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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

HIGHLIGHTS

- In 2017, the Group's total operating revenue was RMB11,657.8 million, representing an increase of 66.8% as compared with last year. Of which, rental income from investment properties and related property management services was approximately RMB3,433.1 million, representing an increase of 9.9% as compared with last year; revenue from sales of properties held for sale and income from land development were approximately RMB7,136.4 million, representing an increase of 158.9% as compared with last year.

- In 2017, the Group's profit was approximately RMB2,574.8 million, representing an increase of 101.9% as compared with last year; profit attributable to owners of the Company was approximately RMB1,153.2 million, representing an increase of 44.6% as compared with last year; excluding the fair value gains after tax of investment properties and the effect of change in foreign exchange rates, but including the Group's total realized fair value gains after tax recognized in the current year and prior years together with the respective net foreign exchange gains recognized in the foreign currency translation reserve in respect of disposal of investment properties, the core net profit attributable to owners of the Company was RMB839.0 million, representing an increase of 163.3% as compared with last year.

- In 2017, settlement area was 147,873 sq.m., representing an increase of 115.5% as compared with last year.

- In 2017, the Group achieved contracted sales amount of approximately RMB8,156.4 million and contracted area of 242,497.8 sq.m., representing an increase of 78.6% and 158.1% respectively as compared with last year.

- The Group is committed to continuously reducing its cost of debt. In 2017, the average borrowing cost dropped to 4.28%.

The Board announces the audited consolidated results of the Group for the year ended 31 December 2017 together with the comparative figures for the year ended 31 December 2016. The audited consolidated results for the year ended 31 December 2017 have been reviewed by the Audit Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

		Year ended 31 December	
	NOTES	**2017**	2016
		RMB'000	*RMB'000*
Revenue	*3*	**11,657,761**	6,987,097
Cost of sales and services rendered	*7*	**(6,410,085)**	(3,226,908)
Gross profit		**5,247,676**	3,760,189
Other income	*4*	**160,539**	110,991
Other gains and losses, net	*5*	**(42,499)**	(164,171)
Distribution and selling costs		**(584,576)**	(592,863)
Administrative expenses		**(974,498)**	(958,607)
Fair value gain of investment properties		**1,101,041**	1,006,770
Finance costs	*6*	**(783,213)**	(704,568)
Share of (losses)/profits of associates		**(19,066)**	8,191
Share of losses of joint ventures		**(687)**	(8,661)
Profit before tax	*7*	**4,104,717**	2,457,271
Income tax expense	*8*	**(1,529,930)**	(1,182,083)
Profit for the year		**2,574,787**	1,275,188
Profit for the year attributable to:			
Owners of the Company		**1,153,162**	797,581
Holders of perpetual capital instruments		**214,446**	244,100
Non-controlling interests		**1,207,179**	233,507
		2,574,787	1,275,188
Basic earnings per share	*10*	**RMB7.5 cents**	RMB5.2 cents

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Profit for the year	**2,574,787**	1,275,188
Other comprehensive income/(expense):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	**87,206**	(38,438)
	87,206	(38,438)
Items that will not be reclassified to profit or loss:		
Revaluation of properties:		
Gain on revaluation of property, plant and equipment and leasehold land and land use rights upon transfer to investment properties	**77,151**	2,961
Income tax effect	**(19,288)**	(740)
	57,863	2,221
Other comprehensive income/(expense) for the year, net of income tax	**145,069**	(36,217)
Total comprehensive income for the year	**2,719,856**	1,238,971
Total comprehensive income for the year attributable to:		
Owners of the Company	**1,298,231**	761,364
Holders of perpetual capital instruments	**214,446**	244,100
Non-controlling interests	**1,207,179**	233,507
	2,719,856	1,238,971

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	NOTES	At 31 December **2017** *RMB'000*	2016 *RMB'000*
NON-CURRENT ASSETS			
Investment properties		**54,268,000**	50,101,179
Property, plant and equipment		**3,273,397**	5,045,044
Leasehold land and land use rights		**629,526**	896,522
Intangible assets		**39,140**	39,440
Interests in associates		**107,217**	67,278
Interests in joint ventures		**34,313**	–
Loan to a joint venture		**213,468**	228,435
Available-for-sale investments		**510**	510
Goodwill		**253,042**	253,042
Deposits		**10,000**	10,000
Deferred tax assets		**28,833**	15,815
Amount due from the ultimate holding company		**–**	20,000
		58,857,446	56,677,265
CURRENT ASSETS			
Inventories		**42,795**	27,286
Properties held for sale		**2,236,373**	4,641,811
Properties under development for sale		**12,502,999**	11,320,633
Accounts receivable	*11*	**171,305**	202,029
Deposits, prepayments and other receivables		**654,414**	420,263
Amount due from the ultimate holding company		**84**	20
Amount due from an intermediate holding company		**–**	325
Amounts due from fellow subsidiaries		**17,778**	21,585
Amounts due from non-controlling interests		**26,802**	154,611
Amount due from a joint venture		**31,901**	173,644
Amounts due from associates		**11,678**	–
Loan to an associate		**347,143**	–
Tax recoverable		**30,321**	83,519
Restricted bank deposits		**1,283,100**	30,851
Pledged deposits		**10,869**	5,740
Cash and bank balances		**8,403,593**	8,791,101
		25,771,155	25,873,418
Assets classified as held for sale		**1,741,922**	–
		27,513,077	25,873,418
TOTAL ASSETS		**86,370,523**	82,550,683

	NOTES	At 31 December 2017 RMB'000	2016 RMB'000
CURRENT LIABILITIES			
Accounts payable	*12*	**2,463,354**	1,865,898
Other payables and accruals		**3,867,056**	4,905,822
Deposits received in respect of pre-sale of properties		**4,135,018**	3,085,151
Amount due to the ultimate holding company		**201,288**	321,416
Amount due to an intermediate holding company		**1,248**	1,450
Amount due to the immediate holding company		**–**	379,153
Amounts due to non-controlling interests		**2,517,969**	1,558,571
Amount due to a joint venture		**–**	1,033
Amounts due to fellow subsidiaries		**113,672**	79,802
Loans from the ultimate holding company		**–**	300,000
Loans from fellow subsidiaries		**68,000**	1,038,850
Loans from non-controlling interests		**31,409**	4,000
Loans from a third party		**25,310**	–
Bank borrowings		**2,361,101**	2,910,317
Income tax and land appreciation tax payables		**634,105**	634,811
Deferred income		**2,264**	29,867
		16,421,794	17,116,141
Liabilities classified as held for sale		**840,427**	–
		17,262,221	17,116,141
NET CURRENT ASSETS		**10,250,856**	8,757,277
TOTAL ASSETS LESS CURRENT LIABILITIES		**69,108,302**	65,434,542
NON-CURRENT LIABILITIES			
Rental deposits received		**330,734**	200,114
Loan from non-controlling interests		**–**	33,038
Loans from a fellow subsidiary		**877,976**	790,000
Bank borrowings		**8,986,059**	7,620,379
Deferred tax liabilities		**7,106,188**	6,663,679
Guaranteed notes		**5,232,283**	5,540,527
Bonds payable		**4,102,253**	3,080,174
		26,635,493	23,927,911
NET ASSETS		**42,472,809**	41,506,631
CAPITAL AND RESERVES			
Share capital	*13*	**1,122,414**	1,122,414
Reserves		**25,896,103**	25,080,937
Equity attributable to owners of the Company		**27,018,517**	26,203,351
Perpetual capital instruments		**2,767,681**	3,515,849
Non-controlling interests		**12,686,611**	11,787,431
TOTAL EQUITY		**42,472,809**	41,506,631

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL INFORMATION

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.

During the year, the immediate holding company of the Company changed from Achieve Bloom Limited to Vibrant Oak Limited, a company incorporated in British Virgin Islands in July 2017. Achieve Bloom Limited and Vibrant Oak Limited are both wholly-owned subsidiaries of COFCO (Hong Kong) Limited (the "**COFCO (HK)**"), an intermediate holding company of the Company. In the opinion of the directors of the Company (the "**Directors**"), before and subsequent to the change of immediate holding company, the ultimate holding company of the Company is COFCO Corporation, a company established in the PRC.

COFCO Property (Group) Co., Ltd. ("**COFCO Property**"), a company established in the PRC with its A shares listed on the Shenzhen Stock Exchange and also a subsidiary of COFCO Corporation, is exploring the possibility of acquiring from COFCO (HK) or related parties of COFCO Corporation the controlling interest in the Company or the equity interest of the immediate holding company which holds such controlling interest (the "**Reorganisation**"). The consideration of such acquisition may involve issue of shares and/or cash by COFCO Property. The Reorganisation is currently being explored by the relevant parties and, if materialised, will be subject to various conditions including but not limited to the approvals that may be required pursuant to the applicable laws and regulations of the PRC and the Shenzhen stock exchange and therefore the Reorganisation may or may not proceed. Further announcement will be made by the Company in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as and when appropriate in a timely manner. As of the date of issuance of these consolidated financial statements, the Reorganisation is still in progress. Further details are set out in the announcement made by the Company on 21 August 2017.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time in the current year:

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12	*As part of the Annual Improvements to HKFRSs 2014-2016 Cycle*

In addition, the Group has early applied the amendments to HKAS 40 Transfers of Investment Property in advance of its effective date, 1 January 2018.

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

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be included in cash flows from financing activities.

Specially, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair value; and (v) other changes.

Amendments to HKAS 40 Transfers of Investment Property

The Directors have early adopted the amendments to HKAS 40 Transfers of Investment Property during the current year in advance of its effective date, 1 January 2018. The amendments allow an entity to transfer a property to investment property when sufficient evidence of a change in use of a property is available. As such, properties under development for sale amounting to RMB1,320,275,000 were transferred to investment properties at a fair value of RMB1,905,000,000 resulting in a fair value gain on properties of RMB584,725,000 in 2017 as observable evidence of a change in use of the property was available in 2017.

New and revised to HKFRSs in issue but not yet effective

Except for amendments to HKAS 40, the Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	*Financial Instruments*[1]
HKFRS 15	*Revenue from Contracts with Customers and the related Amendments*[1]
HKFRS 16	*Leases*[2]
HKFRS 17	*Insurance Contracts*[4]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[2]
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[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 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to HKAS 28	*As part of the Annual Improvements to HKFRSs 2014-2016 Cycle*[1]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2015-2017 Cycle*[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

Except for the new HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs and Interpretations will have no material impact on the Group's consolidated financial statements in the foreseeable future.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("**FVTOCI**"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 *Financial Instruments: Recognition and measurement*. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 December 2017, the Directors anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement

Equity securities classified as available-for-sale investments carried at cost less impairment as disclosed in Note 22: these securities qualified for designation as FVTOCI under HKFRS 9, however, the Group plans not to elect the option for designating these securities to FVTOCI and will measure these securities at fair value with subsequent fair value gains or losses to be recognized in profit or loss.

All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment

In general, the Directors anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the Directors, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 January 2018 would be slightly increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to the expected credit losses provision on accounts receivable and other receivables. Such further impairment recognised under the expected credit loss model would slightly reduce the opening retained profits and slightly increase the deferred tax assets at 1 January 2018.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued *Clarifications to HKFRS 15* in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors have assessed the impact on application of HKFRS 15 and did not anticipate a material impact on timing and amount of revenue recognised by the Group. However, application of HKFRS 15 may have impact on the following areas:

Currently, the Group expensed off the costs associated with obtaining the sales of properties contracts with customers. Under the requirement of HKFRS 15, incremental costs of obtaining a contract is eligible for capitalisation as deferred contract costs if they meet certain criteria.

In respect of sales of properties held for sale, when payments are made before the properties held for sales are delivered to the customer, the customer may be providing the Group with a benefit of financing. The Group will not adjust the promised amount of customer consideration if the effects of the financing component will not materially change the amount of revenue at a contract level or if the Group expects at contract inception, that the period between the Group transfer's the property and when the customer pays for that property will be one year or less. Otherwise, the Group will adjust the promised amount of consideration and recognise revenue at the cash selling price in accordance with the requirement of HKFRS 15.

In addition, the application of HKRS 15 in the future may result in more disclosures in the consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease prepayments are presented as operating cash flows. Upon application of HKFRS 16, lease payment in relation to lease liability will be allocated into a principal and an interest portion which will be both presented as financing cash flows by the Group.

Under HKAS17, the Group has already recognised prepaid lease payment for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right of use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of HK$210,442,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid and refundable rental deposits received as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors complete a detailed review.

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 Directors, the chief operating decision maker, for the purpose of resource allocation and performance assessment. The operating segments of the entities comprising the Group with similar economic characteristics and similar nature of goods sold or services provided have been aggregated into different reportable segments as follows:

Property investment	Property letting and related property management services
Property and land development	Development and sale of properties, and development of lands
Hotel operations	Hotel ownership and management
Property management and other property related services	Provision of agency services and property management 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	
	2017	2016
	RMB'000	*RMB'000*
Property investment and development:		
Gross rental income from investment properties and related property management services	**3,433,075**	3,123,460
Sales of properties held for sale	**7,123,798**	2,752,066
Service income for primary land development	**12,593**	4,186
Property management and other property related services	**82,320**	89,284
Output management project	**46,722**	7,696
	10,698,508	5,976,692
Hotel operations:		
Hotel room revenue	**694,114**	716,770
Other ancillary service	**265,139**	293,635
	959,253	1,010,405
Total revenue	**11,657,761**	6,987,097

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 segments.

Year ended 31 December 2017

	Property investment *RMB'000*	Property and land development *RMB'000*	Hotel operations *RMB'000*	Property management and other property related services *RMB'000*	Segment total *RMB'000*	Inter segment elimination *RMB'000*	Total *RMB'000*
Segment revenue							
External customers	3,446,103	7,136,391	959,253	129,042	11,670,789	–	11,670,789
Inter-segment revenue	7,231	–	143	124,821	132,195	(132,195)	–
Consolidated	3,453,334	7,136,391	959,396	253,863	11,802,984	(132,195)	11,670,789
Rental adjustments							(13,028)
Revenue as presented in consolidated statement of profit or loss							11,657,761
Segment results	2,510,302	2,100,480	61,656	(82,949)	4,589,489	–	4,589,489
Unallocated corporate income and other gains							52,879
Unallocated corporate expenses and other losses							(111,431)
Finance costs							(783,213)
Share of losses of associates							(19,066)
Share of losses of joint ventures							(687)
Gain on disposal of subsidiaries							376,746
Profit before tax as presented in consolidated statement of profit or loss							4,104,717

Year ended 31 December 2016

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Property management and other property related services RMB'000	Segment total RMB'000	Inter segment elimination RMB'000	Total RMB'000
Segment revenue							
External customers	3,125,826	2,756,252	1,010,405	96,980	6,989,463	–	6,989,463
Inter-segment revenue	3,359	–	–	37,762	41,121	(41,121)	–
Consolidated	3,129,185	2,756,252	1,010,405	134,742	7,030,584	(41,121)	6,989,463
Rental adjustments							(2,366)
Revenue as presented in consolidated statement of profit or loss							6,987,097
Segment results	2,509,200	985,676	(87,863)	(45,211)	3,361,802		3,361,802
Unallocated corporate income and other gains							33,906
Unallocated corporate expenses and other losses							(233,399)
Finance costs							(704,568)
Share of profits of associates							8,191
Share of losses of joint ventures							(8,661)
Profit before tax as presented in consolidated statement of profit or loss							2,457,271

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, finance costs, share of results of associates, share of results of joint ventures, gain on disposal of subsidiaries, and income tax expense. The above is the measure reported to the 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 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 31 December	
	2017	2016
	RMB'000	*RMB'000*
Mainland China	**11,016,153**	6,891,972
Hong Kong	**641,608**	95,125
	11,657,761	6,987,097

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

	At 31 December	
	2017	2016
	RMB'000	*RMB'000*
Mainland China	**55,288,075**	53,269,751
Hong Kong	**3,063,518**	2,879,712
	58,351,593	56,149,463

Non-current assets exclude goodwill, deferred tax assets, available-for-sale investments, loan to a joint venture, amount due from the ultimate holding company and deposits under non-current assets.

Information about major customer

No revenue from transaction with single external customer was amounted to 10% or more of the Group's revenue for both 2017 and 2016.

Other information

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

	Property investment *RMB'000*	Property and land development *RMB'000*	Hotel operations *RMB'000*	Property management and other property related services *RMB'000*	Total *RMB'000*
Year ended 31 December 2017					
(reversal of impairment loss)/impairment loss on accounts and other receivables, net	**(1,058)**	**(2,825)**	**133**	**7,232**	**3,482**
Depreciation of property, plant and equipment	**17,852**	**23,360**	**224,148**	**43,919**	**309,279**
Amortisation of leasehold land and land use rights	**6,564**	**1,440**	**17,768**	**2,357**	**28,129**
Impairment loss on property, plant and equipment, net	**–**	**–**	**–**	**57,025**	**57,025**
Loss/(gain) on disposal of property, plant and equipment, net	**44,139**	**(645)**	**842**	**9,439**	**53,775**
Loss on disposal of investment properties	**251,352**	**–**	**–**	**–**	**251,352**
Impairment loss on properties held for sale	**21,728**	**–**	**–**	**–**	**21,728**
Year ended 31 December 2016					
Impairment loss/(reversal of impairment loss) on accounts and other receivables, net	11,224	927	(143)	(2,098)	9,910
Depreciation of property, plant and equipment	26,559	48,165	269,211	4,784	348,719
Amortisation of leasehold land and land use rights	–	2,200	27,522	1,525	31,247
Loss on disposal of property, plant and equipment, net	5,512	11,760	64	14	17,350

4. OTHER INCOME

	Year ended 31 December **2017** *RMB'000*	2016 *RMB'000*
Interest income from:		
Banks	**95,763**	39,364
Loan to a joint venture	**17,777**	13,446
Loan to an associate	**11,337**	–
Government grants *(Note)*	**3,907**	22,316
Refund of PRC business tax and surcharges	**23,857**	15,711
Others	**7,898**	20,154
	160,539	110,991

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 and seashore environment improvement. There are no unfulfilled conditions or contingencies relating to these grants.

5. OTHER GAINS AND LOSSES, NET

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Gain on disposal of subsidiaries	**376,746**	–
Reversal of impairment loss/(impairment loss) on accounts receivable, net	**17**	(1,236)
Impairment loss on other receivables, net	**(3,499)**	(8,674)
Impairment loss on properties held for sale	**(21,728)**	–
Impairment loss on property, plant and equipment, net	**(57,025)**	–
Loss on disposal of property, plant and equipment, net	**(53,775)**	(17,350)
Loss on disposal of investment properties, net	**(251,352)**	–
Exchange gain/(loss), net	**(41,482)**	(93,312)
Compensation expense for early termination of lease	**(7,438)**	(40,823)
Others	**17,037**	(2,776)
	(42,499)	(164,171)

6. FINANCE COSTS

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Interest on:		
Bank borrowings	**546,326**	606,410
Loans from a non-banking financial institution*	**46,677**	54,199
Loans from the ultimate holding company	**181**	13,354
Loans from fellow subsidiaries	**50,199**	27,377
Loans from non-controlling interests	**1,557**	1,130
Bonds payable	**118,079**	98,174
Guaranteed notes	**208,297**	206,163
Loan from a third party	**1,444**	–
Others	**19,807**	–
Total interest expenses	**992,567**	1,006,807
Less: Interest capitalised:		
Investment properties under development	**(27,768)**	(27,019)
Construction in progress under property, plant and equipment	**–**	(102)
Properties under development for sale	**(181,586)**	(275,118)
	(209,354)	(302,239)
Finance costs	**783,213**	704,568

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

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

Borrowing costs from general borrowings were capitalised at rates ranging from 4.28% to 4.41% (2016: 3.09% to 5.01%) per annum.

7. PROFIT BEFORE TAX

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Directors' emoluments	**1,014**	3,233
Depreciation and amortisation:		
Amortisation:		
– Intangible assets (included in cost of sales)	**301**	5,474
– Intangible assets (included in administrative expenses)	**9,521**	6,403
– Intangible assets (included in distribution and selling costs)	**1,743**	1,066
Amortisation of leasehold land and land use rights	**28,129**	31,247
Depreciation of property, plant and equipment*	**309,279**	348,719
Total depreciation and amortisation	**348,973**	392,909
Cost of sales and services rendered:		
Cost of properties sold	**4,810,596**	1,626,720
Direct operating expenses arising from investment properties letted	**974,098**	911,961
Cost of primary land development services provided	**13,069**	4,186
Direct operating expenses arising from provision of property management and other property related services	**84,391**	64,282
Direct operating expenses from hotel services provided	**527,931**	619,759
	6,410,085	3,226,908
Employee benefits expense (including directors' emoluments):		
Salaries, allowances and other benefits	**840,664**	807,086
Retirement benefit scheme contributions	**99,388**	51,529
	940,052	858,615
Less: Capitalised in properties under development for sale and investment properties	**(54,648)**	(56,412)
	885,404	802,203
Advertising and promotion expenses (included in distribution and selling costs)	**266,162**	243,078
Auditors' remuneration	**3,019**	3,019

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**702,847**	264,747
PRC Dividend Withholding Tax	**5,115**	26,536
LAT	**496,456**	430,512
Hong Kong Profit Tax	**21,556**	13,774
	1,225,974	735,569
Under provision in prior years:		
PRC Enterprise Income Tax	**775**	3,986
	775	3,986
Deferred tax	**303,181**	442,528
	1,529,930	1,182,083

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

PRC subsidiaries 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 People's Republic of China on enterprise income tax 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%. During the year ended 31 December 2017, withholding tax on intra-group dividend amounting to RMB5,115,000 (2016: RMB26,536,000) was paid by the Group to relevant tax authorities.

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.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Profit before tax	**4,104,717**	2,457,271
Tax at PRC EIT rate of 25% (2016: 25%)*	**1,026,179**	614,318
Lower tax rates for entities of the Group operating in other jurisdictions	**(203,172)**	(9,563)
PRC LAT	**496,456**	430,512
Tax effect of PRC LAT	**(124,114)**	(107,628)
Tax effect of expenses not deductible for tax purpose	**113,024**	131,085
Tax effect of income not taxable for tax purpose	**(61,698)**	(325)
Tax effect of tax losses not recognised	**208,301**	119,212
Tax effect of unrecognised deductible temporary difference	**7,977**	24,541
Tax effect of utilisation of tax losses not previously recognised	**(33,090)**	(52,248)
Tax effect of share of loss/(profit) of associates	**4,826**	(2,047)
Tax effect of share of losses of joint ventures	**172**	2,165
Effect of withholding tax on undistributed profits	**111,199**	24,408
Under provision of current taxation in prior years	**775**	3,986
Others	**(16,905)**	3,667
Income tax expense for the year	**1,529,930**	1,182,083

* *The PRC EIT rate is used as it is the domestic tax rate in the jurisdiction where the operation of the Group is substantially based.*

9. DIVIDENDS

Dividends for the shareholders of ordinary shares and non-redeemable convertible preference shares of the Company recognised as distribution during the year:

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
2016 Final – HK4 cents per share (2015 Final: HK1 cent):		
Ordinary shares	**497,321**	120,426
Non-redeemable convertible preference shares	**38,276**	9,269
Special dividend *(Note)* – HK4 cents per share:		
Ordinary shares	**–**	505,046
Non-redeemable convertible preference shares	**–**	38,871
	535,597	673,612

Note: On 25 November 2016, the Directors approved an interim dividend as a special arrangement. Details of which were set out in the announcements of the Company dated on 25 November 2016 and 7 December 2016, respectively.

Final dividend in respect of the year ended 31 December 2016 of HK 4 cents per ordinary share has been proposed by the Directors and was approved by the shareholders at the annual general meeting conducted on 2 June 2017. The holders of the non-redeemable convertible preference shares were entitled to receive any dividend pari passu with the holders of ordinary shares of the Company and therefore entitled to receive the 2016 final dividend of approximately HK$44 million or RMB38 million.

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2017 of HK4 cents per ordinary share, in an aggregate amount of approximately HK$569 million or RMB460 million, has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

The holders of the non-redeemable convertible preference shares are entitled to receive any dividend pari passu with the holders of ordinary shares of the Company and therefore they are entitled to receive the 2017 final dividend of approximately HK$44 million or RMB35 million.

10. EARNINGS PER SHARE

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

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**1,153,162**	797,581

	Year ended 31 December	
	2017	2016
Number of shares ('000)		
For the purpose of basic earnings per share:		
Number of ordinary shares	**14,231,125**	14,231,125
Number of non-redeemable convertible preference shares	**1,095,301**	1,095,301
Number of shares for the purpose of basic earnings per share	**15,326,426**	15,326,426

The number of shares used for the purpose of calculating basic earnings per share for the years ended 31 December 2017 and 2016 were calculated on the basis of the number of the ordinary shares of the Company and non-redeemable convertible preference shares in issue during the years.

No diluted earnings per share for the years ended 31 December 2017 and 2016 is presented as there was no potential ordinary share in issue during both years.

11. ACCOUNTS RECEIVABLE

	At 31 December	
	2017	2016
	RMB'000	*RMB'000*
Rental receivables	**94,337**	80,574
Property management fee receivables	**15,763**	26,025
Receivables from hotel operations and related services	**52,121**	54,276
Others	**562**	–
Less: Allowance for doubtful debts	**(23,488)**	(23,758)
	139,295	137,117
Rental adjustments*	**32,010**	64,912
	171,305	202,029

* *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 respect of sale of properties, a minimum down payment is required in accordance with the terms of the related sale and purchase agreements and in general consideration in cash is fully received prior to the delivery of the properties to the customers.

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 are provided, except for certain tenants and customers of which credit period of up to 30 to 60 days are granted.

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

	At 31 December	
	2017	2016
	RMB'000	*RMB'000*
Less than 3 months	**125,123**	78,129
3 months to 1 year	**7,856**	29,148
1 to 2 years	**4,300**	28,253
2 to 3 years	**2,016**	1,146
Over 3 years	**–**	441
	139,295	137,117

12. ACCOUNTS PAYABLE

	At 31 December	
	2017	2016
	RMB'000	*RMB'000*
Trade payables	**36,336**	185,713
Accrued expenditures on construction	**2,427,018**	1,680,185
	2,463,354	1,865,898

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

	At 31 December	
	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**34,472**	175,646
1 to 2 years	**523**	7,644
2 to 3 years	**129**	1,216
Over 3 years	**1,212**	1,207
	36,336	185,713

13. SHARE CAPITAL

Ordinary share capital of the Company

	Number of shares	Amount	(RMB equivalent)
		HK$'000	*RMB'000*
Authorised:			
Ordinary shares of HK$0.10 each			
At 1 January 2016, 31 December 2016 and 31 December 2017	28,904,699,222	2,890,470	2,293,502
Issued and fully paid:			
Ordinary shares of HK$0.10 each			
At 1 January 2016, 31 December 2016 and 31 December 2017	14,231,124,858	1,423,112	1,122,414

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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 2017 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2017. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu in respect of the financial figures in this announcement.

BUSINESS REVIEW AND OUTLOOK

Market Review

In 2017, the overall economic growth in our country was stable with continued optimization of economic structure and continued increase of the service sector's contribution to economic growth. Consumer demand remained one of the main economic growth driver. Benefiting from improvement in urban residents' consumption level and the measures taken by the state to vigorously promote entrepreneurship and innovation, commercial properties has seen a booming development momentum throughout 2017. Meanwhile, with the commercial properties entering into the stock era from the incremental era, the focus of corporate development strategy has gradually shifted to improving operational capability and profitability. In terms of operational models, enterprises actively innovated business models, enriched the content of type of services and enhanced the users' experience. In terms of expansion, in addition to acquiring land in the open market by means of bidding invitation, auction or listing, enterprises continued to expand into the commercial property market through cooperation and mergers & acquisition. In terms of financial innovation, enterprises actively explored capitalization of commercial properties and piloted with securitization of commercial property assets, aiming to bridge the gap between commercial properties and capital. In terms of changes in the types of services, the integration of shared office resources accelerated, innovative retail models emerged, and the new retail and others came into focus of enterprises. In terms of other segment markets, according to a survey conducted by the Caixin Data, the PMI for the service sector in China in 2017 was 53.9, the highest growth rate since August 2014. Suggesting a booming development momentum.

Business Review

Looking back to 2017, the Group recorded solid operating performance in its four business segments, namely investment properties, property development, hotel operation and property management and related services.

Business Review on Investment Properties

Investment Properties – During the period under review, the Group'investment properties were in good operation condition, and the operational efficiency was significantly improved, and rental income of Joy City was RMB2.336 billion, representing an increase of 11% as compared with last year. Among them, the rental income of four investment properties of Joy City achieved double-digit growth. In particular, Chengdu Joy City's rental income increased by 25% as compared with last year, creating a benchmark on the market. "Joy City Shopping Spree Festival" started jointly in nine cities, creating an online and offline shopping carnival through its own platform. During the festival, VIP customers consumption accounted for 54.8%, 13,000 new VIP customers were acquired on a single day, 68 branded tenants became the national top sellers of that day, and 319 branded tenants became the city's top sellers of that day.

	Year ended 31 December	
	2017	2016
Rental income from investment properties and related property management services *(RMB million)*	**3,433.1**	3,123.5

The table below sets forth the rental income, average rents and occupancy rate of the major investment properties of the Group in the financial year 2017:

Project	**City**	**Use/intended use**	**Rental income** *(RMB million)*	**Average rents** *(RMB /month/ sqm)*	**Occupancy rate** *(%)*
Xidan Joy City Shopping Malls	Beijing	Retail	**646.5**	**1,131**	**97**
Xidan Joy City Offices	Beijing	Office	**40.8**	**277**	**93**
Chaoyang Joy City Shopping Malls	Beijing	Retail	**584.8**	**461**	**92**
Tianjin Nankai Joy City Shopping Malls	Tianjin	Retail	**371.4**	**357**	**97**
Shanghai Jing'an Joy City Shopping Malls	Shanghai	Retail	**216.4**	**335**	**94**
Shenyang Joy City Shopping Malls	Shenyang	Retail	**208.5**	**161**	**95**
Yantai Joy City Shopping Malls	Yantai	Retail	**110.6**	**121**	**98**
Chengdu Joy City Shopping Malls	Chengdu	Retail	**141.3**	**126**	**93**
COFCO Plaza Offices**	Beijing	Office and Retail	**218.2**	**245**	**77**
Fraser Suites Top Glory Shanghai	Shanghai	Serviced apartment	**116.2**	**1,962***	**88**
Hong Kong COFCO Tower	Hong Kong	Office and Retail	**75.0**	**448**	**96**
Total			**2,729.8**		

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

**: *Tower C of COFCO Plaza Offices has completed the renovation, and was included in calculating the average rents and occupancy rate for the current period. Without accounting for the influence of the renovation, the rental income of Beijing COFCO Plaza was RMB316, the average occupancy rate was 96%.*

The table below sets forth the rental income, average rents and occupancy rate of the major investment properties of the Group in the financial year 2016:

Project	City	Use/intended use	Rental income *(RMB million)*	Average rents *(RMB /month/ sqm)*	Occupancy rate *(%)*
Xidan Joy City Shopping Malls	Beijing	Retail	637.1	1,092	94
Xidan Joy City Offices	Beijing	Office	37.3	284	84
Chaoyang Joy City Shopping Malls	Beijing	Retail	522.8	378	95
Tianjin Nankai Joy City Shopping Malls	Tianjin	Retail	332.3	322	99
Shanghai Jing'an Joy City Shopping Malls	Shanghai	Retail	214.7	309	90
Shenyang Joy City Shopping Malls	Shenyang	Retail	182.6	142	95
Yantai Joy City Shopping Malls	Yantai	Retail	100.9	112	99
Chengdu Joy City Shopping Malls	Chengdu	Retail	113.3	114	97
COFCO Plaza Offices	Beijing	Office	209.8	300	92
Fraser Suites Top Glory Shanghai	Shanghai	Serviced apartment	109.5	1,952*	82
Hong Kong COFCO Tower	Hong Kong	Office and Retail	72.4	433	95
11th Floor of World-Wide House	Hong Kong	Commercial	8.9	569	100
Total			2,541.6		

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

Business Review on Property Development

Property development The Group sped up sales settlement cycle by grasping the market opportunities and taking advantage of the market trend, and further achieved rapid sales growth. During the period under review, contracted sales amount of property development was RMB8.156 billion, representing an increase of 78.6% as compared with last year. In particular, LOFT products of Phase II of COFCO • Hong Tang Joy Sea project became popular due to its strong brand influence, and was sold out quickly. Thanks to its prime location and well-developed business facilities, Hangzhou Joy City upon opening office buildings were sought after by the market and sold out completely. Shanghai Jing'an Joy City • Tianyue One adopted an international team's design and was equipped with advanced technology system. Its high-quality products are widely recognized by the market. During the period under review, its contracted sales amounted to RMB2.048 billion.

The following table sets forth the contracted sales amount, contracted sales area and the average contracted selling price of the major projects of the Group in the financial year 2017:

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 property	261.1	1,320.3	197,755
Shanghai Jing'an Joy City • Tianyue One	Shanghai	Residential property	2,048.1	32,472.7	63,071
Chengdu Joy City • Joy Street	Chengdu	Shop	266.3	7,624.0	34,923
Brilliant Villa	Hainan	Apartment/mansion/Villa	534.2	10,146.0	52,653
Hainan COFCO •Hong Tang Joy Sea	Sanya	Residential property	1,129.8	55,032.9	20,530
Hangzhou Joy City	Hangzhou	Apartment/Shop	1,263.7	38,548.0	32,782
Tianjin Nankai Joy City Offices	Tianjin	Office	1,180.0	61,233.1	19,271
Hangzhou Joy City Offices	Hangzhou	Office	951.6	34,570.0	27,527
11th Floor of World-Wide House	Hong Kong	Office	521.6	1,550.8	336,351
Total			8,156.4	242,497.8	

The following table sets forth the contracted sales amount, contracted sales area and the average contracted selling price of the major projects of the Group in the financial year 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 property	118.6	620.7	191,018
Chengdu Joy City • Joy Street	Chengdu	Shop	73.1	1,635.7	44,719
Brilliant Villa	Hainan	Apartment/mansion/villa	1,083.2	43,507.6	24,897
Shanghai Jing'an Joy City • Tianyue One	Shanghai	Residential property	2,627.2	24,149.8	108,789
Hangzhou Joy City • Joy Mansion	Hangzhou	Residential property	404.4	11,395.3	35,485
Hainan COFCO • Hong Tang Joy Sea	Sanya	Residential property	260.6	12,631.2	20,631
Total			4,567.1	93,940.3	

Business Review on Hotel Operations

Hotel Operations – During the period under review, the Group continued to reinforce its brand positioning with our unique hotel features and improved service for the hotel business, leading to an obvious growth of operating efficiency. In particular, the St. Regis Sanya Yalong Bay Resort achieved a record high in its room sales, with a year-on-year increase of approximately 9% in the average room revenue by establishing a healthy and stable pricing system, expanding into markets outside Hainan Island and increasing coordination between sales and revenue management.

	Year ended 31 December	
	2017	2016
Sales revenue from hotel operations *(RMB million)*	**959.3**	1,010.4

The table below sets forth the average occupancy rate, RevPAR and average room rate of the major hotels of the Group in the financial year 2017:

Project	**City**	**Use/intended use**	**Average occupancy rate** ***(%)***	**RevPAR** ***(RMB)***	**Average room rate** ***(RMB)***
St. Regis Sanya Yalong Bay Resort	Sanya	Resort	**72**	**1,461**	**1,855**
MGM Grand Sanya	Sanya	Resort	**88**	**1,214**	**1,261**
Cactus Resort Sanya by Gloria	Sanya	Resort	**82**	**295**	**364**
W Beijing – Chang'an	Beijing	Hotel	**70**	**802**	**1,038**
Xidan Joy City hotel	Beijing	Hotel	**62**	**382**	**613**

The table below sets forth the average occupancy rate, RevPAR and average room rate of the major hotels of the Group in the financial year 2016:

Project	City	Use/intended use	Average occupancy rate *(%)*	RevPAR *(RMB)*	Average room rate *(RMB)*
St. Regis Sanya Yalong Bay Resort	Sanya	Resort	66	1,341	1,820
MGM Grand Sanya	Sanya	Resort	83	1,183	1,282
Cactus Resort Sanya by Gloria	Sanya	Resort	69	285	416
W Beijing — Chang'an	Beijing	Hotel	55	661	1,041
Xidan Joy City hotel	Beijing	Hotel	83	508	613

FINANCIAL REVIEW

Revenue

During the financial year 2017, the Group's revenue was RMB11,657.8 million (2016: RMB6,987.1 million), representing a year-on-year increase of 66.8%, mainly due to a substantial increase in sales revenue as a result of outstanding performance of property development and leasing of investment properties.

During the financial year 2017, the Group's rental income from investment properties and related management service fees in aggregate were RMB3,433.1 million, accounting for 29.4% of the total revenue, representing an increase of 9.9% as compared with 2016, of which Joy City's rental income was RMB2,335.9 million, representing an increase of 11% as compared with RMB2,103.7 million in 2016, mainly due to the significant improvement in the operation results of Chengdu Joy City, Shenyang Joy City, Chaoyang Joy City and Tianjin Nankai Joy City by their sound operation as compared with last year.

Revenue from sales of properties held for sale and income from land development were RMB7,136.4 million, accounting for 61.2% of the total revenue, representing an increase of 158.9% as compared with RMB2,756.3 million in 2016. In 2017, settlement area and unit settlement price were 147,873 sqm and RMB48,175 respectively, representing an increase of 115.5% and 20.1% respectively, as compared with 2016, mainly due to substantial growth of revenue resulting from delivery and settlement of Shanghai Jing'an Joy City • Tianyue One, Hainan COFCO • Hong Tang Joy Sea, Hangzhou Joy City • Joy Mansion Project in this year.

Revenue from hotel operations was RMB959.3 million, accounting for 8.2% of the total revenue, representing a decrease of 5.1% as compared with 2016, mainly due to operational renovation of Xidan Joy City hotel in the first half of 2017, resulting in a year-on-year decrease in its revenue. Revenue from property management was RMB82.3 million, accounting for 0.7% of the total revenue, representing a decrease of 7.8% as compared with 2016. The revenue from management output was RMB 46.7 million, accounting for approximately 0.4% of the total revenue, and representing an increase of 507.1% as compared with 2016.

Cost of Sales and services rendered and Gross Profit Margin

During the financial year 2017, the Group's cost of sales and services rendered was approximately RMB6,410.1 million (2016: RMB3,226.9 million). During the financial year 2017, the overall gross profit margin was 45.0%, representing a decrease of 8.8% as compared with 53.8% in 2016. This was mainly due to the change of the product mix of the sales-oriented property projects delivered, resulting in lower overall gross profit margin as compared with last year.

Profit

During the financial year 2017, the profit of the Group was RMB2,574.8 million (2016: RMB1,275.2 million), of which the profit attributable to the owners of the Company for the year was RMB1,153.2 million (2016: RMB797.6 million). Excluding the fair value gains after tax of investment properties of RMB896.6 million and effect of the change in foreign exchange rates, but including the Group's realized fair value gains after tax of RMB87.4 million recognized in the current year and the accumulated realized fair value gains after tax together with their respective net foreign exchange gains recognised in the foreign currency translation reserve in prior years of RMB114.0 million in respect of disposal of investment properties (2016: Nil), the Group's core net profit was RMB1,921.0 million (2016: RMB599.8 million), of which the core net profit attributable to the owners of the Company for the year was RMB839.0 million (2016: RMB318.6 million).

Business Outlook

Looking forward to 2018, a stable macro-economic environment will support the healthy development of commercial properties. It was put forward in the report delivered by the 19th National Congress of the Communist Party of China that the State should focus on the development of the real economy and accelerate development of modern service sectors. Furthermore, it believes that the principal contradiction facing Chinese society has evolved. What we now face is the contradiction between unbalanced and inadequate development and the people's ever-growing needs for a better life. The upgrading and transformation of consumption will become an important part of future development, which will lay the foundation for the prosperity and development of the commercial property market in a long run. With the sustainable development of the stock era, the time when enterprises merely rely on the sales model to make profit will be gone gradually. The long-term holding of properties will be the development trend in the future. With the rise in living standards, consumers' demand has also shown a diversified trend. The development of commercial properties in the future will pay more attention to enhancing the property operation capability, enrich the contents of services, precisely position the products, focus on the customers' experience, provide differentiated products and build up the customers' loyalty. In terms of retail innovation with more detailed policies are expected to encourage innovative development of retail sectors and to increase operating efficiency. Enterprises should strengthen cooperation with leading companies in the sector, conduct cross-sector cooperation and cooperation with financial capital and maintain a strong operating capability and capital operation capability, vigorously explore advanced business development models and build new-generation intelligent malls by actively taking advantage of scientific and technological means such as the Internet and big data.

LIQUIDITY AND FINANCIAL POSITION

	At 31 December 2017 *RMB million*	At 31 December 2016 *RMB million*
Total assets	**86,370.5**	82,550.7
Cash and cash equivalents (including restricted bank deposits and pledged deposits)	**9,697.6**	8,827.7
Total borrowings*	**21,684.4**	21,317.3
Total equity	**42,472.8**	41,506.6
Current ratio	**1.59**	1.51
Net debt to total equity ratio**	**28.2%**	30.1%
Weighted average borrowing cost	**4.28%**	4.31%

* Total borrowings include bank borrowings, borrowings from fellow subsidiaries, ultimate holding company, non-controlling interests and a third party, 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 31 December 2017, the Group had total assets of approximately RMB86,370.5 million (As at 31 December 2016: approximately RMB82,550.7 million). Total equity of the Company was approximately RMB42,472.8 million, representing an increase of approximately 2.3% as compared with approximately RMB41,506.6 million as at 31 December 2016.

As at 31 December 2017, the balances of bank and other interest-bearing borrowings were approximately RMB21,684.4 million, representing an increase of 1.7% as compared with RMB21,317.3 million as at 31 December 2016. The net debt to total equity ratio was approximately 28.2%, representing a decrease of 1.9 percentage points as compared with 30.1% in 2016. 72.5% of interest-bearing borrowings was denominated in RMB and 27.5% in HKD and USD.

In 2017, the Group piloted with issuance of medium-term notes on the National Association of Financial Market Institutional Investors and successfully raised RMB1 billion at a cost of 4.95% using the "Bond Connect" model, paving the way for subsequent issuance. Currently, RMB9 billion facilities remain unutilized. In addition, amidst the increasingly tight financing environment in China, the Company managed to keep its average finance cost at 4.28% by maintaining a good relationship with banks, which was 0.03% lower from that as at 31 December 2016 and being relatively low as compared with its peers.

After taking into account of the Group's existing cash and bank balances, the management of the Company believes that the Group's financial resources are sufficient to meet future development.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2017, the Group had a total of 5,535 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 medical insurance, accident insurance, corporate annuity plan, etc. Aiming to maintain high efficiency and competitive incentives, the Group further enhances the assessment and incentive mechanism so that the interests of the employees will become more in line with those of the Group and secured human resources for the sustainable development of the Group. The incentive mechanism and compensation system for senior management reinforced and emphasized on the link between standards for paying individual salary to senior management and the Company's overall 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 changes of the Company, in order to achieve mutual development of individuals and the Group.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK4 cents per share (2016: HK4 cents per share) for the year ended 31 December 2017. It is expected that the final dividend will be paid on Monday, 9 July 2018 to shareholders whose names appear on the register of members of the Company on Wednesday, 20 June 2018 upon the approval of shareholders at the Annual General Meeting held by the Company on Friday, 1 June 2018.

CLOSURE OF REGISTER OF MEMBERS

Annual General Meeting

The Annual General Meeting of the Company will be held on Friday, 1 June 2018. For determining the eligibility of the Shareholders to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 28 May 2018 to Friday, 1 June 2018, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer documents, accompanied by the relevant share certificate(s), must be lodged for registration with the Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 25 May 2018. The notice of the Annual General Meeting, which constitutes part of the circular to Shareholders, will be sent together with the Annual Report 2017.

Final Dividend

For the purposes of ascertaining shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 14 June 2018 to Wednesday, 20 June 2018, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfer documents, accompanied by the relevant share certificate(s), must be lodged for registration with the Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Wednesday, 13 June 2018.

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 year ended 31 December 2017, the Company had complied with all code provisions as set out in the CG Code.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding directors' securities transactions. After specific enquiry by the Company, all Directors have confirmed that they had complied with the required standards set out in the Model Code throughout the year ended 31 December 2017.

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

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the HKExnews website of the Stock Exchange (www. hkexnews.hk) and the website of the Company (www.joy-cityproperty.com). The Annual Report 2017 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, 12 March 2018

As at the date of this announcement, the Board comprises Mr. ZHOU Zheng and Mr. CAO Ronggen as Executive Directors; Mr. JIANG Chao, Mr. ZENG Xianfeng and Mr. JIANG Yong 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:

"Annual General Meeting"	the annual general meeting of the Company (or any adjournment thereof) to be held on Friday, 1 June 2018;
"Audit Committee"	the audit committee of the Board;
"Board"	the board of Directors;
"Branch Share Registrar"	Tricor Progressive Limited, the Company's branch share registrar and transfer office in Hong Kong;
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules;
"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;
"CPS"	non-redeemable convertible preference shares of HK$0.10 each in the share capital of the Company;
"Director(s)"	director(s) of the Company;
"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);
"Model Code"	the Mode Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules;
"PRC"	the People's Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;

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