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JOY CITY PROPERTY LIMITED

大悅城地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 207)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2016 together with the comparative figures for the six months ended 30 June 2015. The Audit Committee has reviewed the Group's unaudited condensed consolidated results for the six months ended 30 June 2016.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2016

	NOTES	Six months ended	
		30.06.2016 RMB'000 (Unaudited)	30.06.2015 RMB'000 (Unaudited)
Revenue	4	2,788,965	2,224,304
Cost of sales and services rendered		<u>(1,071,496)</u>	<u>(914,479)</u>
Gross profit		1,717,469	1,309,825
Other income	6	43,759	29,051
Other gains and losses, net	7	(171,548)	41,894
Distribution and selling costs		(268,819)	(209,553)
Administrative expenses		(418,532)	(402,196)
Fair value gain of investment properties		579,398	732,703
Finance costs	8	(362,676)	(474,804)
Share of profit of an associate		15,945	9,013
Share of loss of a joint venture		<u>(8,661)</u>	<u>—</u>
Profit before tax	9	1,126,335	1,035,933
Income tax expense	10	<u>(568,414)</u>	<u>(329,250)</u>
Profit for the period		<u>557,921</u>	<u>706,683</u>
Other comprehensive income/(expense):			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(51,888)</u>	<u>(720)</u>

		Six months ended	
		30.06.2016	30.06.2015
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of properties:			
Gain on valuation upon transfer of property, plant and equipment and land use rights to investment properties		2,961	1,392
Income tax effect		(740)	(348)
		<u>2,221</u>	<u>1,044</u>
Other comprehensive (expense)/income for the period		<u>(49,667)</u>	<u>324</u>
Total comprehensive income for the period		<u>508,254</u>	<u>707,007</u>
Profit for the period attributable to:			
Owners of the Company		400,787	596,329
Holder of perpetual capital instruments		127,892	122,450
Non-controlling interests		29,242	(12,096)
		<u>557,921</u>	<u>706,683</u>
Total comprehensive income attributable to:			
Owners of the Company		351,120	596,033
Holder of perpetual capital instruments		127,892	122,450
Non-controlling interests		29,242	(11,476)
		<u>508,254</u>	<u>707,007</u>
Basic earnings per share	11	<u>RMB2.6 cents</u>	<u>RMB4.9 cents</u>
Diluted earnings per share	11	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	<i>NOTES</i>	30.06.2016 <i>RMB'000</i> (Unaudited)	31.12.2015 <i>RMB'000</i> (Audited)
Non-current assets			
Investment properties		46,668,078	46,022,402
Property, plant and equipment		5,191,920	5,162,972
Leasehold land and land use rights		878,338	844,371
Intangible assets		28,655	28,237
Interest in an associate		70,033	54,088
Interest in a joint venture		—	8,661
Loan to a joint venture		212,804	—
Available-for-sale investments		510	510
Goodwill		253,042	253,042
Deposits and prepayments		10,000	10,000
Deferred tax assets		14,363	19,305
Amount due from the ultimate holding company		20,000	20,000
		53,347,743	52,423,588
Current assets			
Inventories		24,982	28,144
Properties held for sale		2,376,235	2,789,006
Properties under development for sale		12,730,573	12,342,085
Accounts receivable	13	160,100	133,356
Deposits, prepayments and other receivables		372,703	221,021
Amount due from the ultimate holding company		105	240
Amount due from an intermediate holding company		6	—
Amounts due from fellow subsidiaries		27,645	16,049
Amounts due from non-controlling interests		181	181
Amount due from a joint venture		157,125	—
Loans to a joint venture		—	1,235,332
Tax recoverable		234,520	37,150
Restricted bank deposits		61,989	517,688
Pledged deposits		5,059	1,469
Cash and bank balances		4,342,157	3,208,765
		20,493,380	20,530,486

	<i>NOTES</i>	30.06.2016 <i>RMB'000</i> (Unaudited)	31.12.2015 <i>RMB'000</i> (Audited)
Current liabilities			
Accounts payable	14	670,676	1,236,389
Other payables and accruals		4,146,208	4,428,645
Deposits received in respect of pre-sale of properties		2,736,442	1,420,686
Amount due to the ultimate holding company		330,074	331,186
Amount due to the immediate holding company		131,008	—
Amount due to an intermediate holding company		1,550	585
Amounts due to fellow subsidiaries		613,583	76,051
Amounts due to non-controlling interests		1,536,807	929,245
Loans from fellow subsidiaries		885,000	1,888,540
Loans from non-controlling interests		6,421	5,000
Loan from the ultimate holding company		300,000	—
Bank borrowings		2,617,461	2,330,477
Deferred revenue		32,962	—
Income tax and land appreciation tax payables		173,244	220,504
		<u>14,181,436</u>	<u>12,867,308</u>
Net current assets		<u>6,311,944</u>	<u>7,663,178</u>
Total assets less current liabilities		<u>59,659,687</u>	<u>60,086,766</u>
Non-current liabilities			
Rental deposits received		324,316	282,638
Loans from a fellow subsidiary		395,000	396,000
Loan from non-controlling interests		39,832	—
Bank borrowings		11,455,134	15,003,946
Deferred tax liabilities		6,239,167	5,955,134
Corporate bonds		3,028,856	—
Guaranteed notes		5,286,748	5,171,889
		<u>26,769,053</u>	<u>26,809,607</u>
Net assets		<u>32,890,634</u>	<u>33,277,159</u>
Capital and reserves			
Share capital	15	1,122,414	1,122,414
Reserves		24,116,374	23,917,692
		<u>25,238,788</u>	<u>25,040,106</u>
Equity attributable to the owners of the Company		25,238,788	25,040,106
Perpetual capital instruments		3,891,459	4,012,548
Non-controlling interests		3,760,387	4,224,505
Total equity		<u>32,890,634</u>	<u>33,277,159</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. GENERAL INFORMATION

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

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

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

The condensed consolidated financial statements are presented in Renminbi (“RMB”), the currency of the primary economic environment in which most of the group entities operate (the functional currency of most of the entities comprising the Group).

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2015.

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2015.

The adoption of amendments to standards and annual improvements effective for the current interim period commenced from 1 January 2016 does not have any material impact on the accounting policies adopted, interim financial position or performance of the Group.

4. REVENUE

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

	Six months ended	
	30.06.2016	30.06.2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Property investment and development:		
Gross rental income from investment properties	1,298,227	1,074,081
Sales of properties held for sale	666,439	283,438
Service income for primary land development	—	30,000
Property management and related services	174,435	143,881
Other property related service income	113,456	97,882
	2,252,557	1,629,282
Hotel operations:		
Hotel room revenue	383,347	415,427
Other ancillary service	153,061	179,595
	536,408	595,022
Total revenue	2,788,965	2,224,304

5. SEGMENT INFORMATION

The Group is organised into certain business units according to the nature of goods sold or services provided. The operating segments of the Group are determined by the Directors based on the business units by reference to the goods sold or services provided. These business units are the basis of internal reports provided to the Directors, the chief operating decision maker (the "CODM"), for the purpose of resource allocation and performance assessment. The operating segments of the entities comprising the Group with similar economic characteristics and similar nature of goods sold or services provided have been aggregated into the following reportable segments.

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

Information regarding the above segments is reported below.

Segment revenue and segment results

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

	Property investment <i>RMB'000</i>	Property and land development <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Property management and related services <i>RMB'000</i>	Segment total <i>RMB'000</i>	Inter segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2016							
(Unaudited)							
Segment revenue							
External customers	1,300,388	666,439	536,408	287,891	2,791,126	—	2,791,126
Inter-segment revenue	1,763	—	—	1,281	3,044	(3,044)	—
Consolidated	<u>1,302,151</u>	<u>666,439</u>	<u>536,408</u>	<u>289,172</u>	<u>2,794,170</u>	(3,044)	2,791,126
Rental adjustments							<u>(2,161)</u>
Revenue as presented in condensed consolidated statement of profit or loss and other comprehensive income							<u>2,788,965</u>
Segment results	<u>758,122</u>	<u>273,475</u>	<u>11,172</u>	<u>81,582</u>	<u>1,124,351</u>		1,124,351
Unallocated items							
Other income							19,222
Other gains and losses, net							(161,147)
Distribution and selling costs							(5,510)
Administrative expenses							(74,587)
Fair value gain of investment properties							579,398
Finance costs							(362,676)
Share of profit of an associate							15,945
Share of loss of a joint venture							<u>(8,661)</u>
Profit before tax as presented in condensed consolidated statement of profit or loss and other comprehensive income							<u>1,126,335</u>

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Property management and related services RMB'000	Segment total RMB'000	Inter segment elimination RMB'000	Total RMB'000
Six months ended 30 June 2015 (Unaudited)							
Segment revenue							
External customers	1,076,101	313,438	595,022	241,763	2,226,324	—	2,226,324
Inter-segment revenue	6,036	—	—	3,745	9,781	(9,781)	—
Consolidated	<u>1,082,137</u>	<u>313,438</u>	<u>595,022</u>	<u>245,508</u>	<u>2,236,105</u>	(9,781)	2,226,324
Rental adjustments							<u>(2,020)</u>
Revenue as presented in condensed consolidated statement of profit or loss and other comprehensive income							<u>2,224,304</u>
Segment results	<u>623,358</u>	<u>126,085</u>	<u>(1,443)</u>	<u>96,551</u>	<u>844,551</u>		844,551
Unallocated items							
Other income							17,401
Other gains and losses, net							45,630
Distribution and selling costs							(76,142)
Administrative expenses							(62,419)
Fair value gain of investment properties							732,703
Finance costs							(474,804)
Share of profit of an associate							<u>9,013</u>
Profit before tax as presented in condensed consolidated statement of profit or loss and other comprehensive income							<u>1,035,933</u>

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

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

Segment assets and liabilities

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

6. OTHER INCOME

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

	Six months ended	
	30.06.2016	30.06.2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income from:		
Banks	21,106	22,474
Loan to a joint venture	5,162	—
Government grants*	8,437	2,335
Investment income	—	21
Others	9,054	4,221
	<u>43,759</u>	<u>29,051</u>

* 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.

7. OTHER GAINS AND LOSSES, NET

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

	Six months ended	
	30.06.2016	30.06.2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment loss of accounts receivable, net	(2,533)	(2,480)
(Impairment loss)/reversal of impairment loss of other receivables, net	(1,428)	16,047
Gain/(loss) on disposal of property, plant and equipment	6,643	(510)
Exchange (loss)/gains, net	(155,712)	31,528
Others	(18,518)	(2,691)
	<u>(171,548)</u>	<u>41,894</u>

8. FINANCE COSTS

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

	Six months ended	
	30.06.2016	30.06.2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on:		
Bank borrowings	335,939	464,820
Loans from a non-banking financial institution*	10,980	27,822
Loans from the ultimate holding company	6,344	2,505
Loans from fellow subsidiaries	27,165	117,530
Guaranteed notes	99,991	93,701
Corporate bonds	46,856	—
	<hr/>	<hr/>
Total interest expenses	527,275	706,378
Less: Interest capitalised	(164,599)	(231,574)
	<hr/>	<hr/>
	362,676	474,804
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* The non-banking financial institution is COFCO Finance Corporation Limited (“COFCO Finance”), a fellow subsidiary of the Group.

9. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended	
	30.06.2016	30.06.2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Amortisation:		
— Intangible assets (included in cost of sales)	410	229
— Intangible assets (included in administrative expenses)	2,555	3,802
— Intangible assets (included in selling expenses)	415	22
	<hr/>	<hr/>
	3,380	4,053
	<hr/>	<hr/>
Amortisation of leasehold land and land use rights	15,549	13,521
	<hr/>	<hr/>
Depreciation of property, plant and equipment	154,923	162,346
	<hr/>	<hr/>

	Six months ended	
	30.06.2016	30.06.2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of sales and services rendered:		
Direct operating expenses arising from investment properties letted	272,385	263,475
Cost of properties sold	322,688	164,985
Cost of primary land development services provided	—	4,980
Direct operating expenses arising from property management and related services	91,703	90,003
Direct operating expenses arising from hotel services provided	309,814	355,800
Other direct costs	74,906	35,236
	<u>1,071,496</u>	<u>914,479</u>
Gross rental income for investment properties	(1,298,227)	(1,074,081)
Less: Direct operating expenses incurred for investment properties that generated rental income during the period	284,649	263,475
	<u>(1,013,578)</u>	<u>(810,606)</u>

10. INCOME TAX EXPENSE

	Six months ended	
	30.06.2016	30.06.2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	136,174	63,372
Land appreciation tax ("LAT")	111,488	25,606
PRC dividend withholding tax	26,595	55,124
Hong Kong Profits Tax	6,102	5,289
	<u>280,359</u>	<u>149,391</u>
Over provision in prior years:		
PRC Enterprise Income Tax	—	(48,704)
LAT	—	(92,549)
	<u>—</u>	<u>(141,253)</u>
Deferred tax	288,055	321,112
	<u>568,414</u>	<u>329,250</u>

11. EARNINGS PER SHARE

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

	Six months ended	
	30.06.2016	30.06.2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	<u>400,787</u>	<u>596,329</u>
Number of shares ('000)		
For the purpose of basic earnings per share:		
Weighted average number of ordinary shares	14,231,125	11,138,542
Number of non-redeemable convertible preference shares	<u>1,095,301</u>	<u>1,095,301</u>
Weighted average number of shares for the purpose of basic earnings per share	<u>15,326,426</u>	<u>12,233,843</u>

The weighted average number of shares used for the purpose of calculating basic earnings per share for the six months ended 30 June 2016 and 2015 is calculated on the basis of the weighted average number of shares of the Company in issue during the periods and non-redeemable convertible preference shares in issue during the periods.

The bonus element in the Rights Issue (as defined in Note 15) is not considered in the calculation of the basic earnings per share for the six months ended 30 June 2015 as the effect is not considered material.

No diluted earnings per share for the six months ended 30 June 2016 and 2015 is presented as there was no potential ordinary share in issue during both periods.

12. DIVIDENDS

During the current interim period, a final dividend of HKD1 cent per share in respect of the year ended 31 December 2015 (six months ended 30 June 2015: HKD1 cent per share in respect of the year ended 31 December 2014) was declared to the owners of the Company. The aggregate amount of the final dividend declared in the current interim period amounted to RMB129,695,000 (six months ended 30 June 2015: RMB120,866,000).

The Directors have determined that no dividend will be paid in respect of the current interim period (six months ended 30 June 2015: Nil).

13. ACCOUNTS RECEIVABLE

	30.06.2016	31.12.2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Rental receivables	90,364	66,310
Property management fee receivables	18,810	12,387
Receivables from hotel operations and related services	30,541	33,582
Less: Allowance for doubtful debts	(21,053)	(22,522)
	<hr/>	<hr/>
	118,662	89,757
Rental adjustments*	41,438	43,599
	<hr/>	<hr/>
	160,100	133,356
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* Rental adjustments relating to the recognition of rental income from operating lease on a straight-line basis over the term of the relevant lease.

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

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

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

	30.06.2016	31.12.2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Less than 3 months	89,254	71,182
3 months to 1 year	23,139	10,828
1 to 2 years	4,180	4,567
2 to 3 years	1,867	2,353
Over 3 years	222	827
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	118,662	89,757
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14. ACCOUNTS PAYABLE

	30.06.2016	31.12.2015
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade payables	150,206	240,884
Accrued expenditure on construction	520,470	995,505
	670,676	1,236,389

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

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

	30.06.2016	31.12.2015
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 1 year	121,810	161,283
1 to 2 years	14,016	27,590
2 to 3 years	5,724	36,296
Over 3 years	8,656	15,715
	150,206	240,884

15. SHARE CAPITAL

Ordinary share capital of the Company

	Number of shares	Amount HK\$'000	(RMB equivalent) RMB'000
Authorised:			
<i>Ordinary shares of HK\$0.10 each</i>			
At 31 December 2015 and 30 June 2016	<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 2015	9,487,416,572	948,741	748,041
Rights issue of shares (<i>Note</i>)	<u>4,743,708,286</u>	<u>474,371</u>	<u>374,373</u>
At 31 December 2015 and 30 June 2016	<u>14,231,124,858</u>	<u>1,423,112</u>	<u>1,122,414</u>

Note: In February 2015, the Company proposed rights issue on the basis of one rights share for every two existing shares at a subscription price of HK\$1.35 each share on a non-underwritten basis (the "Rights Issue"). 4,743,708,286 new ordinary shares of HK\$0.10 each were issued on 29 April 2015 pursuant to the Rights Issue, resulting in credits to ordinary share capital of the Company of RMB374,373,000 and share premium of the Company of RMB4,679,668,000, before share issue expenses of RMB16,385,000. Further details of the above Rights Issue are set out in the Company's announcement dated 27 February 2015 and the Company's prospectus dated 30 March 2015.

BUSINESS REVIEW

Market Review

In the first half of 2016, the Chinese economy sustained a stable growth at moderate to high speed amid the continued downward pressure. With the improving industrial structure and the stable growth of resident consumption, the consumption structure commenced to shift from material consumption to service consumption. The generally rapid growth of service consumption not only represents the highlight and advantage for the transformation and upgrade of the Chinese economy, but also acts as a significant driver thereof. The transformation and development of consumption pattern has brought new opportunities for the growth of commercial property operators. As there is increasing pressure on the innovation and operation capability of commercial property developers and operators to satisfy differentiated consumer demands and develop commercial products with unique competitive edges, it will be a core competitive advantage for commercial property operators to possess strong asset operation capability.

Business Review

The business of the Group covers four main segments, namely investment properties, property development, hotel operation, property management and related services. During the period under review, with a cross-business synergy, each project was under steady operation. In particular, the seven Joy City projects got remarkably improved results as compared with the corresponding period last year.

Business Review on Investment Properties

Benefiting from the differentiated market positioning and refined operation management, the investment properties of the Group maintained their respective leading position in the industry. By 30 June 2016, the Group had seven Joy City projects held as investment properties and also other properties held for letting (e.g. office premises and apartments) in cities such as Beijing, Shanghai and Hong Kong, together with its projects under construction such as Hangzhou Joy City and COFCO Landmark Tower.

During the period under review, the investment properties of the Group recorded a rental income of RMB1,298.2 million, representing a significant year-on-year growth of 20.9%. The rental income of seven Joy City projects recorded a year-on-year growth of 23.6%. In particular, Tianjin Joy City organised various exhibitions and theme activities to enhance consumer experience and attract customers. As a result, Tianjin Joy City recorded an accumulated number of visitors of approximately 11.03 million, maintaining its leading position in Tianjin commercial market. Chaoyang Joy City further strengthened the comprehensive, fashionable and artistic brand tonality with continual brand adjustments to constantly enhance customer attractiveness. Chaoyang Joy City sustained a relatively rapid growth with an accumulated number of visitors of approximately 10.94 million during the period under review.

	For the six months ended	
	30 June	
	2016	2015
	(unaudited)	(unaudited)
Rental income from the investment properties (<i>RMB million</i>)	<u>1,298.2</u>	<u>1,074.1</u>

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

Project	City	Use/intended use	Rental income (RMB million)	Average rents (RMB/ month/sqm)	Occupancy rate (%)
COFCO Plaza Offices*	Beijing	Office	109.1	312	95
Fraser Suites Top Glory Shanghai	Shanghai	Serviced apartment	52.9	1,999**	78
Hong Kong COFCO Tower	Hong Kong	Office and retail	44.9	432	93
11th Floor of World-Wide House	Hong Kong	Commercial	4.4	474	100
Xidan Joy City Shopping Malls	Beijing	Retail	324.9	1,099	93
Xidan Joy City Offices	Beijing	Office	19.0	288	82
Chaoyang Joy City Shopping Malls	Beijing	Retail	269.8	354	98
Tianjin Joy City Shopping Malls	Tianjin	Retail	173.8	337	100
Shanghai Joy City Shopping Malls	Shanghai	Retail	92.3	272	88
Shenyang Joy City Shopping Malls	Shenyang	Retail	91.3	159	94
Yantai Joy City Shopping Malls	Yantai	Retail	47.0	106	98
Chengdu Joy City Shopping Malls	Chengdu	Retail	51.2	98	94
Total			1,280.6		

*: In order to further enhance the quality of office building, the COFCO Plaza has commenced its upgrade and renovation in 2016. The year-on-year decrease in its revenue was attributed to the resettlement of certain tenants of the shopping mall.

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

The table below sets forth the rental income, average rents and occupancy rate of the major investment properties of the Group for the six months ended 30 June 2015:

Project	City	Use/intended use	Rental income <i>(RMB million)</i>	Average rents <i>(RMB/month/sqm)</i>	Occupancy rate <i>(%)</i>
COFCO Plaza Shopping Malls	Beijing	Retail	23.3	118	71
COFCO Plaza Offices	Beijing	Office	76.3	300	74
Fraser Suites Top Glory Shanghai	Shanghai	Serviced apartment	59.8	1,960*	89
Hong Kong COFCO Tower	Hong Kong	Office and retail	40.6	385	87
11th Floor of World-Wide House	Hong Kong	Commercial	3.7	470	100
Xidan Joy City Shopping Malls	Beijing	Retail	309.7	1,067	93
Xidan Joy City Offices	Beijing	Office	18.2	353	62
Chaoyang Joy City Shopping Malls	Beijing	Retail	230.0	315	99
Tianjin Joy City Shopping Malls	Tianjin	Retail	147.6	298	99
Shanghai Joy City Shopping Malls, South Tower	Shanghai	Retail	41.6	250	97
Shenyang Joy City Shopping Malls	Shenyang	Retail	78.3	124	93
Yantai Joy City Shopping Malls	Yantai	Retail	42.4	96	94
Total			<u><u>1,071.5</u></u>		

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

Business Review on Property Development

The Group had a total of five development projects in sale in cities such as Shanghai, Chengdu, Sanya and Hangzhou, together with its projects under construction, such as Hainan COFCO • Hong Tang Joy Sea and COFCO • Qiantan Ocean One. The Group continued to enhance the quality of its property development projects and customer experience, which received good feedback from the market. Among which, with the prime location and excellent product quality, Brilliant Villa in Hainan received overwhelming market responses since launch. During the period under review, the Group successfully sold out all town houses of Brilliant Villa and entered into contracts for the en bloc sale of four blocks of its apartments.

The table below sets forth the contracted sales amount, contracted sales area and the average contracted selling price of the major projects of the Group for the six months ended 30 June 2016:

Project	City	Type of the project	Contracted sales amount (RMB million)	Contracted sales area (sqm)	Average contracted selling price (RMB/sqm)
Ocean One	Shanghai	Residential	118.6	620.7	191,000
Chengdu Joy City • Joy Street	Chengdu	Retail	13.9	457.3	30,510
Brilliant Villa	Sanya	Apartment	16.3	751.1	21,650
Brilliant Villa	Sanya	Mansion	197.0	8,484.2	23,221
Brilliant Villa	Sanya	Villa	289.2	5,445.9	53,107
Shanghai Joy City • Joy Mansion One	Shanghai	Residential	406.7	4,225.9	96,247
Hangzhou Joy City • Joy Mansion	Hangzhou	Residential	343.5	10,409.8	32,994
Total			<u>1,385.2</u>	<u>30,394.9</u>	

Business Review on Hotel Operation

Impacted by the downward pressure on the macro economy and the prevailing policies, the operating stress on hotel industry continuously increased in general. Leveraging its unique geographical advantage and refined operation management, the Group proactively responded to the market pressure and achieved relatively steady operating results. In particular, W Beijing-Chang'an established its high-end position by stepping up efforts in exploring high-end customer groups as well as organizing high-end banquets and entertainment activities, which has effectively improved the operating results. During the period under review, the RevPAR recorded a year-on-year growth of 27.1%.

	For the six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
Sales revenue from hotel operations (<i>RMB million</i>)	536.4	595.0

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

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

The table below sets forth the average occupancy rate, RevPAR and average room rate of the major hotels of the Group for the six months ended 30 June 2015:

Project	City	Use/ intended use	Average occupancy rate (%)	RevPAR (RMB)	Average room rate (RMB)
The St. Regis Sanya Yalong Bay Resort	Sanya	Resort	63	1,709	2,755
MGM Grand Sanya	Sanya	Resort	72	1,285	1,575
Cactus Resort Sanya by Gloria	Sanya	Resort	71	377	535
Waldorf Astoria Beijing	Beijing	Hotel	39	810	2,107
W Beijing — Chang'an	Beijing	Hotel	36	476	1,387
Xidan Joy City Hotel	Beijing	Hotel	76	498	660

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2016, the Group's operating revenue was approximately RMB2,789.0 million (the corresponding period of 2015: RMB2,224.3 million), representing a year-on-year increase of 25.4%, mainly due to the year-on-year increase of 11.0% in the recurring revenues such as the rental income from the properties held by the Group and the revenue of related services (such as hotel operations and property management), and the significant increase in revenue as a result of the increase in total recognized area of properties for sale and the higher average selling price of delivered properties over the same period last year.

For the six months ended 30 June 2016, the Group's rental income from investment properties accounted for 46.6% of the total revenue, representing an increase of 20.9% as compared to the corresponding period of 2015. In particular, the rental income from Joy City projects amounted to RMB1,050.3 million, representing an increase of 23.6% as compared to RMB849.6 million for the corresponding period of 2015, mainly due to the continued good operation conditions of Chaoyang Joy City, Tianjin Joy City and Xidan Joy City, the significant increase in their operating results as compared to the corresponding period last year, as well as the increase in revenue of Shanghai Joy City (North Tower) and Chengdu Joy City for the six months since their opening. Revenue from sales of property development and income from land development accounted for 23.9% of the total revenue, representing an increase of 112.6% as compared to the corresponding period in 2015, mainly due to the significant increase in revenue arising from the increase in settlement area and higher average selling price of delivered properties as compared to the corresponding period last year. Revenue from hotel operations accounted for 19.2% of the total revenue, representing a decrease of 9.9% as compared to the corresponding period in 2015. The decrease in the revenue from hotel operations was mainly due to the reason that COFCO (BVI) No. 97 Limited and its subsidiary (which holds Waldorf Astoria Beijing) ceased to be consolidated in the Group's consolidated financial statements for the six months ended 30 June 2016, after COFCO (BVI) No. 97 Limited, which was a then wholly-owned subsidiary of the Group and owns 91.64% equity interest in Waldorf Astoria Beijing, became a 40% owned joint venture of the Group pursuant to the issue of new shares by the Group to a third party investor who was independent of the Group in December 2015. Revenue from property management and other related services accounted for 10.3% of the total revenue, representing an increase of 19.1% as compared to the corresponding period in 2015.

Cost of Sales and Gross Profit Margin

For the six months ended 30 June 2016, the Group's cost of sales was approximately RMB1,071.5 million (corresponding period of 2015: RMB914.5 million). In the first half of 2016, the overall gross profit margin was approximately 61.6%, representing an increase of 2.7% as compared to 58.9% of the corresponding period of 2015.

Profit

For the six months ended 30 June 2016, the profit of the Group was RMB557.9 million (corresponding period of 2015: RMB706.7 million), of which the profit for the period attributable to the shareholders of the Company was RMB400.8 million (corresponding period of 2015: RMB596.3 million). The year-on-year decrease in profit was mainly attributable to (a) the lesser increase in the fair value of the Group's investment properties as compared to that for the corresponding period last year; and (b) continuous depreciation of Renminbi, which is the principal currency for the Group's income, and exchange loss incurred when parts of borrowings denominated in USD and HKD and notes denominated in USD were translated according to the exchange rates at 30 June 2016. The core net profit (excluding the effect of after-tax fair value gain of the investment properties and the change in exchange rate) was RMB283.3 million (corresponding period of 2015: RMB96.1 million), of which core net profit attributable to shareholders of the Company was RMB172.9 million (corresponding period of 2015: RMB9.2 million).

BUSINESS OUTLOOK

Looking into the second half of the year and in the future, along with the transformation and upgrade of the macro economy as well as the transitional development of resident consumption model, the consumption market in China will embrace a positive trend of continued growth in consumption and general upgrade in consumption quality. The concept of innovative development proclaimed under the 13th Five Year Plan and the promotion of new technologies will engender boundless potential for cross-industry cooperation and business integration in the commercial property industry, thereby presenting new development opportunities for the commercial property operators. Meanwhile, due to the increasing commercial supply, integration of traditional commerce and capital as well as product differentiation, the market competition will be further exacerbated in the future. Under the new norm of economy and industry, the internal business integration and merger and acquisition in the commercial property industry will accelerate, the tie between finance and commerce will be increasingly closer, and the trend of light-asset development will evolve rapidly. Therefore, quality and efficient operation will be a core competitiveness of commercial property operators.

Looking forward, the Group will continue to maintain the two-wheel-drive business strategy of "holding and selling properties". Leveraging on its own strength in commercial operation, the Group will explore new ideas, develop in a balanced manner, strengthen project development and penetrate into key cities with an aim to achieve better corporate value and improve the position in the industry.

LIQUIDITY AND FINANCIAL POSITION

	30 June 2016	31 December 2015
	<i>RMB million</i> (unaudited)	<i>RMB million</i> (audited)
Total assets	73,841	72,954
Cash and cash equivalents (including restricted bank deposits and pledged deposits)	4,409	3,728
Total borrowings*	24,014	24,796
Total equity	32,891	33,277
Current ratio	1.45	1.60
Net debt to total equity ratio**	59.6%	63.3%
Weighted average borrowing cost	4.32%	5.58%

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

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

As at 30 June 2016, the Group had total assets of approximately RMB73,841,000,000 (As at 31 December 2015: approximately RMB72,954,000,000). Total equity of the Company was approximately RMB32,891,000,000, representing a decrease of approximately 1.2% as compared to RMB33,277,000,000 as at 31 December 2015.

As at 30 June 2016, the current ratio and the net debt to total equity ratio were approximately 1.45 and approximately 59.6% respectively (As at 31 December 2015: approximately 1.60 and 63.3%, respectively). Bank and other interest-bearing borrowings decreased from approximately RMB24,796,000,000 as at 31 December 2015 to approximately RMB24,014,000,000 as at 30 June 2016.

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

EVENT AFTER THE END OF THE REPORTING PERIOD

The Group proposed to dispose 49% of total issued shares of certain of its wholly-owned subsidiaries, which hold all or a majority of interests in six Joy City projects, to an independent third party not connected with the Group for a total cash consideration of RMB9,289,000,000, subject to adjustment (the "Proposed Disposal"). The Proposed Disposal is subject to a number of conditions including the approval by the shareholders at the special general meeting of the Company to be convened, which may or may not be fulfilled. In the event that any of the conditions to the closing of the Proposed Disposal is not fulfilled, the Proposed Disposal will not proceed. The Proposed Disposal will be a major step in the direction of the Company's development strategy to combine real estate asset management, brand development and efficient capital management while improving its financial position. Further details of the Proposed Disposal are set out in the announcements of the Company dated 18 July 2016, 29 July 2016 and 18 August 2016 respectively.

EMPLOYEES AND REMUNERATION POLICIES

As of 30 June 2016, the Group had 6,105 employees. In order to attract and retain professionals, the Group provides competitive salaries and comprehensive benefits including pension insurance, medical insurance, maternity insurance, work injury insurance, unemployment insurance, housing provident fund, commercial health insurance, accident insurance and corporate annuity. Aiming to maintain high efficiency and competitive incentives, the Group has further refined the assessment and incentive mechanism to align the interests of employees with those of the Group.

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

INTERIM DIVIDEND

The Board resolved not to distribute any interim dividend for the six months ended 30 June 2016 (2015: Nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Board considers that during the six months ended 30 June 2016, the Company had complied with all code provisions as set out in the CG Code, except for the deviation from code provision A.2.1.

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. On 17 February 2016, Mr. HAN Shi resigned as an executive director and the general manager (equivalent to chief executive officer) of the Company and Mr. ZHOU Zheng was appointed as the general manager of the Company. Currently, Mr. ZHOU Zheng performs the duties of the chairman of the Board and the general manager at the same time. The Board believes that Mr. ZHOU Zheng, having joined the Group since August 2012, has accumulated extensive experience in the property investment and development, property management and hotel operations industry, such that vesting both of the roles of chairman and general manager with Mr. ZHOU Zheng is beneficial to the business prospects and management of the Group and it will be more effective in developing the Company's long term strategies and executing business plans. The Board shall nevertheless review the structure from time to time and it will consider the appropriate action(s) to take should suitable circumstance arise.

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 six months ended 30 June 2016.

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

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MAJOR ACQUISITION DURING THE REVIEWED PERIOD

On 26 April 2016, Xidan Joy City Co., Ltd. ("Xidan Joy City"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with China National Native Produce and Animal By-Products Import & Export Corporation, pursuant to which Xidan Joy City acquired the remaining 35% equity interest in Beijing Kunting Assets Management Co., Ltd for a consideration of RMB533,130,000. The above acquisition was completed on 30 June 2016 and Beijing Kunting Assets Management Co., Ltd become wholly-owned by Xidan Joy City. Details of the acquisition are set out in the Company's circular dated 18 May 2016.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.joy-cityproperty.com). The Interim Report 2016 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
ZHOU Zheng
Chairman

Hong Kong, 23 August 2016

As at the date of this announcement, the Board comprises Mr. ZHOU Zheng (Chairman) as Executive Director; Mr. MA Jianping, Mr. MA Wangjun, Ms. JIANG Hua and Ms. WU Xiaohui as Non-executive Directors; and Mr. LAU Hon Chuen, Ambrose, GBS, JP, Mr. LAM Kin Ming, Lawrence and Mr. WU Kwok Cheung, MH as Independent Non-executive Directors.

GLOSSARY

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

“Audit Committee”	the audit committee of the Board;
“Board”	the board of Directors;
“CG Code”	Corporate Governance Code contained in Appendix 14 to the Listing Rules;
“COFCO Group”	COFCO Corporation and its subsidiaries, excluding the Group;
“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;
“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 Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules;
“PRC”	the People’s Republic of China which, for the purpose 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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.