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## **DISCLOSEABLE TRANSACTION PROVISION OF FINANCIAL ASSISTANCE**

### **PROVISION OF FINANCIAL ASSISTANCE**

On 20 February 2023 (after trading hours), Yongyue Property, an indirect non wholly-owned subsidiary of the Company, entered into the Loan Agreement with Suzhou Hengtai, pursuant to which Yongyue Property agreed to provide an unsecured non-revolving loan of RMB200,000,000 to Suzhou Hengtai in accordance with the terms and conditions under the Loan Agreement. Yongyue Property is principally engaged in the development in, and the investment of, residential properties in Shishan Sub-district, New District, Suzhou, Jiangsu Province, the PRC and is owned as to 60% and 40% by Zhuoyuan Property, an indirect wholly-owned subsidiary of the Company, and Suzhou Hengtai, respectively. The Loan is provided by Yongyue Property to Suzhou Hengtai in proportion to the equity interest in Yongyue Property owned by Suzhou Hengtai.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Loan Agreement are more than 5% but are all less than 25%, the provision of the Loan pursuant to the Loan Agreement constitutes a discloseable transaction of the Company pursuant to the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the total assets, profits and revenue as defined under Rule 14A.09(1) of the Listing Rules in respect of Yongyue Property (for the period from 10 June 2022, the date of incorporation for Yongyue Property, to 31 December 2022) as compared to that of the Group (for the year ended 31 December 2021, being the latest financial year for which the Company has published its audited accounts) are less than 5%, Yongyue Property is an insignificant subsidiary of the Company pursuant to Rule 14A.09(1) of the Listing Rules and therefore Suzhou Hengtai, a substantial shareholder of Yongyue Property, is not a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Loan Agreement do not constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

## INTRODUCTION

Reference is made to the announcement of the Company dated 9 May 2022 and the circular of the Company dated 24 June 2022 in relation to, among other things, the acquisition of land use rights in Suzhou, the PRC by Yongyue Property, which is owned as to 60% and 40% by Zhuoyuan Property and Suzhou Hengtai, respectively.

On 20 February 2023 (after trading hours), Yongyue Property, an indirect non wholly-owned subsidiary of the Company, entered into the Loan Agreement with Suzhou Hengtai, pursuant to which Yongyue Property agreed to provide an unsecured non-revolving loan of RMB200,000,000 to Suzhou Hengtai in accordance with the terms and conditions under the Loan Agreement. Yongyue Property is principally engaged in the development in, and the investment of, residential properties in Shishan Sub-district, New District, Suzhou, Jiangsu Province, the PRC and is owned as to 60% and 40% by Zhuoyuan Property, an indirect wholly-owned subsidiary of the Company, and Suzhou Hengtai, respectively. The Loan is provided by Yongyue Property to Suzhou Hengtai in proportion to the equity interest in Yongyue Property owned by Suzhou Hengtai.

## PROVISION OF FINANCIAL ASSISTANCE

The principal terms of the Loan Agreement are set out below:

### Provision of the Loan

Pursuant to the Loan Agreement, Yongyue Property has agreed to provide an unsecured non-revolving loan with the loan amount of RMB200,000,000 to Suzhou Hengtai. The loan period of the Loan Agreement is three years (“**Loan Period**”) commencing from draw down, which is expected to take place in February 2023. Suzhou Hengtai may repay part or whole of the Loan in accordance with the terms and conditions of the Loan Agreement during the Loan Period.

The loan amount of RMB200,000,000 was determined based on negotiations between the relevant parties on arm’s length basis with reference to, among other things, (a) the financing needs requested by Suzhou Hengtai; (b) the surplus funds available for Yongyue Property; (c) Yongyue Property’s assessment on the source of funds for repayment and the business conditions and creditworthiness of Suzhou Hengtai; and (d) the registered capital and the profits attributable to the shareholding interest in Yongyue Property held by Suzhou Hengtai.

### Interest rate and payment

The interest rate for the Loan under the Loan Agreement is 3.65% per annum, which is determined with reference to the one year loan prime rate as published by the banks authorised by the People’s Bank of China on 20 January 2023. The interest payments on the outstanding principal amount shall be calculated on annual basis and paid upon repayment(s) of the Loan.

## **Repayment date**

The repayment date of the principal amount and the outstanding interest shall be on the date falling on the end of the Loan Period. Based on the capital needs of Yongyue Property, Yongyue Property is entitled to demand for an early repayment of part or whole of the Loan pursuant to the Loan Agreement.

Pursuant to the Loan Agreement, in the event that Suzhou Hengtai is in default for any repayment of the Loan, Yongyue Property is entitled to remedies including, among other things, (a) request for Suzhou Hengtai to rectify the breach; (b) request for Suzhou Hengtai to bear the losses suffered by Yongyue Property; (c) request for a penalty payable by Suzhou Hengtai calculated based on the outstanding balance owed by Suzhou Hengtai and on a daily basis; and (d) the right to deduct the outstanding loan amount, interest and/or penalty from any amount payable by Yongyue Property to Suzhou Hengtai (including but not limited to distributable profits and registered capital of Yongyue Property).

## **REASONS FOR AND BENEFITS OF THE FINANCIAL ASSISTANCE**

As at the date of this announcement, Yongyue Property is owned as to 60% and 40% by Zhuoyuan Property, an indirect wholly-owned subsidiary of the Company, and Suzhou Hengtai, respectively. Yongyue Property is accounted for as an indirect subsidiary of the Company and the financial results, assets and liabilities of Yongyue Property are consolidated into the accounts of the Group.

Yongyue Property is principally engaged in the investment in and development of residential properties in Shishan Sub-district, New District, Suzhou, Jiangsu Province, the PRC (the “**Project**”). The shareholders of Yongyue Property have agreed in the co-operation agreement dated 10 June 2022 that the profits of Yongyue Property will be distributed in proportion to their respective shareholding interests in Yongyue Property, and the distribution of funds will be subject to further negotiations between the shareholders based on the actual progress of sales and development of the Project and the cash flow and financial position of Yongyue Property. As of the date of this announcement, substantially all of the residential property in the Project have been pre-sold and the construction of the properties under the Project are in progress, which are expected to be delivered in stages around the end of 2024. Therefore, Yongyue Property has received cash inflows from the pre-sale of the residential properties of the Project whilst the relevant revenue will be recognised after delivery of such properties, and hence a timing difference has arisen for the receipt of cash inflows and the recognition of the related revenue contributing to distributable profits, which is a condition for distribution of dividends by Yongyue Property to its shareholders. Due to the need for enhancing liquidity, the shareholders of Yongyue Property have negotiated on arm’s length basis and agreed for Yongyue Property to pay the surplus cash in the form of short-term loans involving the loan amounts of RMB300,000,000 and RMB200,000,000 provided to a related party of Zhuoyuan Property (being a member of the Group) and Suzhou Hengtai, respectively, based on the same terms and conditions as the Loan Agreement (except for the loan amounts) on a pro rata basis according to their respective shareholding interest in Yongyue Property to replenish the working capital of its shareholders on a short-term basis.

Further, the Company believes that there is sufficient protection to safeguard the interests of Yongyue Property in respect of the loans provided by Yongyue Property to its shareholders as a whole after taking into consideration of (a) the remedies available to Yongyue Property pursuant to the relevant loan agreements in the event of default by the shareholders; (b) Yongyue Property's assessment on the borrowers, which included the comparison of the outstanding principal, related interest and potential penalties relating to such loans against the estimated share of profits and investment in the registered capital of Yongyue Property for the shareholders with an aggregate amount of no less than RMB500,000,000, in light of the right to deduct by Yongyue Property in case of default by the relevant shareholder pursuant to the relevant agreement; (c) Yongyue Property's right to demand for an early repayment of the loans pursuant to the relevant agreements based on its capital needs; and (d) the letter of undertaking from a related party of Suzhou Hengtai to guarantee the payment obligations of Suzhou Hengtai under the Loan Agreement. In any event, the shareholders of Yongyue Property are expected to repay such loans prior to the winding up or deregistration of Yongyue Property.

The Directors believe that it is in the interest of the Company to refund the surplus funds held by Yongyue Property by way of loans from Yongyue Property to replenish the working capital of the Group. In addition, interest income will be generated from the Loan based on the outstanding principal amounts of the Loan, which will contribute to the income of the Group. Further, the terms of the Loan Agreement were negotiated on an arm's length basis between the relevant parties based on, among other things, the financing needs requested by Suzhou Hengtai and Yongyue Property's assessment on the source of funds for repayment and the business conditions and creditworthiness of Suzhou Hengtai.

Based on the above, the Directors (including the independent non-executive Directors) consider the terms of the Loan Agreement are entered into on normal commercial terms or better, and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors was in any way materially interested in the Loan Agreement and the transactions contemplated thereunder.

## **INFORMATION ON THE PARTIES**

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

### **Yongyue Property**

Yongyue Property is a company incorporated in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company. Yongyue Property is owned as to 60% and 40% by Zhuoyuan Property, an indirect wholly-owned subsidiary of the Company, and Suzhou Hengtai, respectively. It is principally engaged in real estate development, property investment and development, and the investment and the development of the Project.

## Suzhou Hengtai

Suzhou Hengtai is a company incorporated in the PRC with limited liability and is a substantial shareholder which directly owns 40% equity interest in Yongyue Property. It is primarily engaged in investment holding and property investment and development. Suzhou Hengtai is indirectly wholly-owned by Suzhou Industrial Area Zhaorun Investment Holding Company Limited\*, which in turn is a state owned company in the PRC.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save for Suzhou Hengtai's equity interest in Yongyue Property, Suzhou Hengtai and its ultimate beneficial owners are Independent Third Parties.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Loan Agreement are more than 5% but are all less than 25%, the provision of the Loan pursuant to the Loan Agreement constitutes a discloseable transaction of the Company pursuant to the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the total assets, profits and revenue as defined under Rule 14A.09(1) of the Listing Rules in respect of Yongyue Property (for the period from 10 June 2022, the date of incorporation for Yongyue Property, to 31 December 2022) as compared to that of the Group (for the year ended 31 December 2021, being the latest financial year for which the Company has published its audited accounts) are less than 5%, Yongyue Property is an insignificant subsidiary of the Company pursuant to Rule 14A.09(1) of the Listing Rules and therefore Suzhou Hengtai, a substantial shareholder of Yongyue Property, is not a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Loan Agreement do not constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of Directors
“Company”	Joy City Property Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange (Stock Code: 207)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	person(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is not a connected person of the Company pursuant to the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the unsecured non-revolving loan of RMB200,000,000 agreed to be provided by Yongyue Property to Suzhou Hengtai pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement entered into between Yongyue Property and Suzhou Hengtai on 20 February 2023 in respect of the Loan
“PRC”	the People’s Republic of China, which shall for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Hengtai”	Suzhou Hengtai Commercial Property Co., Ltd.* (蘇州恒泰商用置業有限公司), a company incorporated in the PRC with limited liability and a substantial shareholder of Yongyue Property
“Yongyue Property”	Yongyue Property Development (Suzhou) Co., Ltd.* (永悅房地產開發(蘇州)有限公司), a company incorporated in the PRC with limited liability whose equity interest is held by Zhuoyuan Property and Suzhou Hengtai as to 60% and 40%, respectively, as at the date of this announcement and a non wholly-owned subsidiary of the Company, which is an insignificant subsidiary of the Company pursuant to Rule 14A.09 of the Listing Rules
“Zhuoyuan Property”	Zhuoyuan Property (Chengdu) Co., Ltd.* (卓遠地產(成都)有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

*In this announcement, unless the context requires otherwise, the terms “connected person”, “insignificant subsidiary”, “percentage ratio(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules.*

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

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

The PRC, 20 February 2023

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