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ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

HIGHLIGHTS

- Contracted sales amounted to RMB27,002.0 million, representing a year-on-year increase of 34.2%.
- Total operating revenue amounted to RMB12,313.3 million, of which rental income from investment properties and related services income totalled RMB4,055.9 million, representing a year-on-year increase of 13.1%.
- Profit attributable to owners of the Company amounted to RMB591.7 million, representing a year-on-year decrease of 46.4%. Excluding the after-tax fair value gain of investment properties and the effect of exchange rate changes, the core net profit attributable to owners of the Company for the year was RMB552.4 million, representing a year-on-year decrease of 33.4%.
- Total borrowings amounted to RMB38,989.7 million, and the average financing cost was 4.13%, remaining at a relatively low level in the industry.

The Board announces the audited consolidated results of the Group for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020. The audited consolidated results for the year ended 31 December 2021 have been reviewed by the Audit Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

		Year ended 31 December	
	NOTES	2021	2020
		RMB'000	RMB'000
Revenue	3		
Contracts with customers		8,794,012	10,979,107
Leases		3,519,285	3,130,725
Total revenue		12,313,297	14,109,832
Cost of sales and services rendered		(7,599,709)	(8,652,267)
Gross profit		4,713,588	5,457,565
Other income	4	297,531	405,070
Other gains and losses, net	5	(122,800)	629,604
Impairment losses under expected credit loss model, net of reversal		(308,482)	(9,414)
Distribution and selling costs		(738,283)	(579,925)
Administrative expenses		(914,879)	(816,329)
Fair value gain/(loss) on:			
investment properties, net		167,489	(11,794)
financial liabilities at fair value through profit or loss		(19,376)	(15,942)
Finance costs	6	(853,721)	(958,303)
Share of profits/(losses) of associates		35,692	(5,544)
Share of profits/(losses) of joint ventures		202,080	(189,250)
Profit before tax	7	2,458,839	3,905,738
Income tax expense	8	(973,957)	(1,736,646)
Profit for the year		1,484,882	2,169,092
Profit for the year attributable to:			
Owners of the Company		591,666	1,104,533
Holders of perpetual capital instruments		353,102	211,196
Non-controlling interests		540,114	853,363
		1,484,882	2,169,092
Basic and diluted earnings per share	10	RMB3.9 cents	RMB7.2 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit for the year	<u>1,484,882</u>	<u>2,169,092</u>
Other comprehensive income (expense):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation	76,683	155,573
Fair value gain/(loss) on hedging instruments designed as cash flow hedges	<u>162,502</u>	<u>(351,914)</u>
Other comprehensive income/(expense) for the year net of income tax	<u>239,185</u>	<u>(196,341)</u>
Total comprehensive income for the year	<u><u>1,724,067</u></u>	<u><u>1,972,751</u></u>
Total comprehensive income for the year attributable to:		
Owners of the Company	815,368	933,227
Holders of perpetual capital instruments	353,102	211,196
Non-controlling interests	<u>555,597</u>	<u>828,328</u>
	<u><u>1,724,067</u></u>	<u><u>1,972,751</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	NOTE	At 31 December 2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Investment properties		61,157,220	57,729,887
Property, plant and equipment		3,283,793	3,598,694
Right-of-use assets		1,614,264	1,686,685
Intangible assets		107,732	119,108
Interests in associates		117,264	81,572
Interests in joint ventures		6,229,516	6,069,875
Loans to associates		832,613	1,151,780
Financial assets at fair value through profit or loss		510	510
Goodwill		184,297	184,297
Deposits		185,892	185,112
Deferred tax assets		186,345	235,517
		<u>73,899,446</u>	<u>71,043,037</u>
CURRENT ASSETS			
Inventories		14,176	24,445
Properties held for sale		7,597,916	1,667,377
Properties under development for sale		32,691,200	29,280,964
Accounts receivable	11	120,189	155,967
Contract costs		68,839	69,199
Deposits, prepayments and other receivables		3,063,217	2,749,592
Amounts due from fellow subsidiaries		52,127	24,547
Amounts due from non-controlling interests		48,659	41,334
Amounts due from joint ventures		33,434	10,927
Amounts due from associates		652,931	516,606
Loans to an associate		771,938	771,938
Loan to a joint venture		—	166,440
Loan to a non-controlling interest		1,020,000	1,100,000
Tax recoverable		500,476	302,379
Hedging instruments		230	—
Restricted bank deposits		127,216	185,040
Pledged deposits		5,500	7,915
Cash and bank balances		10,352,897	16,049,627
		<u>57,120,945</u>	<u>53,124,297</u>
TOTAL ASSETS		<u>131,020,391</u>	<u>124,167,334</u>

		At 31 December	
	<i>NOTE</i>	2021	2020
		RMB'000	RMB'000
CURRENT LIABILITIES			
Accounts payable	12	5,276,556	7,124,271
Other payables and accruals		5,355,517	6,018,042
Contract liabilities		12,320,127	10,170,298
Lease liabilities		60,466	57,648
Amount due to the ultimate holding company		28	346
Amount due to an intermediate holding company		660	674
Amount due to the immediate holding company		15,550	—
Amounts due to non-controlling interests		367,599	1,424,712
Amounts due to an associate		202,510	201,797
Amounts due to joint ventures		336,707	19,400
Amounts due to fellow subsidiaries		94,469	152,140
Loans from fellow subsidiaries		996,486	573,083
Loans from non-controlling interests		1,953,326	559,712
Loans from joint ventures		2,524,800	274,800
Loans from third parties		1,211,694	—
Bank borrowings		8,400,146	6,069,083
Income tax and land appreciation tax payables		708,889	1,486,144
Deferred income		1,538	6,692
Bonds payable		1,576,267	905,098
Hedging instruments		118,840	27,056
		<u>41,522,175</u>	<u>35,070,996</u>
NET CURRENT ASSETS		<u>15,598,770</u>	<u>18,053,301</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>89,498,216</u>	<u>89,096,338</u>
NON-CURRENT LIABILITIES			
Other payables and accruals		994,181	781,591
Lease liabilities		188,003	219,952
Loans from fellow subsidiaries		768,558	868,578
Loans from third parties		6,372,633	5,135,031
Bank borrowings		12,776,484	16,641,054
Deferred tax liabilities		7,930,053	7,741,084
Bonds payable		2,409,314	3,836,252
Hedging instruments		39,570	277,903
		<u>31,478,796</u>	<u>35,501,445</u>
NET ASSETS		<u>58,019,420</u>	<u>53,594,893</u>

		At 31 December	
	<i>NOTE</i>	2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
CAPITAL AND RESERVES			
Share capital	<i>13</i>	1,122,414	1,122,414
Reserves		28,735,697	28,325,296
		<hr/>	<hr/>
Equity attributable to owners of the Company		29,858,111	29,447,710
Perpetual capital instruments		8,311,498	7,158,633
Non-controlling interests		19,849,811	16,988,550
		<hr/>	<hr/>
TOTAL EQUITY		58,019,420	53,594,893
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

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

The principal activities of the Company and its subsidiaries (the “**Group**”) are principally investment holding, property investment and development and hotel operations.

The immediate holding company of the Company is Grandjoy Holdings Group Co., Ltd (“**Grandjoy Holdings**”, formally known as COFCO Property (Group) Co., Ltd.), a company established in the People’s Republic of China (the “**PRC**”) with its A shares listed on the Shenzhen Stock Exchange. In the opinion of the directors of the Company (the “**Directors**”), the ultimate holding company of the Company is COFCO Corporation, a company established in the PRC.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group’s consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7 HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

Up to the reporting date, no derivative or non-derivative financial instruments of the Group for which the benchmark rate had been replaced with an alternative benchmark rate. The amendments had no impact on the consolidated financial statements. The reform also has no material impact on interest rate risk management strategy of the Group.

Negotiations with counterparties are ongoing to evaluate the appropriate changes and resetting of rates where necessary. If the basis for determining the contractual cash flows of a financial assets or financial liabilities measured at amortised cost changed as a result of interest rate benchmark reform, the Group will update the effective interest rate of the financial assets or financial liabilities to reflect the change that is required by the reform.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statement – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 16	Property, Plant and Equipment-Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 April 2021.

The Directors anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

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

The Group is organised into certain business units according to the nature of goods sold or services provided. The operating segments of the Group are determined by the Directors based on the business units by reference to the goods sold or services provided. These business units are the basis of internal reports provided to the Executive Directors, the chief operating decision maker (“CODM”), for the purposes of resources allocation and performance assessment. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The operating segments of the entities comprising the Group with similar economic characteristics and similar nature of goods sold or services provided have been aggregated into different reportable segments as follows:

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

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

	Year ended 31 December	
	2021	2020
	RMB’000	RMB’000
Property investment and development:		
Rental income from investment properties and related services	4,055,875	3,586,814
Sales of properties held for sale	7,149,317	9,568,816
Service income for primary land development	–	153,653
Output management project	179,961	147,235
Other service income	161,752	55,050
	11,546,905	13,511,568
Hotel operations	766,392	598,264
Total revenue	12,313,297	14,109,832

(i) Disaggregation of revenue from contracts with customers

For the year ended 31 December 2021

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Output management project RMB'000	Other services RMB'000	Total RMB'000
Revenue from contracts with customers	536,590	7,149,317	766,392	179,961	161,752	8,794,012
Geographical markets						
Mainland China	522,865	7,149,317	766,392	137,306	158,603	8,734,483
Hong Kong	13,725	–	–	42,655	3,149	59,529
	536,590	7,149,317	766,392	179,961	161,752	8,794,012
Timing of revenue recognition						
A point in time	–	7,149,317	191,379	–	–	7,340,696
Over time	536,590	–	575,013	179,961	161,752	1,453,316
	536,590	7,149,317	766,392	179,961	161,752	8,794,012

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

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Output management project RMB'000	Other services RMB'000	Total RMB'000
Revenue from contracts with customers						
External customers	536,590	7,149,317	766,392	179,961	161,752	8,794,012
Inter-segment	40,785	–	11	103,922	56,255	200,973
Total	577,375	7,149,317	766,403	283,883	218,007	8,994,985
Rental revenue	3,521,870	–	–	–	–	3,521,870
Rental adjustments	(2,585)	–	–	–	–	(2,585)
Revenue from rental total	3,519,285	–	–	–	–	3,519,285
Inter-segment elimination	(40,785)	–	(11)	(103,922)	(56,255)	(200,973)
Revenue disclosed in segment information	4,055,875	7,149,317	766,392	179,961	161,752	12,313,297

For the year ended 31 December 2020

	Property investment <i>RMB'000</i>	Property and land development <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Output management project <i>RMB'000</i>	Other services <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers	456,089	9,722,469	598,264	147,235	55,050	10,979,107
Geographical markets						
Mainland China	439,196	9,722,469	598,264	107,482	51,918	10,919,329
Hong Kong	16,893	—	—	39,753	3,132	59,778
	456,089	9,722,469	598,264	147,235	55,050	10,979,107
Timing of revenue recognition						
A point in time	—	9,722,469	155,512	—	—	9,877,981
Over time	456,089	—	442,752	147,235	55,050	1,101,126
	456,089	9,722,469	598,264	147,235	55,050	10,979,107

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

	Property investment <i>RMB'000</i>	Property and land development <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Output management project <i>RMB'000</i>	Other services <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers						
External customers	456,089	9,722,469	598,264	147,235	55,050	10,979,107
Inter-segment	10,211	—	—	136,763	34,177	181,151
Total	466,300	9,722,469	598,264	283,998	89,227	11,160,258
Rental revenue	3,133,310	—	—	—	—	3,133,310
Rental adjustments	(2,585)	—	—	—	—	(2,585)
Revenue from rental total	3,130,725	—	—	—	—	3,130,725
Inter-segment elimination	(10,211)	—	—	(136,763)	(34,177)	(181,151)
Revenue disclosed in segment information	3,586,814	9,722,469	598,264	147,235	55,050	14,109,832

(ii) Performance obligations for contracts with customers

Development and sales of properties (revenue recognised at a point in time)

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are based on customer's specifications with no alternative use. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Directors concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of residential properties is therefore recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

The Group receives 20% ~100% (2020: 30%~100%) of the contract value as deposits from customers when they sign the sale and purchase agreement. This will give rise to contract liabilities until the completed property is transferred to the customers. In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

The Group assesses the advance payment by contract whether it may contain significant financing component. If the effects of the financing component will materially change the amount of revenue at a contract level, accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the party receiving financing in the contract. As this accrual increases the amount of the contract liability during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customer.

The Directors apply the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Property management related services, hotel operations and other services

Revenue relating to the property management related services, hotel operations and other services is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, or at a point in time when the customer obtains control of the distinct good or service, as appropriate.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) in respect of 31 December 2021 and 2020 and the expected timing of recognising revenue are as follows :

	Sales of properties	
	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	10,352,614	8,336,265
More than one year but not more than two years	3,119,270	3,662,928
	<u>13,471,884</u>	<u>11,999,193</u>

All the property management related services, hotel operations and other services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iv) Leases

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Total revenue arising from operating leases		
Lease payments that are fixed or linked to the performance of lessees	<u>3,519,285</u>	<u>3,130,725</u>

Information regarding the segments is reported below.

Segment revenue and segment results

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

Year ended 31 December 2021

	Property investment <i>RMB'000</i>	Property and land development <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Output management project <i>RMB'000</i>	Other services <i>RMB'000</i>	Segment total <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue								
External customers	4,058,460	7,149,317	766,392	179,961	161,752	12,315,882	–	12,315,882
Inter-segment revenue	40,785	–	11	103,922	56,255	200,973	(200,973)	–
Consolidated	<u>4,099,245</u>	<u>7,149,317</u>	<u>766,403</u>	<u>283,883</u>	<u>218,007</u>	<u>12,516,855</u>	(200,973)	12,315,882
Rental adjustments								<u>(2,585)</u>
Revenue as presented in consolidated statement of profit or loss								<u>12,313,297</u>
Segment results	<u>2,709,536</u>	<u>344,393</u>	<u>(19,610)</u>	<u>231,426</u>	<u>169,959</u>	<u>3,435,704</u>		3,435,704
Unallocated corporate income and other gains								248,050
Unallocated corporate expenses and other losses								(309,303)
Finance costs								(853,721)
Share of profits of associates								35,692
Share of profits of joint ventures								202,080
Impairment loss recognised on loan to an associate and other receivables								<u>(299,663)</u>
Profit before tax as presented in consolidated statement of profit or loss								<u>2,458,839</u>

Year ended 31 December 2020

	Property investment <i>RMB'000</i>	Property and land development <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Output management project <i>RMB'000</i>	Other services <i>RMB'000</i>	Segment total <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue								
External customers	3,589,399	9,722,469	598,264	147,235	55,050	14,112,417	–	14,112,417
Inter-segment revenue	<u>10,211</u>	<u>–</u>	<u>–</u>	<u>136,763</u>	<u>34,177</u>	<u>181,151</u>	<u>(181,151)</u>	<u>–</u>
Consolidated	<u>3,599,610</u>	<u>9,722,469</u>	<u>598,264</u>	<u>283,998</u>	<u>89,227</u>	<u>14,293,568</u>	<u>(181,151)</u>	<u>14,112,417</u>
Rental adjustments								<u>(2,585)</u>
Revenue as presented in consolidated statement of profit or loss								<u>14,109,832</u>
Segment results	<u>2,431,399</u>	<u>2,090,899</u>	<u>(67,507)</u>	<u>213,348</u>	<u>(126,049)</u>	<u>4,542,090</u>		<u>4,542,090</u>
Unallocated corporate income and other gains								783,740
Unallocated corporate expenses and other losses								(266,995)
Finance costs								(958,303)
Share of losses of associates								(5,544)
Share of losses of joint ventures								<u>(189,250)</u>
Profit before tax as presented in consolidated statement of profit or loss								<u>3,905,738</u>

Inter-segment revenue was charged at prices agreed between group entities, which have no material differences as compared to the prices provided to the third parties.

The accounting policies of the operating segments are the same as the Group's accounting policies described in the consolidated financial statements. The above is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Segment revenue represents revenue earned by each segment without rental adjustments for property letting relating to the recognition of rental income from operating lease on a straight-line basis over the term of the relevant lease. Segment results represent the profit earned/loss incurred by each segment without allocation of certain items incurred for management purpose, including certain other income, other gains and losses, administrative expenses, finance costs, share of profits/losses of associates and joint ventures.

Segment assets and liabilities

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

Geographical information

The following table sets out information about the Group's revenue from external customers by geographical location. The geographical location of customers is based on the location at which the services were provided or the goods and properties were delivered.

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Mainland China	12,197,450	13,972,901
Hong Kong	115,847	136,931
	12,313,297	14,109,832

Information about the Group's non-current assets based on the location of assets is detailed below.

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Mainland China	69,898,158	66,515,456
Hong Kong	2,611,630	2,770,365
	72,509,788	69,285,821

Non-current assets exclude goodwill, deferred tax assets, financial instruments under non-current assets.

Information about major customer

Revenue generated from a single customer which amounted to more than 10% of the Group's revenue was RMB1,904,765,000 (2021: nil) from property and land development for the year ended 31 December 2020.

Other information

Amounts regularly provided to the chief operating decision maker are as follows:

	Property investment <i>RMB'000</i>	Property and land development <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Output management project <i>RMB'000</i>	Other services <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2021						
Impairment loss recognised/(reversed) on accounts and other receivables, net	7,556	2,723	(164)	1,498	(2,570)	9,043
Depreciation of property, plant and equipment	23,005	3,156	181,709	3,005	12,824	223,699
Depreciation of right-of-use assets	8,997	2,059	56,619	1,145	2,215	71,035
Loss/(gain) on disposal of property, plant and equipment, net	3,613	28	(1,073)	–	(88,693)	(86,125)
Impairment loss on properties under development for sale	<u>–</u>	<u>266,643</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>266,643</u>
Year ended 31 December 2020						
Impairment loss recognised on accounts and other receivables, net	8,309	741	291	16	57	9,414
Depreciation of property, plant and equipment	25,786	2,037	185,068	2,863	16,578	232,332
Depreciation of right-of-use assets	11,118	2,134	56,184	–	2,783	72,219
Loss/(gain) on disposal of property, plant and equipment, net	<u>5,068</u>	<u>(23)</u>	<u>(2)</u>	<u>–</u>	<u>(138)</u>	<u>4,905</u>

4. OTHER INCOME

	2021 RMB'000	2020 RMB'000
Interest income from:		
Banks	138,319	119,081
A non-banking financial institution*	4,999	12,259
Loan to joint ventures	1,313	21,281
Loans to associates	117,654	190,846
Loan to a non-controlling interest	3,596	3,240
Government grants (<i>Note</i>)	22,623	54,479
Refund of PRC value added tax and surcharges	3	452
Others	9,024	3,432
	<u>297,531</u>	<u>405,070</u>

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

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

5. OTHER GAINS AND LOSSES, NET

	2021 RMB'000	2020 RMB'000
Gain/(loss) on disposal of property, plant and equipment, net	86,125	(4,905)
Impairment loss on properties under development for sale	(266,643)	—
Impairment loss on property, plant and equipment	(62,692)	—
Impairment loss on right-of-use-assets	(13,227)	—
Exchange gain, net	117,495	597,198
Others	16,142	37,311
	<u>(122,800)</u>	<u>629,604</u>

6. FINANCE COSTS

	2021 RMB'000	2020 RMB'000
Interest on:		
Bank borrowings	687,081	880,709
Loans from a non-banking financial institution*	72,033	56,142
Loans from fellow subsidiaries	7,060	6,463
Loans from non-controlling interests	98,641	48,756
Loan from an associate	713	—
Loans from joint ventures	31,295	1,161
Loans from third parties	362,393	357,347
Bonds payable	151,801	198,836
Lease liabilities	12,510	9,856
Others	27,812	21,872
	<u>1,451,339</u>	<u>1,581,142</u>
Total interest expenses		
	<u>1,451,339</u>	<u>1,581,142</u>
Less: Interest capitalised:		
Investment properties under development	(157,604)	(117,175)
Properties under development for sale	(440,014)	(505,664)
	<u>(597,618)</u>	<u>(622,839)</u>
	<u>853,721</u>	<u>958,303</u>

* The non-banking financial institution is COFCO Finance, a fellow subsidiary of the Group.

Borrowing costs capitalised to investment properties under development and properties under development for sale were based on actual borrowing costs incurred.

Borrowing costs from borrowings were capitalised at rates ranging from 3.85% to 6.50% (2020: 4.41% to 8.90%) per annum.

7. PROFIT BEFORE TAX

	2021 RMB'000	2020 RMB'000
Profit before tax has been arrived at after charging/(crediting):		
Directors' emoluments	5,504	2,864
Depreciation and amortisation:		
Amortisation:		
– Intangible assets (included in cost of sales)	4,060	4,273
– Intangible assets (included in administrative expenses)	7,713	8,081
– Intangible assets (included in distribution and selling costs)	1,756	1,918
Depreciation of right-of-use assets	71,035	72,219
Depreciation of property, plant and equipment	223,699	232,332
Total depreciation and amortisation	308,263	318,823
Cost of sales and services rendered:		
Cost of properties sold	6,034,237	7,255,559
Direct operating expenses arising from investment properties let	880,654	758,234
Cost of primary land development services provided	–	57,404
Direct operating expenses arising from provision of property management and other property related services	122,807	81,738
Direct operating expenses from hotel services provided	562,011	499,332
	7,599,709	8,652,267
Employee benefits expense (including directors' emoluments):		
Salaries, allowances and other benefits	1,030,379	901,756
Retirement benefit scheme contributions	100,738	65,765
	1,131,117	967,521
Less: Capitalised in properties under development for sale and investment properties under development	(189,215)	(164,936)
	941,902	802,585
Advertising and promotion expenses (included in distribution and selling costs)	208,077	170,055
Auditors' remuneration	2,250	3,019

8. INCOME TAX EXPENSE

	2021 RMB'000	2020 RMB'000
Current tax:		
PRC Enterprise Income Tax	587,056	745,941
PRC dividend Withholding Tax	74,041	48,209
Land Appreciation Tax	53,947	550,252
Hong Kong Profits Tax	16,424	23,857
	<u>731,468</u>	<u>1,368,259</u>
Under/(over) provision in prior years:		
PRC Enterprise Income Tax	4,502	(3,586)
Deferred tax	<u>237,987</u>	<u>371,973</u>
	<u><u>973,957</u></u>	<u><u>1,736,646</u></u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime is insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

The subsidiaries in mainland China are subject to PRC Enterprise Income Tax (“EIT”) at 25% for both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The law of the PRC on EIT provides that qualified dividend income between two “resident enterprises” that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to 5% to 10% withholding tax under the tax treaty or the domestic law. The Group is currently subject to withholding tax at 10% for both years.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use right and all property development expenditures.

Pursuant to the rules and regulations of the British Virgin Islands, Bermuda and Samoa, the Group is not subject to any income tax in the British Virgin Islands, Bermuda and Samoa.

9. DIVIDENDS

Dividends for the shareholders of ordinary shares and CPS of the Company recognised as distribution during the year:

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
2020 Final – HK3 cents per share (2019 Final: HK4 cents):		
Ordinary shares	353,898	521,997
Non-redeemable convertible preference shares	27,238	40,176
	381,136	562,173

Final dividend in respect of the year ended 31 December 2020 of HK3 cents per ordinary share has been proposed by the Directors and was approved by the shareholders at the annual general meeting conducted on 18 June 2021. The holders of the CPS were entitled to receive any dividend pari passu with the holders of ordinary shares of the Company and therefore entitled to receive the 2020 final dividend of approximately HK\$33 million or RMB27 million.

The Board of Directors does not declare any final dividend for the year ended 31 December 2021.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings		
Earnings for the purpose of basic and diluted earnings per share		
(Profit for the year attributable to owners of the Company)	591,666	1,104,533

	Year ended 31 December	
	2021	2020
Number of shares ('000)		
For the purpose of basic and diluted earnings per share:		
Number of ordinary shares	14,231,125	14,231,125
Number of non-redeemable convertible preference shares	1,095,301	1,095,301
Number of shares for the purpose of basic and diluted earnings per share	15,326,426	15,326,426

The number of shares used for the purpose of calculating basic earnings per share for the years ended 31 December 2021 and 2020 were calculated on the basis of the number of the ordinary shares of the Company and CPS in issue during the years.

The calculation of the diluted earnings per share for the years ended 31 December 2021 and 2020 does not assume the exercise of the written put option on shares of a subsidiary as the dilution effect is not considered material.

11. ACCOUNTS RECEIVABLE

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Lease receivables	110,735	151,860
Property management fee receivables	3,311	3,196
Receivables from hotel operations and related services	21,862	23,631
Others	807	1,748
Less: Allowance for credit losses	(25,141)	(35,668)
	111,574	144,767
Rental adjustments*	8,615	11,200
	120,189	155,967

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

At as 31 December 2021, the gross amount of accounts receivable arising from contracts with customers amounted to RMB25,980,000 (2020: RMB28,575,000).

At 31 December 2021, accounts receivable with an aggregate carrying amount of approximately RMB26,089,000 (2020: RMB9,055,000) were pledged to secure certain banking facilities granted to the Group.

The following is an aged analysis of accounts receivable at the end of the reporting period, excluding rental adjustments and net of allowance for credit losses, presented based on invoice date, except for lease receivables, which were presented based on the date of rental demand notice issued:

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Less than 3 months	81,011	97,063
3 months to 1 year	21,919	42,148
1 to 2 years	7,131	4,190
2 to 3 years	1,513	1,366
	111,574	144,767

As at 31 December 2021, included in the Group's accounts receivable balance are debtors with aggregate carrying amount of approximately RMB79,548,000 (31 December 2020: RMB60,868,000) which are past due as at the reporting date. Out of the past due balances, approximately RMB26,897,000 (31 December 2020: RMB30,773,000) has been past due for 90 days or more and is not considered as in default due to historical repayment history from these customers. The Group does not hold any collateral over these balances.

12. ACCOUNTS PAYABLE

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Trade payables	33,755	44,231
Accrued expenditure on construction	5,242,801	7,080,040
	5,276,556	7,124,271

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

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

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Within 1 year	33,540	42,814
1 to 2 years	—	—
2 to 3 years	—	—
Over 3 years	215	1,417
	<u>33,755</u>	<u>44,231</u>

13. SHARE CAPITAL

Ordinary share capital of the Company

	Number of shares	Amount HK\$'000	(RMB equivalent) RMB'000
Authorised:			
<i>Ordinary shares of HK\$0.10 each</i>			
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	<u>28,904,699,222</u>	<u>2,890,470</u>	<u>2,293,502</u>
Issued and fully paid:			
<i>Ordinary shares of HK\$0.10 each</i>			
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	<u>14,231,124,858</u>	<u>1,423,112</u>	<u>1,122,414</u>

SCOPE OF WORK OF AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, Messrs. SHINEWING (HK) CPA Limited ("SHINEWING"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2021. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and consequently no assurance has been expressed by SHINEWING in respect of the financial figures in this announcement.

BUSINESS REVIEW AND OUTLOOK

Market Review

In 2021, China's economy witnessed a steady recovery, and its GDP expanded 8.1% year on year to RMB114 trillion, putting the two-year average growth at 5.1%. As consumption recovered steadily, total retail sales of consumer goods for the year grew by 12.5% year on year to RMB44 trillion, bringing two-year average growth to 3.9%. The real estate industry posted a "low-after-high" trend throughout the year, with the market gradually cooling down since the second half of the year. During the year under review, the investment in real estate development nationwide amounted to approximately RMB14.76 trillion, representing a year-on-year increase of 4.4%, down by 2.6 percentage points as compared with 2020. Sales of commercial buildings amounted to approximately RMB18.19 trillion, representing a year-on-year increase of 4.8%, down by 3.9 percentage points as compared with 2020. As property prices leveled off, the price index of newly built commercial residential buildings in 70 large- and medium-sized cities across the country rose by 2.0% year on year in December 2021, slowing down for the seventh consecutive month.

In terms of commercial real estate, the revival of private consumption fueled the steady recovery of brick-and-mortar businesses. In 2021, approximately 510 new commercial projects (each with a GFA of 20,000 sq.m. or above) were put into operation nationwide, representing a year-on-year increase of approximately 36%; and the aggregate GFA of new commercial buildings was approximately 45,690,000 sq.m., representing an increase of approximately 12,920,000 sq.m. over 2020. Driven by economic and consumption recovery, a host of fresh trends have emerged in the commercial property sector, such as an increasing amount of renovations, accelerated expansion of asset-light operations, enrichment of offline commercial scenarios, growing potential of domestic brands, and accelerated integration of online and offline operations.

Business Review

During the year, the 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 Group recorded operating revenue of approximately RMB12,313.3 million (2020: RMB14,109.8 million), representing a year-on-year decrease of 12.7%. The overall gross profit margin was approximately 38.3%, which hardly changed as compared to the previous year.

Business Review on Investment Properties

The Group enhanced its operations and achieved sound results. In 2021, the 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 Group recorded sales of RMB480 million nationwide, representing a year-on-year increase of 27%. During the year, the Group 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) and being one of the “2021 Top 10 Chinese Commercial Real Estate Enterprises” (2021中國商業地產十強企業), demonstrating the brand influence of the Group.

During the year, the COVID-19 pandemic was effectively brought under control in China, which had a positive impact on the retail market. The Group’s total rental income from investment properties and related services income was approximately RMB4,055.9 million, representing an increase of 13.1% as compared to RMB3,586.8 million for the previous year. The gross profit margin of the investment properties business was 78.3%, basically unchanged from the previous year. Shopping malls and office buildings contributed 80% and 14% of the total revenue, respectively.

The Group’s shopping malls recorded sales of approximately RMB24,920 million, representing a year-on-year increase of 40%; and recorded rental income of approximately 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.

	Year ended 31 December	
	2021	2020
Rental income from investment properties and related services income (<i>RMB million</i>)	4,055.9	3,586.8

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

Project	City	Use/intended use	Rental income (<i>RMB million</i>)	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
Fraser Suites Top Glory Shanghai	Shanghai	Serviced apartment	128.4	92
Total			3,456.4	

The table below sets forth the rental income and occupancy rate of the major investment properties of the 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
Fraser Suites Top Glory Shanghai	Shanghai	Serviced apartment	121.1	87
Total			<u>3,081.1</u>	

Business Review on Property Development

During the year, the Group's revenue derived from property development segment was approximately RMB7,149.3 million, representing a decrease of 25.3% from RMB9,568.8 million in the previous year. The settlement area of properties delivered was 359,507 sq.m., representing a year-on-year increase of approximately 3.7%. The average unit settlement price was approximately RMB19,886/sq.m., representing a year-on-year decrease of approximately 28.0%. 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%.

The Group continued to promote targeted marketing and innovation empowerment. On 20 May 2021, the Group introduced online sales channels by launching its mini program “大悦嗨房GO”. Besides, the Group closely followed market trends and created synergistic marketing campaigns including “Joy Care Season” (玖悦陪伴季) “Joy Fans Festival” (大悦寵粉節), “Joy Special Offers” (大悦給利節), which received positive results.

During the year, the 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 average unit selling price was approximately RMB42,126/sq.m., representing a year-on-year increase of 36.7%.

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

Region	Contracted sales		Contracted sales area	
	2021 (RMB million)	2020 (RMB million)	2021 (sq.m.)	2020 (sq.m.)
Shanghai	16,602.1	8,920.3	200,328.5	104,205.3
Hainan	1,231.3	902.1	43,430.5	31,113.7
Southwest China	839.7	3,245.7	46,307.5	173,483.1
Zhejiang*	-451.5	432.7	-21,130.8	13,934.9
Shandong	2,177.4	1,823.2	145,373.6	129,020.0
Southern Jiangsu	3,248.6	3,196.1	124,355.1	122,418.0
Central China	739.2	1,601.8	35,525.6	78,840.8
Southern China	1,567.7	—	34,419.8	—
Nanjing	1,047.5	—	32,365.8	—
Total	<u>27,002.0</u>	<u>20,121.9</u>	<u>640,975.6</u>	<u>653,015.8</u>

* The contracted sales amount and area in Zhejiang Province for the year are 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.

Business Review on Hotel Operations

The Group enhanced and innovated its operations. During the year, the Group's hotels leveraged on cross-industry cooperation by teaming up with a number of brands to create distinctive images and attract more young customers. As a result, the Group's hotels registered steady improvement in performance and notched 61 awards in and outside the industry. In 2021, the 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.

	Year ended 31 December	
	2021	2020
Sales revenue from hotel operations <i>(RMB million)</i>	766.4	598.3

The table below sets forth the average occupancy rate, RevPAR and average room rate of the major hotels of the 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
Joy City Hotel & Apartment Beijing	Beijing	Hotel	79	493	620

The table below sets forth the average occupancy rate, RevPAR and average room rate of the major hotels of the 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
Joy City Hotel & Apartment Beijing	Beijing	Hotel	37	268	725

Business Review on Output Management

The Group fully leveraged the appeal and operation capability of “Joy City” as a brand to accelerate the expansion of asset-light operations. During the year, the total revenue from management output was approximately RMB180.0 million, representing a year-on-year increase of 22.2%. The Group operated 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 based on a light-asset model. Meanwhile, the Group secured new output management projects such as Shaoxing Guojin Joy City and Tianjin Xiqing Joy Breeze, continuously strengthening its brand influence.

Profit

In 2021, the Group recorded profit for the year of approximately RMB1,484.9 million (2020: RMB2,169.1 million), down by 31.5% 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. The profit attributable to owners of the Company was approximately RMB591.7 million, representing a year-on-year decrease of 46.4%. 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 RMB552.4 million, representing a year-on-year decrease of 33.4%.

Business Outlook

Looking forward to 2022, China will follow the general principle of “prioritizing stability while pursuing progress” in its economic development, further unleashing its great potential. The digital economy will boost the prosperity of the office property market, and there will be higher requirements for the operation of office buildings in the post-epidemic era. As shopping malls are undergoing constant change, leading property developers seek to accelerate the development of their commercial property business by putting a focus on renovations and alterations of existing property and expansion of asset-light operations. As such, strong brand IP and operation capability will become more important, and digital and intelligent applications will be more widely used. Going forward, the Group will keep up with the industry trends, integrate resources in various fields and optimize its operation capability to lead development of the industry. During the “14th Five-Year Plan” period, the Group will uphold the business development model of “combining asset-light and asset-heavy operations” with a strategic focus on the development of asset-light operations. The Group will center on first-tier, second-tier and prominent third-tier cities, and expedite the expansion of its asset-light commercial projects to achieve high-quality development.

LIQUIDITY AND FINANCIAL POSITION

	As at 31 December	
	2021	2020
	RMB (million)	RMB (million)
Total assets	131,020.4	124,167.3
Cash and cash equivalents (including restricted bank deposits and pledged deposits)	10,485.6	16,242.6
Total borrowings*	38,989.7	34,862.7
Total equity	58,019.4	53,594.9
Current ratio	1.38	1.51
Net debt to total equity ratio **	49.1%	34.7%
Weighted average borrowing cost	4.13%	4.36%

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

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

As at 31 December 2021, the Group had total assets of approximately RMB131,020.4 million (31 December 2020: approximately RMB124,167.3 million). The total equity of the Group was approximately RMB58,019.4 million, representing an increase of approximately 8.3% as compared to RMB53,594.9 million as at the end of year 2020.

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

The 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 Group.

In 2021, the 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 Group's average financing cost stood at 4.13%, representing a year-on-year decrease of 0.23 percentage point. As such, the Group's capital cost was further reduced and remained at a relatively low level in the industry.

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

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

EMPLOYEES AND REMUNERATION POLICY

The Group attaches great importance to the selection, employment, training and retainment of talents. While sticking to equal employment and optimizing the remuneration incentive mechanism, it diversifies recruitment channels and protects rights and interests of employees, so as 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 Group's strategic goals. As at 31 December 2021, the Group had 4,219 employees in total.

Aiming to maintain the "high efficiency and competitive incentives", the Group has established a sound remuneration and incentive system. In order to build a harmonious and consistent labor relationship with its staff, the Group provides competitive salaries and comprehensive benefits including pension insurance, medical insurance, maternity insurance, work-related injury insurance, unemployment insurance, housing provident fund, commercial health insurance, accident insurance and corporate annuity plan, which secures human resources for the sustainable development of the Group.

Upholding the training concept of "learning for application", the 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 Group, so as to support the achievement of strategic goals. At present, the Group has established the core training projects including "Training Camp for Mid-level Managers", "Golden Helmsman", "Golden Seed", "Sword Casting Plan", "New Joy Training Camp", "Future Star Training Camp", "Joy Seminar" and so on. It explores the internal courses of the Group, and revitalizes internal training resources by establishing a professional and systematic internal training lecturer team and improving online learning systems.

In addition, the 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 Group facilitates internal talents exchange and the internal talent transfer and promotion, which provides a clear development path for employees.

The 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 adhere to 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 Group of international or national standards, rules and regulations, or those of the places where the operations of the Group were located in respect of child labor and forced labor.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2021 (2020: HK3 cents per Share).

CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting of the Company will be held on Thursday, 2 June 2022. For determining the eligibility of the Shareholders to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 30 May 2022 to Thursday, 2 June 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer documents, accompanied by the relevant share certificate(s), must be lodged for registration with the Branch Share Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on Friday, 27 May 2022. The notice of the Annual General Meeting, which constitutes part of the circular to Shareholders, will be sent together with the Annual Report 2021.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Company has adopted all code provisions in the CG Code as its own code on corporate governance. The Board considers that during the year ended 31 December 2021, the Company had complied with all code provisions as set out in the CG Code except for code provision F.2.2. Such code provision stipulates that the chairman of the board of directors should attend the annual general meeting. The Chairman of the Board was unable to attend the annual general meeting of the Company on 18 June 2021 due to travel restrictions during the COVID-19 pandemic, Mr. LAU Hon Chuen, Ambrose, an independent non-executive Director, chaired the annual general meeting on behalf of the Chairman of the Board and was available to answer questions.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding directors' securities transactions. After specific enquiry by the Company, all Directors have confirmed that they had complied with the required standards set out in the Model Code throughout the year ended 31 December 2021.

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

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the HKEXnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.joy-cityproperty.com). The Annual Report 2021 of the Company will be published on the above websites and despatched to Shareholders in due course.

By order of the Board
Joy City Property Limited
YOU Wei
Chairman

The PRC, 30 March 2022

As at the date of this announcement, the Board comprises Mr. YOU Wei (Chairman) and Mr. CAO Ronggen as Executive Directors; Mr. MA Dewei, Mr. LIU Yun and Mr. ZHU Laibin as Non-executive Directors; and Mr. LAU Hon Chuen, Ambrose, GBS, JP, Mr. LAM Kin Ming, Lawrence and Mr. CHAN Fan Shing as Independent Non-executive Directors.

GLOSSARY

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

“Annual General Meeting”	the annual general meeting of the Company (or any adjournment thereof) to be held on Thursday, 2 June 2022;
“Audit Committee”	the audit committee of the Board;
“Board”	the board of Directors;
“Branch Share Registrar”	Tricor Progressive Limited, the Company’s branch share registrar and transfer office in Hong Kong;
“CG Code”	Corporate Governance Code contained in Appendix 14 to the Listing Rules;
“Company”	Joy City Property Limited (formerly known as COFCO Land Holdings Limited), a company incorporated in Bermuda with limited liability, whose Shares are listed on the main board of the Stock Exchange;
“CPS”	non-redeemable convertible preference shares of HK\$0.10 each in the share capital of the Company;
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);
“Model Code”	the Mode Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules;
“PRC” or “China”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;

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