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JOY CITY PROPERTY LIMITED

大悦城地產有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 207)

**DISCLOSEABLE TRANSACTION
PROVISION OF FINANCIAL ASSISTANCE**

PROVISION OF FINANCIAL ASSISTANCE

On 21 June 2023, Hangzhou Jiangyue, an indirect non wholly-owned subsidiary of the Company, entered into the Loan Agreement with Hangzhou Yile, pursuant to which Hangzhou Jiangyue agreed to provide the unsecured and non-revolving Loan with an aggregate loan amount of up to RMB257,740,000 to Hangzhou Yile in accordance with the terms and conditions under the Loan Agreement. Hangzhou Jiangyue is principally engaged in the investment and development of residential properties in Xiaoshan District, Hangzhou City, Zhejiang Province, the PRC and is owned as to 51% and 49% by Chongqing Zeyue, an indirect wholly-owned subsidiary of the Company, and Hangzhou Yile, respectively. The Loan is provided by Hangzhou Jiangyue to Hangzhou Yile in proportion to its shareholding interest in Hangzhou Jiangyue.

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 of Hangzhou Jiangyue compared to that of the Group are less than 10% under the percentage ratios for the respective periods from 11 May 2022 (date of incorporation for Hangzhou Jiangyue) to 31 December 2022, Hangzhou Jiangyue is an insignificant subsidiary of the Company. As at the date of this announcement, Hangzhou Yile holds 49% equity interest in Hangzhou Jiangyue and accordingly is a substantial shareholder of an insignificant subsidiary of the Company. Notwithstanding that Hangzhou Yile is a substantial shareholder of Hangzhou Jiangyue, Hangzhou Yile and its ultimate beneficial owner(s) are not regarded as connected persons of the Company pursuant to Rule 14A.09 of the Listing Rules. Therefore, the Loan does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

INTRODUCTION

On 21 June 2023, Hangzhou Jiangyue, an indirect non wholly-owned subsidiary of the Company, entered into the Loan Agreement with Hangzhou Yile, pursuant to which Hangzhou Jiangyue agreed to provide the unsecured and non-revolving Loan with an aggregate loan amount of up to RMB257,740,000 to Hangzhou Yile in accordance with the terms and conditions under the Loan Agreement. Hangzhou Jiangyue is principally engaged in the investment and development of residential properties in Xiaoshan District, Hangzhou City, Zhejiang Province, the PRC and is owned as to 51% and 49% by Chongqing Zeyue, an indirect wholly-owned subsidiary of the Company, and Hangzhou Yile, respectively. The Loan is provided by Hangzhou Jiangyue to Hangzhou Yile in proportion to its shareholding interest in Hangzhou Jiangyue.

PROVISION OF FINANCIAL ASSISTANCE

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

Provision of the Loan

Pursuant to the Loan Agreement, Hangzhou Jiangyue, an indirect non wholly-owned subsidiary of the Company and as the lender, has agreed to provide the unsecured and non-revolving Loan with an aggregate loan amount of up to RMB257,740,000 to Hangzhou Yile, as the borrower. The loan period of the Loan Agreement is for three years from 21 June 2023 to 20 June 2026 (the “**Loan Period**”). Hangzhou Yile may draw down the Loan in whole or by instalments in accordance with the terms and conditions of the Loan Agreement during the Loan Period up to the aggregate loan amount of not more than RMB257,740,000. Depending on the circumstances, Hangzhou Jiangyue may request Hangzhou Yile to provide security for the Loan and if Hangzhou Yile is unable to provide such security, Hangzhou Jiangyue will have the right to request for immediate repayment of the Loan.

Interest rate and payment

The interest rate for the amounts drawn down for the Loan under the Loan Agreement shall be fixed at 4.35% per annum, calculated on a monthly basis from the relevant date(s) of draw down of the loan amount(s) in respect of the Loan until the repayment date of such loan amount(s). The interest rate pursuant to the Loan Agreement is determined with reference to the benchmark interest rate for loans with a maturity of five years as published by the People's Bank of China on 22 May 2023. The interest payments relating to the Loan will be accrued and paid to Hangzhou Jiangyue at the end of the Loan Period.

Repayment date

The repayment date of the loan amount(s) in respect of the Loan will be at the end of the Loan Period. Hangzhou Yile may repay the Loan and related interest prior to the end of the Loan Period subject to the agreement of the parties to the Loan Agreement. On the other hand, Hangzhou Jiangyue may demand for early repayment of the Loan in whole or in part pursuant to the Loan Agreement based on its capital requirements. In addition, pursuant to the Loan Agreement, Hangzhou Jiangyue will have the right to deduct the outstanding loan amount(s) and related interest from any amount payable by Hangzhou Jiangyue or its related parties to Hangzhou Yile including, among other things, payments relating to distribution of profits and capital reduction.

Pursuant to the Loan Agreement, in the event of default by Hangzhou Yile for any repayment of the loan amount(s), Hangzhou Jiangyue is entitled to remedies including, among other things, (a) request for Hangzhou Yile to rectify the breach; (b) stop payment of any undrawn loan amounts to Hangzhou Yile; (c) request for Hangzhou Yile to bear the losses suffered by Hangzhou Jiangyue; and (d) request for a penalty payable by Hangzhou Yile calculated based on the outstanding balance owed by Hangzhou Yile and on a daily basis.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE FINANCIAL ASSISTANCE

As at the date of this announcement, Hangzhou Jiangyue is held as to 51% and 49% by Chongqing Zeyue, an indirect wholly-owned subsidiary of the Company, and Hangzhou Yile, respectively. Hangzhou Jiangyue is accounted for as an indirect subsidiary of the Company and the financial results, assets and liabilities of Hangzhou Jiangyue are consolidated into the accounts of the Group.

Hangzhou Jiangyue is principally engaged in the investment and development of residential properties comprising of around 300 high rise apartments with a total gross floor area of approximately 53,900 square meters and car park spaces in Xiaoshan District, Hangzhou City, Zhejiang Province, the PRC (the “**Project**”). As at the date of this announcement, all the residential properties have been sold and the sale of car park spaces is in progress, among which most of them have been sold. Further, the structural works of the Project has completed and the residential properties are expected to be delivered to the purchasers in late 2025. As such, Hangzhou Jiangyue has not yet met the conditions for distribution of the profits of the Project to its shareholders. Therefore, Hangzhou Jiangyue provided loans to Chongqing Zeyue or its fellow subsidiary and Hangzhou Yile on pro rata basis according to their respective shareholding interest in Hangzhou Jiangyue to replenish the working capital of its shareholders on a short term basis.

The Directors believe that it is in the interest of the Company to refund the surplus funds held by Hangzhou Jiangyue by way of loans from Hangzhou Jiangyue to replenish the working capital of its shareholders, which includes 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 Hangzhou Yile and Hangzhou Jiangyue’s assessment on the source of funds for repayment and the business conditions and creditworthiness of Hangzhou Yile. In particular, the Loan Agreement includes measures to safeguard the interests of Hangzhou Jiangyue in respect of the Loan.

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.

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.

Hangzhou Jiangyue

Hangzhou Jiangyue is a company incorporated in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company. It is held as to 51% and 49% by Chongqing Zeyue, an indirect wholly-owned subsidiary of the Company, and Hangzhou Yile, respectively and it is principally engaged in the investment and development of residential properties in Xiaoshan District, Hangzhou City, Zhejiang Province, the PRC.

Hangzhou Yile

Hangzhou Yile is a company incorporated in the PRC with limited liability and is wholly-owned by Guangzhou City Construction and Development Company Limited* (廣州市城市建設開發有限公司), which in turn is held as to 5% by Guangzhou City Construction and Development Group Company Limited* (廣州市城市建設開發集團有限公司), a state-owned enterprise, and 95% by Acon Investment Limited, which in turn is indirect wholly-owned by Yuexiu Property Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 123). Hangzhou Yile is principally engaged in property investment and development in the PRC.

As at the date of this announcement, Hangzhou Yile holds 49% equity interest in Hangzhou Jiangyue and accordingly is a substantial shareholder of an insignificant subsidiary of the Company. Notwithstanding that Hangzhou Yile is a substantial shareholder of Hangzhou Jiangyue, Hangzhou Yile and its ultimate beneficial owner(s) are not regarded as connected persons of the Company pursuant to Rule 14A.09 of the Listing Rules. On such basis, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Hangzhou Yile 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 of Hangzhou Jiangyue compared to that of the Group are less than 10% under the percentage ratios for the respective periods from 11 May 2022 (date of incorporation for Hangzhou Jiangyue) to 31 December 2022, Hangzhou Jiangyue is an insignificant subsidiary of the Company. As at the date of this announcement, Hangzhou Yile holds 49% equity interest in Hangzhou Jiangyue and accordingly is a substantial shareholder of an insignificant subsidiary of the Company. Notwithstanding that Hangzhou Yile is a substantial shareholder of Hangzhou Jiangyue, Hangzhou Yile and its ultimate beneficial owner(s) are not regarded as connected persons of the Company pursuant to Rule 14A.09 of the Listing Rules. Therefore, the Loan does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

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.

DEFINITIONS

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

“Board”	the board of Directors
“Chongqing Zeyue”	Chongqing Zeyue Shiye Company Limited* (重慶澤悅實業有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“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
“Hangzhou Jiangyue”	Hangzhou Jiangyue Real Estate Company Limited* (杭州疆悅置業有限公司), a company incorporated in the PRC with limited liability and held as to 51% and 49% by Chongqing Zeyue, an indirect wholly-owned subsidiary of the Company, and Hangzhou Yile, respectively, and thus an indirect non wholly-owned subsidiary of the Company
“Hangzhou Yile”	Hangzhou Yile Investment Company Limited* (杭州燦樂實業投資有限公司), a company incorporated in the PRC with limited liability and a substantial shareholder of Hangzhou Jiangyue
“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 with an aggregate loan amount of up to RMB257,740,000 to be provided by Hangzhou Jiangyue to Hangzhou Yile pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement entered into between Hangzhou Jiangyue and Hangzhou Yile on 21 June 2023 in respect of the provision 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
“%”	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.

By order of the Board
Joy City Property Limited
CHEN Lang
Chairman

Hong Kong, 21 June 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.