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JOY CITY PROPERTY LIMITED
大悦城地產有限公司
(incorporated in Bermuda with limited liability)
(Stock code: 207)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022

HIGHLIGHTS

- Total operating revenue amounted to RMB20,831.4 million, representing a year-on-year increase of 69.2%, of which revenue from property development amounted to RMB16,483.7 million, representing a year-on-year increase of 130.6%. Settlement area and average unit price of properties delivered increased by 99.7% and 15.5% year-on-year, respectively.
- Contracted sales amounted to RMB28,558.0 million, representing a year-on-year increase of 5.8%; and contracted sales area was 800,946.4 sq.m., representing a year-on-year increase of 25.0%.
- Profit attributable to owners of the Company amounted to RMB530.8 million, representing a year-on-year decrease of 10.3%. 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 RMB822.7 million, representing a year-on-year increase of 48.9%.
- The average financing cost of the Group was 3.97%, representing a year-on-year decrease of 0.16 percentage point, which was due to the Group's commitment to optimizing its capital structure, maintaining good relationships with banks and reducing financing costs.
- The Board has recommended the 2022 Final Dividend of HK1.2 cents per Share (2021: Nil).

The Board announces the audited consolidated results of the Group for the year ended 31 December 2022 together with the comparative figures for the year ended 31 December 2021. The audited consolidated results for the year ended 31 December 2022 have been reviewed by the Audit Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	NOTES	Year ended 31 December	
		2022	2021
		RMB'000	RMB'000
Revenue	3	20,831,357	12,313,297
Cost of sales and services rendered		<u>(14,424,999)</u>	<u>(7,599,709)</u>
Gross profit		6,406,358	4,713,588
Other income	4	340,982	297,531
Other gains and losses, net	5	(311,977)	(122,800)
Impairment losses under expected credit loss model, net of reversal		(102,410)	(308,482)
Distribution and selling costs		(851,314)	(738,283)
Administrative expenses		(865,073)	(914,879)
Fair value (loss)/gain on:			
investment properties		(782,608)	167,489
financial liabilities at fair value through profit or loss		(9,628)	(19,376)
Finance costs	6	(1,251,797)	(853,721)
Share of (losses)/profits of associates		(40,226)	35,692
Share of profits of joint ventures		<u>68,164</u>	<u>202,080</u>
Profit before tax	7	2,600,471	2,458,839
Income tax expense	8	<u>(1,499,893)</u>	<u>(973,957)</u>
Profit for the year		<u>1,100,578</u>	<u>1,484,882</u>
Profit for the year attributable to:			
Owners of the Company		530,773	591,666
Holders of perpetual capital instruments		334,593	353,102
Non-controlling interests		<u>235,212</u>	<u>540,114</u>
		<u>1,100,578</u>	<u>1,484,882</u>
Basic and diluted earnings per share	10	<u>RMB3.5 cents</u>	<u>RMB3.9 cents</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Profit for the year	<u>1,100,578</u>	<u>1,484,882</u>
Other comprehensive (expense)/income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation	(596,491)	76,683
Fair value gain on hedging instruments for cash flow hedges	<u>308,415</u>	<u>162,502</u>
Other comprehensive (expense)/income for the year net of income tax	<u>(288,076)</u>	<u>239,185</u>
Total comprehensive income for the year	<u>812,502</u>	<u>1,724,067</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	233,145	815,368
Holder of perpetual capital instruments	334,593	353,102
Non-controlling interests	<u>244,764</u>	<u>555,597</u>
	<u>812,502</u>	<u>1,724,067</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

		At 31 December	
	NOTE	2022	2021
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Investment properties		63,155,846	61,157,220
Property, plant and equipment		3,088,938	3,283,793
Right-of-use assets		1,530,879	1,614,264
Intangible assets		109,946	107,732
Interests in associates		750,483	117,264
Interests in joint ventures		6,323,625	6,229,516
Loans to associates		2,432,941	832,613
Loan to a non-controlling interest		147,000	—
Financial assets at fair value through profit or loss		510	510
Goodwill		184,297	184,297
Deposits		158,575	185,892
Deferred tax assets		314,755	186,345
Hedging instruments		241,852	—
		<u>78,439,647</u>	<u>73,899,446</u>
CURRENT ASSETS			
Inventories		14,666	14,176
Properties held for sale		4,615,638	7,597,916
Properties under development for sale		33,417,306	32,691,200
Accounts receivable	11	117,615	120,189
Contract costs		85,518	68,839
Deposits, prepayments and other receivables		2,886,192	3,063,217
Amounts due from fellow subsidiaries		25,613	52,127
Amounts due from non-controlling interests		51,574	48,659
Amounts due from joint ventures		38,079	33,434
Amounts due from associates		743,737	652,931
Loans to associates		1,015,816	771,938
Loan to a non-controlling interest		995,000	1,020,000
Tax recoverable		414,307	500,476
Hedging instruments		157,123	230
Restricted bank deposits		84,892	127,216
Pledged deposits		5,402	5,500
Cash and bank balances		16,895,367	10,352,897
		<u>61,563,845</u>	<u>57,120,945</u>
TOTAL ASSETS		<u>140,003,492</u>	<u>131,020,391</u>

		At 31 December	
	<i>NOTE</i>	2022	2021
		RMB'000	RMB'000
CURRENT LIABILITIES			
Accounts payable	12	6,004,257	5,276,556
Other payables and accruals		6,873,925	5,355,517
Contract liabilities		11,185,853	12,320,127
Lease liabilities		85,076	60,466
Amount due to the ultimate holding company		8	28
Amounts due to intermediate holding companies		17,591	660
Amount due to the immediate holding company		–	15,550
Amounts due to non-controlling interests		194,222	367,599
Amounts due to associates		511,904	202,510
Amounts due to joint ventures		250,190	336,707
Amounts due to fellow subsidiaries		287,899	94,469
Loans from fellow subsidiaries		221,649	996,486
Loans from non-controlling interests		1,833,015	1,953,326
Loan from a joint venture		–	2,524,800
Loan from a third party		25,560	1,211,694
Bank borrowings		4,935,955	8,400,146
Income tax and land appreciation tax payables		1,014,592	708,889
Deferred income		1,551	1,538
Bonds payable		1,017,676	1,576,267
Hedging instruments		–	118,840
		<u>34,460,923</u>	<u>41,522,175</u>
NET CURRENT ASSETS		<u>27,102,922</u>	<u>15,598,770</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>105,542,569</u></u>	<u><u>89,498,216</u></u>

		At 31 December	
	<i>NOTE</i>	2022	2021
		RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Other payables and accruals		966,378	994,181
Lease liabilities		117,738	188,003
Loans from a fellow subsidiary		1,068,500	768,558
Loans from third parties		7,898,800	6,372,633
Loan from a joint venture		5,574,800	—
Loans from non-controlling interests		821,872	—
Bank borrowings		19,406,417	12,776,484
Deferred tax liabilities		8,092,699	7,930,053
Bonds payable		2,962,245	2,409,314
Hedging instruments		—	39,570
Amount due to a non-controlling interest		4,842	—
Amount due to a joint venture		539,000	—
		<u>47,453,291</u>	<u>31,478,796</u>
NET ASSETS		<u>58,089,278</u>	<u>58,019,420</u>
CAPITAL AND RESERVES			
Share capital	<i>13</i>	1,122,414	1,122,414
Reserves		<u>28,801,918</u>	<u>28,735,697</u>
Equity attributable to owners of the Company		29,924,332	29,858,111
Perpetual capital instruments		7,245,471	8,311,498
Non-controlling interests		<u>20,919,475</u>	<u>19,849,811</u>
TOTAL EQUITY		<u>58,089,278</u>	<u>58,019,420</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL INFORMATION

The Company was incorporated in Bermuda with limited liability and its ordinary shares are listed on the Main Board of the Stock Exchange.

The principal activities of the Group are principally investment holding, property investment and development and hotel operations.

The immediate holding company of the Company, Grandjoy Holdings is a company established in the PRC with its A shares listed on the Shenzhen Stock Exchange. In the opinion of 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 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 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 2022 for the preparation of the Group’s consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent concession beyond 30 June 2021
Amendment to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle

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 on the disclosures set out in these consolidated financial statements.

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	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback 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 related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statement – Classification by Borrower of a Term Loan that contains a Repayment on Demand Clause ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
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

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

² Effective for annual periods beginning on or after 1 January 2024.

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

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 purpose of resource allocation and performance assessment. In the current period, information reported to CODM for the purposes of performance assessment and resource allocation had been re-categorised. Segment of “output management project and other services” reported in the prior periods has been disaggregated into new segments of “output management project” and “other services” in accordance with the information reported to CODM. Comparative figures are re-presented to conform with changes in presentation in the current period.

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	
	2022	2021
	RMB’000	RMB’000
Property investment and development:		
Rental income from investment properties and related services	3,492,923	4,055,875
Sales of properties held for sale	16,483,682	7,149,317
Output management project	167,816	179,961
Other service income	133,237	161,752
	<u>20,277,658</u>	<u>11,546,905</u>
Hotel operations	<u>553,699</u>	<u>766,392</u>
Total revenue	<u><u>20,831,357</u></u>	<u><u>12,313,297</u></u>
Revenue from contract with customers	17,927,330	8,794,012
Leases	<u>2,904,027</u>	<u>3,519,285</u>
Total revenue	<u><u>20,831,357</u></u>	<u><u>12,313,297</u></u>

(i) Disaggregation of revenue from contracts with customers

For the year ended 31 December 2022

	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	<u>588,896</u>	<u>16,483,682</u>	<u>553,699</u>	<u>167,816</u>	<u>133,237</u>	<u>17,927,330</u>
Geographical markets						
Mainland China	<u>573,729</u>	<u>16,483,682</u>	<u>553,699</u>	<u>124,764</u>	<u>131,511</u>	<u>17,867,385</u>
Hong Kong	<u>15,167</u>	<u>–</u>	<u>–</u>	<u>43,052</u>	<u>1,726</u>	<u>59,945</u>
	<u>588,896</u>	<u>16,483,682</u>	<u>553,699</u>	<u>167,816</u>	<u>133,237</u>	<u>17,927,330</u>
Timing of revenue recognition						
A point in time	<u>–</u>	<u>16,483,682</u>	<u>126,917</u>	<u>–</u>	<u>–</u>	<u>16,610,599</u>
Over time	<u>588,896</u>	<u>–</u>	<u>426,782</u>	<u>167,816</u>	<u>133,237</u>	<u>1,316,731</u>
	<u>588,896</u>	<u>16,483,682</u>	<u>553,699</u>	<u>167,816</u>	<u>133,237</u>	<u>17,927,330</u>

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	<u>588,896</u>	<u>16,483,682</u>	<u>553,699</u>	<u>167,816</u>	<u>133,237</u>	<u>17,927,330</u>
Inter-segment	<u>15,718</u>	<u>–</u>	<u>302</u>	<u>84,279</u>	<u>46,621</u>	<u>146,920</u>
Total	<u>604,614</u>	<u>16,483,682</u>	<u>554,001</u>	<u>252,095</u>	<u>179,858</u>	<u>18,074,250</u>
Rental revenue	<u>2,915,841</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,915,841</u>
Rental adjustments	<u>(11,814)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(11,814)</u>
Revenue from rental total	<u>2,904,027</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,904,027</u>
Inter-segment elimination	<u>(15,718)</u>	<u>–</u>	<u>(302)</u>	<u>(84,279)</u>	<u>(46,621)</u>	<u>(146,920)</u>
Revenue disclosed in segment information	<u>3,492,923</u>	<u>16,483,682</u>	<u>553,699</u>	<u>167,816</u>	<u>133,237</u>	<u>20,831,357</u>

For the 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>	Total <i>RMB'000</i>
Revenue from contracts with customers	<u>536,590</u>	<u>7,149,317</u>	<u>766,392</u>	<u>179,961</u>	<u>161,752</u>	<u>8,794,012</u>
Geographical markets						
Mainland China	522,865	7,149,317	766,392	137,306	158,603	8,734,483
Hong Kong	<u>13,725</u>	<u>–</u>	<u>–</u>	<u>42,655</u>	<u>3,149</u>	<u>59,529</u>
	<u>536,590</u>	<u>7,149,317</u>	<u>766,392</u>	<u>179,961</u>	<u>161,752</u>	<u>8,794,012</u>
Timing of revenue recognition						
A point in time	–	7,149,317	191,379	–	–	7,340,696
Over time	<u>536,590</u>	<u>–</u>	<u>575,013</u>	<u>179,961</u>	<u>161,752</u>	<u>1,453,316</u>
	<u>536,590</u>	<u>7,149,317</u>	<u>766,392</u>	<u>179,961</u>	<u>161,752</u>	<u>8,794,012</u>

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	536,590	7,149,317	766,392	179,961	161,752	8,794,012
Inter-segment	<u>40,785</u>	<u>–</u>	<u>11</u>	<u>103,922</u>	<u>56,255</u>	<u>200,973</u>
Total	<u>577,375</u>	<u>7,149,317</u>	<u>766,403</u>	<u>283,883</u>	<u>218,007</u>	<u>8,994,985</u>
Rental revenue	3,521,870	–	–	–	–	3,521,870
Rental adjustments	<u>(2,585)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(2,585)</u>
Revenue from rental total	<u>3,519,285</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,519,285</u>
Inter-segment elimination	<u>(40,785)</u>	<u>–</u>	<u>(11)</u>	<u>(103,922)</u>	<u>(56,255)</u>	<u>(200,973)</u>
Revenue disclosed in segment information	<u>4,055,875</u>	<u>7,149,317</u>	<u>766,392</u>	<u>179,961</u>	<u>161,752</u>	<u>12,313,297</u>

(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% (2021: 20% ~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 room operation and other services

Revenue relating to the property management related services, hotel room operation 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) as at 31 December 2022 and 2021, and the expected timing of recognising revenue are as follows :

	Sales of properties	
	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	5,971,559	10,352,614
More than one year but not more than two years	7,371,449	3,119,270
	<u>13,343,008</u>	<u>13,471,884</u>

All the property management related services, hotel room operation 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	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Total revenue arising from operating lease		
Lease payments that are fixed or linked to the performance of lessees	2,904,027	3,519,285
	<u>2,904,027</u>	<u>3,519,285</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 2022

	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	3,504,737	16,483,682	553,699	167,816	133,237	20,843,171	–	20,843,171
Inter-segment revenue	15,718	–	302	84,279	46,621	146,920	(146,920)	–
Consolidated	<u>3,520,455</u>	<u>16,483,682</u>	<u>554,001</u>	<u>252,095</u>	<u>179,858</u>	<u>20,990,091</u>		<u>20,843,171</u>
Rental adjustments								(11,814)
Revenue as presented in consolidated statement of profit or loss								<u>20,831,357</u>
Segment results	<u>1,155,164</u>	<u>2,812,076</u>	<u>(113,815)</u>	<u>158,924</u>	<u>65,404</u>	<u>4,077,753</u>		4,077,753
Unallocated corporate income and other gains								222,146
Unallocated corporate expenses and other losses								(439,724)
Finance costs								(1,251,797)
Share of losses of associates								(40,226)
Share of profits of joint ventures								68,164
Impairment loss recognised on loan to an associate								<u>(35,845)</u>
Profit before tax as presented in consolidated statement of profit or loss								<u>2,600,471</u>

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	Segment total RMB'000	Inter-segment elimination RMB'000	Total RMB'000
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	<u>40,785</u>	<u>–</u>	<u>11</u>	<u>103,922</u>	<u>56,255</u>	<u>200,973</u>	(200,973)	<u>–</u>
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)	<u>12,315,882</u>
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 losses of associates								35,692
Share of losses 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>

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.

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, certain other gains and losses, certain administrative expenses, finance costs, share of profits/losses of associates and joint ventures and impairment loss recognised on loans to an associate and other receivables. The above is the measure reported to the Executive Directors for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

Segment assets and liabilities are not disclosed in the consolidated financial statements as they are not regularly provided to the Executive Directors 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 at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	20,715,893	12,197,450
Hong Kong	115,464	115,847
	<u>20,831,357</u>	<u>12,313,297</u>

Information about the Group's non-current assets by location is detailed below.

	Year ended at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	72,256,327	69,898,158
Hong Kong	2,703,390	2,611,630
	<u>74,959,717</u>	<u>72,509,788</u>

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

Other information

Amounts regularly provided to the chief operating decision maker (included in the measure of segment profit or loss or segment assets) 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 2022						
Impairment loss recognised/(reversed) under expected credit loss model, net	15,903	4,626	(696)	42,138	4,594	66,565
Depreciation of property, plant and equipment	19,588	3,755	163,819	1,188	11,845	200,195
Depreciation of right-of-use assets	12,327	2,603	54,534	1,141	1,519	72,124
Loss/(gain) on disposal of property, plant and equipment, net	3,213	14	(1,184)	–	–	2,043
Impairment loss on properties held for sale	–	209,114	–	–	–	209,114
Impairment loss on properties under development for sale	–	81,972	–	–	–	81,972
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Year ended 31 December 2021						
Impairment loss recognised/(reversed) under expected credit loss model, 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	–	266,643	–	–	–	266,643
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4. OTHER INCOME

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest income from:		
Banks	120,920	138,319
A non-banking financial institution*	19,685	4,999
Loans to joint ventures	7	1,313
Loans to associates	136,708	117,654
Loan to non-controlling interests	13,728	3,596
Government grants (<i>Note</i>)	42,704	22,623
Refund of PRC value added tax and surcharges	–	3
Others	7,230	9,024
	<u>340,982</u>	<u>297,531</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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
(Loss)/gain on disposal of property, plant and equipment, net	(2,043)	86,125
Impairment loss on properties held for sale	(209,114)	–
Impairment loss on properties under development for sale	(81,972)	(266,643)
Impairment loss on property, plant and equipment	–	(62,692)
Impairment loss on right-of-use-assets	–	(13,227)
Gain on disposal of subsidiary	10,314	–
Exchange (loss)/gain, net	(147,084)	117,495
Others	117,922	16,142
	<u>(311,977)</u>	<u>(122,800)</u>

6. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on:		
Bank borrowings	731,206	687,081
Loans from a non-banking financial institution*	51,920	72,033
Loans from other fellow subsidiaries	7,355	7,060
Loan from a joint venture	183,580	31,295
Loan from non-controlling interests	112,777	98,641
Loan from an associate	771	713
Bonds payable	134,542	151,801
Loans from third parties	430,416	362,393
Lease liabilities	11,256	12,510
Others	35,757	27,812
	<u>1,699,580</u>	<u>1,451,339</u>
Total interest expenses		
Less: Interest capitalised:		
Investment properties under development	(88,278)	(157,604)
Properties under development for sale	(359,505)	(440,014)
	<u>(447,783)</u>	<u>(597,618)</u>
	<u><u>1,251,797</u></u>	<u><u>853,721</u></u>

* *The non-banking financial institution represented COFCO Finance.*

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

Borrowing costs were capitalised at rates ranging from 3.00% to 6.48% (2021: 3.85% to 6.50%) per annum.

7. PROFIT BEFORE TAX

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit before tax has been arrived at after charging/(crediting):		
Directors' emoluments	2,718	5,504
Depreciation and amortisation:		
Amortisation:		
– Intangible assets (included in cost of sales)	4,191	4,060
– Intangible assets (included in administrative expenses)	5,584	7,713
– Intangible assets (included in distribution and selling costs)	1,190	1,756
Depreciation of right-of-use assets	72,124	71,035
Depreciation of property, plant and equipment	<u>200,195</u>	<u>223,699</u>
Total depreciation and amortisation	<u>283,284</u>	<u>308,263</u>
Cost of sales and services rendered:		
Cost of properties sold	12,887,739	6,034,237
Direct operating expenses arising from investment properties that generated rental income	888,996	880,654
Direct operating expenses arising from provision of property management and other property related services	128,352	122,807
Direct operating expenses from hotel services provided	<u>519,912</u>	<u>562,011</u>
	<u>14,424,999</u>	<u>7,599,709</u>
Employee benefits expense (including directors' emoluments):		
Salaries, allowances and other benefits	1,005,727	1,030,379
Retirement benefit scheme contributions	<u>96,206</u>	<u>100,738</u>
	<u>1,101,933</u>	<u>1,131,117</u>
Less: Capitalised in properties under development for sale and investment properties under development	<u>(159,325)</u>	<u>(189,215)</u>
	<u>942,608</u>	<u>941,902</u>
Advertising and promotion expenses (included in distribution and selling costs)	196,224	208,077
Auditors' remuneration	<u>2,250</u>	<u>2,250</u>

8. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax:		
PRC Enterprise Income Tax	992,708	587,056
PRC dividend Withholding Tax	34,239	74,041
Land Appreciation Tax (“LAT”)	409,671	53,947
Hong Kong Profits Tax	13,991	16,424
	<u>1,450,609</u>	<u>731,468</u>
Under provision in prior years:		
PRC Enterprise Income Tax	16,148	4,502
Deferred tax	33,136	237,987
	<u>1,499,893</u>	<u>973,957</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.

11. ACCOUNTS RECEIVABLE

	At 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Lease receivables	107,452	110,735
Property management fee receivables	11,427	3,311
Receivables from hotel operations and related services	19,686	21,862
Others	1,013	807
Less: Allowance for credit losses	<u>(21,963)</u>	<u>(25,141)</u>
	<u>117,615</u>	<u>111,574</u>
Rental adjustments*	<u>—</u>	<u>8,615</u>
	<u><u>117,615</u></u>	<u><u>120,189</u></u>

* *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 31 December 2022, the gross amount of accounts receivable from contracts with customers amounted to RMB32,126,000 (2021: RMB25,980,000).

At 31 December 2022, accounts receivable with an aggregate carrying amount of RMB24,890,000 (2021: RMB26,089,000) 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	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 3 months	78,171	81,011
3 months to 1 year	34,074	21,919
1 to 2 years	3,356	7,131
2 to 3 years	<u>2,014</u>	<u>1,513</u>
	<u>117,615</u>	<u>111,574</u>

As at 31 December 2022, included in the Group's accounts receivable balance are debtors with aggregate carrying amount of RMB88,805,000 (31 December 2021: RMB79,548,000) which are past due as at the reporting date. Out of the past due balances, RMB31,980,000 (31 December 2021: RMB26,897,000) 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	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	35,734	33,755
Accrued expenditures on construction	5,968,523	5,242,801
	<u>6,004,257</u>	<u>5,276,556</u>

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 at the end of the reporting period based on invoice date.

	At 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	35,649	33,540
1 to 2 years	85	—
2 to 3 years	—	—
Over 3 years	—	215
	<u>35,734</u>	<u>33,755</u>

13. SHARE CAPITAL

Ordinary share capital of the Company

	Number of shares	Amount	(RMB equivalent)
		<i>HK\$'000</i>	<i>RMB'000</i>
Authorised:			
<i>Ordinary shares of HK\$0.10 each</i>			
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	28,904,699,222	2,890,470	2,293,502
	<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 2021, 31 December 2021, 1 January 2022 and 31 December 2022	14,231,124,858	1,423,112	1,122,414
	<u>14,231,124,858</u>	<u>1,423,112</u>	<u>1,122,414</u>

SCOPE OF WORK OF MESSRS. SHINEWING (HK) CPA LIMITED

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 2022 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 2022. 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 2022, China faced unprecedented difficulties and challenges in its economic and social development due to the unexpected impact of the coronavirus outbreak and the changes in the international situation. In response to the complicated international environment, the central and local governments stuck to the general principle of seeking progress in a stable manner, tightened macro regulation and control and proactively coped with unforeseen circumstances, thus steadily improving the quality of economic development and maintaining the general stability of the economy and society. Despite economic growth under pressure, China's GDP hit approximately RMB121 trillion in 2022, up 3.0% year on year. Due to the recurrent outbreaks of the COVID-19, consumption contracted significantly during the year, with total retail sales of consumer goods down 0.2% year on year to approximately RMB43.97 trillion in 2022.

In terms of the real estate sector, the market remained under downward pressure from 2021, with housing supply and prices dragged down by economic slowdown, weakened demand and the COVID-19 pandemic. During the year, the investment in real estate development nationwide amounted to approximately RMB13.29 trillion, down 10.0% year on year; and the sales of commercial housing amounted to approximately RMB13.33 trillion, down 26.7% year on year. Property prices shifted from uptrend to decline, with the price index of newly built commercial housing in 70 large and medium-sized cities nationwide falling by 2.3% year on year in December 2022.

In terms of commercial real estate, China's economy was under mounting pressure due to the impact of the COVID-19, and offline consumption involving people contact and gathering was sluggish in some regions, posing challenges to brick-and-mortar businesses. In 2022, approximately 359 commercial projects (each with a commercial GFA of 20,000 sq.m. or above) were put into operation nationwide, down approximately 30% year on year; and the aggregate GFA of new commercial buildings was approximately 32,450,000 sq.m. Despite the lingering impact of the COVID-19 pandemic on the economic and social activities, China's consumer markets remained robust, and the people's desire for a

better life and the trend of consumption upgrading remained unchanged. With the optimization of the COVID-19 measures and the growing Gen Z consumer groups, the spending behavior and pattern of major consumer groups have undergone profound changes, new consumption models such as “camping economy”, “pet economy” and “nighttime economy” are emerging, and shopping centers are gradually transforming from retail premises to experiencing and social spaces.

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’s revenue for the year amounted to approximately RMB20,831.4 million (2021: RMB12,313.3 million), representing a year-on-year increase of 69.2%. As the settlement area and average unit price of properties delivered both increased year-on-year, the revenue from property development increased significantly. However, overall gross margin decreased by 7.5 percentage points year-on-year to 30.8% due to lower revenue from the businesses of investment properties and hotel operations.

Business Review on Investment Properties

The Group’s shopping malls continued to strengthen their operations and upgrade their positioning to enhance the Group’s brand influence, which has achieved satisfactory results. During the “Joy Lit Season” lasting from 9 July 2022 to 28 August 2022, the Group recorded sales of approximately RMB4,340 million nationwide, representing an increase of 28% compared to that of 2021, and total footfall reached 36,256,000, representing an increase of 21% compared to that of 2021. In addition, the Group won over 140 major industry awards and honors, demonstrating its brand influence.

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 Group provided rent concessions of approximately RMB819.7 million in total to tenants who leased properties of the Group in 2022 and met the requirements of the rent concession policy. As a result, the Group’s total rental income from investment properties and related services income was approximately RMB3,492.9 million, representing a decrease of 13.9% as compared with RMB4,055.9 million in the previous year. Shopping malls, office buildings and other income accounted for 79%, 15% and 6%, respectively.

The Group’s shopping malls recorded sales of approximately RMB24,800 million and rental income of approximately RMB2,157.6 million. The average occupancy rate of the shopping malls was 93%.

In terms of office building business, the 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%.

	Year ended 31 December	
	2022	2021
Rental income from investment properties and related services income (RMB million)	<u>3,492.9</u>	<u>4,055.9</u>

The table below sets forth the rental income and occupancy rate of the major investment properties of the 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
Fraser Suites Top Glory Shanghai	Shanghai	Serviced apartment	130.4	91
Total			<u>2,794.2</u>	

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

Project	City	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
Fraser Suites Top Glory Shang-hai	Shanghai	Serviced apartment	128.4	92
Total			<u>3,456.4</u>	

Business Review on Property Development

The 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 Group successfully sold out the large-scale projects such as Shanghai Joy Centre and Wuhan Guanggu 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 sales results. During the year, the Group's contracted sales amounted to 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%.

During the year, the Group's operating revenue from the 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 a year-on-year increase of approximately 99.7%, and the unit settlement price was RMB22,964/sq.m., representing a year-on-year increase of 15.5%. 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%.

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

Region	Contracted sales		Contracted sales area	
	2022 (RMB million)	2021 (RMB million)	2022 (sq.m.)	2021 (sq.m.)
Shanghai	12,812.0	19,850.7	244,811.4	324,683.6
Hainan	565.3	1,231.3	22,022.7	43,430.5
Southwest China	2,580.8	839.7	130,617.6	46,307.5
Zhejiang*	2,384.2	(451.5)	52,259.3	(21,130.8)
Nanjing	4,360.2	3,224.9	176,617.8	177,739.4
Central China	575.6	739.2	45,141.7	35,525.6
Southern China	2,527.0	1,567.7	56,289.6	34,419.8
Beijing	2,662.0	1,047.5	61,965.6	32,365.8
Northeast China	90.9	—	11,220.9	—
Total	<u>28,558.0</u>	<u>27,002.0</u>	<u>800,946.4</u>	<u>640,975.6</u>

* The contracted sales amount and area in Zhejiang Province in 2021 were approximately RMB500.1 million and 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 under an agreement signed in 2017, the original property purchase agreement was terminated in 2021, resulting in reversal of the contracted sales area and the negative contracted sales.

Business Review on Hotel Operations

Based on operational innovation, the Group attracted customers through marketing and promotion initiatives such as cross-industry cooperation and created operational spotlights to counteract the impact of the COVID-19. During the year, the 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.

	Year ended 31 December	
	2022	2021
Sales revenue from hotel operations (RMB million)	<u>553.7</u>	<u>766.4</u>

The table below sets forth the average occupancy rate, RevPAR and average room rate of the major hotels of the 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

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	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

Business Review on Output Management

The Group 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 Shengyang Financial Center Joy City, with its brand influence continually enhanced. Revenue from output management for the year was approximately RMB167.8 million.

Profit

The Group recorded profit for the year of approximately RMB1,100.6 million (2021: RMB1,484.9 million), representing a year-on-year decrease of 25.9%, which was due to the rental concessions granted to tenants and fair value changes of investment properties. Profit attributable to owners of the Company amounted to approximately RMB530.8 million, representing a year-on-year decrease of 10.3%. However, benefiting from the outstanding results delivered by the property development segment, after excluding the after-tax fair value changes of investment properties and the effect of exchange rate changes, the core net profit attributable to owners of the Company for the year amounted to approximately RMB822.7 million, representing a year-on-year increase of 48.9%.

Business Outlook

Looking forward to 2023, with the full relaxation of the pandemic prevention policy and less restrictions on consumption scenarios, coupled with the steady recovery of the economy and the continuous launch of macro supporting policies, consumption is expected to recover steadily, during which the cultural and entertainment industry will become the highlight. In particular, the consumption on culture, education, entertainment and catering services, the consumption involving people contact and the experience-based consumption will improve significantly, and the hotel business will also pick up with the recovery of tourism industry. In the post-pandemic era, the retail real estate market will continue to iterate, focusing on consumers' changing preferences. As a result, enhancing consumer experience, encouraging visits to offline stores and increasing face-to-face interaction with consumers will become the focus of development, which present new challenges for commercial real estate operations. In the future, the Group will continue to pursue its positioning as “a service provider of urban operation and better life”. Riding on the development trend of the industry, the Group will capitalize on the opportunities arising in the industry, consolidate resources in various areas and further optimise operating capacity, so as to achieve favorable operating results.

LIQUIDITY AND FINANCIAL POSITION

	As at 31 December	
	2022	2021
	<i>RMB (million)</i>	<i>RMB (million)</i>
Total assets	140,003.5	131,020.4
Cash and cash equivalents (including restricted bank deposits and pledged deposits)	16,985.7	10,485.6
Total borrowings*	45,766.5	38,989.7
Total equity	58,089.3	58,019.4
Current ratio	1.79	1.38
Net debt to total equity ratio **	49.5%	49.1%
Weighted average borrowing cost	3.97%	4.13%

*: 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 2022, the Group had total assets of approximately RMB140,003.5 million (31 December 2021: approximately RMB131,020.4 million). The total equity of the Group was approximately RMB58,089.3 million, broadly flat as compared to RMB58,019.4 million as at 31 December 2021.

As at 31 December 2022, bank and other interest-bearing borrowings amounted to approximately RMB45,766.5 million, representing an increase of 17.0% as compared with RMB38,989.7 million as at 31 December 2021. The net debt to total equity ratio was approximately 49.5%, representing an increase of 0.4 percentage point from 49.1% as at the beginning of the year. Among the interest-bearing borrowings, approximately 63.7% were denominated in RMB while approximately 36.3% were denominated in HKD and USD.

The Group is committed to optimizing its capital structure and reducing financing costs. COFCO Commercial Property Investment Co., Ltd., a non-wholly owned subsidiary of the Company, issued 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%; and issued perpetual medium-term notes of 1,500 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 Group has been able to seize the opportunities in capital markets to raise financing at a lower cost to support its business development.

In 2022, the Company maintained good relationships with banks and actively broadened financing channels to optimize its financing structure. Despite the USD interest-rate hikes, the Company's average financing cost still stood at 3.97%, representing a year-on-year decrease of 0.16 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 2022, the Group had banking facilities of RMB46,635.2 million, of which unused facilities amounted to RMB17,791.7 million, all denominated in RMB, HKD and USD, indicating that Group had adequate access to financing and sufficient credit facilities.

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

EMPLOYEE AND REMUNERATION POLICY

The Group attaches great importance to the selection, employment, training and retainment of talents. In this regard, the Group keeps improving its selection and employment mechanisms, expands recruitment channels, and places equal emphasis on social recruitment and campus recruitment, with the aim to build a diversified talent team and maintain a harmonious and consistent labor relationship with its employees. At present, the Group has established core training projects, including “Core Team Training Camp”, “Golden Helmsman”, “Golden Seed”, “Class 3040”, “Sword Casting Plan”, “New Joy Training Camp”, “Future Star Training Camp” and “Joy Seminar”, with on-going efforts to improve its online learning system and revitalize internal training resources to create an all-round talent training system. Through the “Team Members Competition”, “Team Members Swapping” and “Team Members Training” programmes, the Group has opened up channels for internal talents exchange. The Group provided employees with competitive salaries and comprehensive benefits by reference to prevailing market pay levels, further optimized its incentive system and adopted a performance-oriented approach to motivate its employees. These efforts have enabled the Group to create a human resources management system with a focus on achieving “common development of employer and employees” and build a competent and efficient workforce to provide strong talent support for the Group in achieving its strategic objectives. As of 31 December 2022, the Group had a total of 3,794 employees.

The employees of the 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 Group’s principal retirement benefits scheme available to its Hong Kong employees, namely the Mandatory Provident Fund, is also a defined contribution scheme which is administered by independent trustees. The Group is required to contribute to the Mandatory Provident Fund based on a certain percentage of its employees’ salaries. The contributions made by the Group to the defined contribution schemes above are charged to the statement of profit or loss as they become payable in accordance with the rules of the respective defined contribution schemes. The only obligation of the Group with respect to such defined contribution schemes is to make the specified contributions. During the year, there was no forfeited contributions under the defined contribution schemes above. Accordingly, there was no forfeited contribution used by the Group or available for the Group to reduce its existing level of contributions during the year.

FINAL DIVIDEND

The Board has recommended the 2022 Final Dividend of HK1.2 cents per Share (2021: Nil). If approved by Shareholders at the 2023 Annual General Meeting, the 2022 Final Dividend will be payable in cash, to Shareholders whose names appear on the register of members of the Company on Monday, 12 June 2023. Dividend warrants are expected to be despatched to Shareholders on or about Thursday, 6 July 2023.

2023 ANNUAL GENERAL MEETING

The 2023 Annual General Meeting will be held on Thursday, 1 June 2023. Notice of 2023 Annual General Meeting will be published on the websites of the Company at www.joy-cityproperty.com and the Stock Exchange at www.hkexnews.hk and will be sent to Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders' rights to attend and vote at the 2023 Annual General Meeting and entitlement to the 2022 Final Dividend, the register of members of the Company will be closed. Details of such closures are set out below:

(1) For ascertaining the Shareholders' rights to attend and vote at the 2023 Annual General Meeting:

Latest time to lodge transfer documents for registration : 4:30 p.m. of Thursday, 25 May 2023

Closure of register of members : From Monday, 29 May 2023 to
Thursday, 1 June 2023,
both days inclusive

(2) For ascertaining the Shareholders' entitlement to the 2022 Final Dividend:

Latest time to lodge transfer documents for registration : 4:30 p.m. of Thursday, 8 June 2023

Closure of register of members : From Friday, 9 June 2023 to
Monday, 12 June 2023,
both days inclusive

2022 Final Dividend record date : Monday, 12 June 2023

During the above closure periods, no transfer of Shares will be registered. To be eligible to attend and vote at the 2023 Annual General Meeting, and to qualify for the 2022 Final Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged 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, by no later than the aforementioned latest times.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 December 2022.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted all code provisions in the Corporate Governance Code as its own code on corporate governance (the “**CG Code**”). Throughout the year ended 31 December 2022, the Company has complied with all the applicable 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 held on 2 June 2022 due to travel restrictions during the COVID-19 pandemic. Mr. LAM Kin Ming, Lawrence, an independent non-executive Director, chaired the annual general meeting on behalf of the Chairman of the Board and was available to answer questions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct for dealings in the securities of the Company by its Directors (the “**Securities Dealings Code**”) that is based on the Model Code. The terms of the Securities Dealings Code are no less exacting than the required standards set out in the Model Code. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Securities Dealings Code throughout the year.

REVIEW OF FINANCIAL RESULTS BY THE AUDIT COMMITTEE

The Audit Committee has reviewed together with the management and the auditor of the Company, the accounting policies adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 December 2022.

EVENTS AFTER THE END OF THE YEAR UNDER REVIEW

Save as disclosed in the note 9 headed “Dividends” of this announcement and the Company’s announcements in relation to (1) the provision of financial assistance dated 18 January 2023 and 20 February 2023, respectively; (2) acquisition of land use rights in Nanjing, the PRC dated 17 March 2023; (3) disclosure pursuant to rule 13.18 of the Listing Rules dated 21 March 2023; (4) approval for the issue of domestic corporate bonds by the China Securities Regulatory Commission; and (5) the provision of guarantee in favour of a bank for 20% of the payment obligations of a project company under a financing agreement in proportion to the equity interest in the project company indirectly owned by the Company dated 27 March 2023, there was no other important event or transaction affecting the Group and which is required to be disclosed by the Company to its Shareholders after 31 December 2022 and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company at www.joy-cityproperty.com and the Stock Exchange at www.hkexnews.hk. The 2022 Annual Report containing all the information required by the Listing Rules will be published on the above websites and printed copies will be dispatched to the Shareholders in due course.

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

Hong Kong, 31 March 2023

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

GLOSSARY

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

“2022 Final Dividend”	the proposed final dividend in respect of the year ended 31 December 2022
“2023 Annual General Meeting”	the annual general meeting of the Company (or any adjournment thereof) to be held on Thursday, 1 June 2022 at 11:00 a.m.;
“Audit Committee”	the audit committee of the Board;
“Board”	the board of Directors;
“Corporate Governance Code”	Corporate Governance Code contained in Appendix 14 to the Listing Rules;
“COFCO Corporation”	COFCO Corporation (中糧集團有限公司), a state-owned enterprise incorporated in the PRC in September 1952 under the purview of the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), the holding company of Grandjoy Holdings Group and thus an indirect controlling shareholder of the Company;
“Company”	Joy City Property Limited (大悅城地產有限公司), a company incorporated under the laws of Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 207);
“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;
“Grandjoy Holdings Group”	Grandjoy Holdings Group Co., Ltd.* (大悅城控股集團股份有限公司), a company established in the PRC whose A shares are listed on the Shenzhen Stock Exchange (stock code: 000031.SZ) and a controlling shareholder of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);
“Model Code”	the Mode Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules;
“PRC or China”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“RevPAR”	revenue per available room, which is calculated by dividing the total hotel room revenue by the total number of room nights available for sale in a given period;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	registered holder(s) of the Shares;
“sqm”	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.