/F., COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong. The transfer office of the Company is Tricor Progressive Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.joy-cityproperty.com) and the Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular:

(a) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in this circular;

(b) the annual reports of the Company for the three years ended 31 December 2020, 31 December 2021 and 31 December 2022;

(c) the interim report of the Company for the six months period ended 30 June 2023;

(d) the unaudited financial statements of the Target Company for each of the three years ended 31 December 2020, 31 December 2021 and 31 December 2022 and for the six months ended 30 June 2023, the text of which is set out in Appendix II to this circular;

(e) the report on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;

(f) the property valuation report of the Properties, the text of which is set out in the section headed "Property Valuation Report" in Appendix IV to this circular;

(g) the Equity Transfer Agreement;

(h) the letters of consent referred to under the paragraph headed "8. Experts" in this appendix; and

(i) this circular.

11. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text, in the event of inconsistency.

JOY CITY PROPERTY LIMITED
大悅城地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 207)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Joy City Property Limited (the "**Company**", together with its subsidiaries, the "**Group**") will be held at Forum Room I, Basement 2, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Friday, 10 November 2023 at 3:00 p.m. to consider and, if though fit, pass the following ordinary resolution:

ORDINARY RESOLUTION

"THAT

(a) the Equity Transfer Agreement (as defined in the circular of the Company dated 25 October 2023) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) any one Director be and is hereby authorised to do all such acts and things as the Director in his or her sole and absolute discretion deems necessary, desirable or expedient to implement, give effect to and/or complete the Equity Transfer Agreement and the transactions contemplated thereunder."

By order of the Board
Joy City Property Limited
CHEN Lang
Chairman

The PRC, 25 October 2023

Notes:

1. For determining the eligibility of the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 7 November 2023 to Friday, 10 November 2023, both days inclusive. In order to qualify for attending and voting at the SGM, all transfer documents should be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong on or before 4:30 p.m. (Hong Kong time), Monday, 6 November 2023.

2. Any member entitled to attend and vote at the SGM (and any adjournment of such meeting) shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him and vote on his behalf at the SGM (and any adjournment of such meeting). A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

4. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof (certified by either a notary public or a solicitor qualified to practice in Hong Kong) must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM (not later than 3:00 p.m. (Hong Kong time) on Wednesday, 8 November 2023) or any adjournment thereof.

5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened should he so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

6. Pursuant to the Bye-law 66 of the Bye-laws of the Company, the voting at the SGM shall be taken by poll.

7. In this notice, reference to one gender include all genders and reference to the singular include the plural and vice versa.

8. If a tropical cyclone warning signal no. 8 or above, or "extreme conditions" caused by a super typhoon, or black rainstorm warning signal is hoisted/in force in Hong Kong at or at any time after 9:00 a.m. on the day of the SGM, the SGM will be adjourned in accordance with the Bye-laws of the Company the Bye-laws of the Company. The Company will publish an announcement on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.joy-cityproperty.com) to notify Shareholders of the date, time and venue of the adjourned meeting. The SGM will be held as scheduled regardless of whether or not a tropical cyclone warning signal no. 3 or below or an amber or red rainstorm warning signal is in force in Hong Kong at any time on that day.

   Shareholders should decide on their own whether they would attend the SGM under bad weather conditions having regard to their own situations and, if they choose to do so, they are advised to exercise care and caution.

As at the date of this notice, 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.