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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)

DISCLOSEABLE TRANSACTION PROVISION OF THE SHAREHOLDER LOANS

PROVISION OF THE SHAREHOLDER LOANS

On 5 August 2019 (after trading hours), Chengdu Pengyue, an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreements with the Borrower, pursuant to which Chengdu Pengyue agreed to provide the Shareholder Loans of an aggregate amount of RMB1,197,305,682 at an interest rate of 10% per annum to the Borrower in accordance with the terms and conditions under the Loan Agreements. The Borrower is principally engaged in the development of the urban shantytown in Luosiwang, Xishan District, Kunming City and is owned as to 30% and 70% by Chengdu Pengyue and other Independent Third Parties, respectively, and the Shareholder Loans will be provided by Chengdu Pengyue in proportion to its shareholding interest in the Borrower.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Shareholder Loans, when aggregated with the Maximum Compensation Amount which was provided by the Group within 12 months preceding the Loan Agreements, exceeds 5% but are all less than 25%, the provision of the Shareholder Loans pursuant to the Loan Agreements 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.

BACKGROUND

The Borrower is principally engaged in the development of the urban shantytown in Luosiwang, Xishan District, Kunming City and is owned as to 30% and 70% by Chengdu Pengyue and other Independent Third Parties, respectively, and the Shareholder Loans will be provided by Chengdu Pengyue in proportion to its shareholding interest in the Borrower.

Reference is also made to the Previous Announcement in relation to the Maximum Compensation Amount not exceeding the amount of RMB600,000,000 in aggregate provided by the Group in connection with loans provided by a financial institution to the Borrower.

PROVISION OF THE SHAREHOLDER LOANS

On 5 August 2019 (after trading hours), Chengdu Pengyue, an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreements with the Borrower and the principal terms of the Loan Agreements are set out below:

The aggregate amount of the Shareholder Loans and respective loan periods

Pursuant to the Loan Agreements, the aggregate amount of the Shareholder Loans is RMB1,197,305,682 with respective loan periods ranging from eight months up to twelve months. The principal amounts of the Shareholder Loans will be fully repaid at the end of the respective loan period.

Interest rate of the Shareholder Loans

Pursuant to the Loan Agreements, the Shareholder Loans are subject to an interest rate of 10% per annum, which will be fully paid by the Borrower at the end of the respective loan period for the Shareholder Loans.

REASONS FOR AND BENEFITS OF THE SHAREHOLDER LOANS

The Borrower is principally engaged in the development of the urban shantytown in Luosiwang, Xishan District, Kunming City and is owned as to 30% and 70% by Chengdu Pengyue and other Independent Third Parties, respectively. Pursuant to the joint venture agreement among the shareholders of the Borrower, they will provide financial assistance to the Borrower on a pro rata basis according to their respective shareholding interests in the Borrower. Accordingly, the Shareholder Loans will be provided by Chengdu Pengyue in proportion to its shareholding interest in the Borrower. The Directors believe that the provision of the Shareholder Loans supports the development of the urban shantytown in Luosiwang, Xishan District, Kunming City carried out by the Borrower in accordance with its capital requirements. It is in the interest of the Company to facilitate the development of the urban shantytown in Luosiwang held by the Borrower for sale, as such development project is expected to contribute returns to the Borrower, and thus benefit the Company. In addition, interest income will be generated from the Shareholder Loans based on the outstanding principal amounts of the Shareholder Loans at a rate of 10% per annum, which will contribute to the income of the Group.

Based on the above, the Directors consider the terms of the Loans Agreements 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

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.

Chengdu Pengyue

Chengdu Pengyue is a company incorporated in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company and a direct shareholder of the Borrower. It is principally engaged in the development of and investment in properties in the PRC.

The Borrower

The Borrower is a company incorporated in the PRC with limited liability, equity interest of which is held as to 30% by Chengdu Pengyue and 70% by other shareholders which are Independent Third Parties. It is primarily engaged in the development of the urban shantytown in Luosiwang, Xishan District, Kunming City.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Borrower is not a connected person of the Company pursuant to the Listing Rules.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Shareholder Loans, when aggregated with the Maximum Compensation Amount which was provided by the Group within 12 months preceding the Loan Agreements, exceeds 5% but are all less than 25%, the provision of the Shareholder Loans pursuant to the Loan Agreements 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.

DEFINITIONS

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

“Board”	the board of Directors
“Borrower”	Kunming Luosiwang Guoyue Land Co., Ltd* (昆明螺蛳灣國悅置地有限公司), a limited company incorporated in the PRC with limited liability, equity interest of which is held as to 30% by Chengdu Pengyue and 70% by Independent Third Parties
“Chengdu Pengyue”	Chengdu Pengyue Enterprise Management Consulting Co., Ltd (成都鵬悅企業管理諮詢有限公司), a limited company incorporated in the PRC with limited liability, 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	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
“Loan Agreements”	the loan agreements entered into between Chengdu Pengyue and the Borrower on 5 August 2019 in respect of the Shareholder Loans

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Compensation Amount”	the maximum compensation amount not exceeding the amount of RMB600,000,000 in aggregate provided by the Group in connection with loans provided by a financial institution to the Borrower, details of which are set out in the Previous Announcement
“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
“Previous Announcement”	the announcement of the Company dated 28 June 2019
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder Loans”	the shareholder loans of an aggregate amount of RMB1,197,305,682 agreed to be provided by Chengdu Pengyue to the Borrower pursuant to the Loan Agreements, details of which are set out in the section headed “Provision of the Shareholder Loans” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

By order of the Board
Joy City Property Limited
 Zhou Zheng
Chairman

The PRC, 5 August 2019

As at the date of this announcement, the Board comprises Mr. ZHOU Zheng (Chairman) and Mr. CAO Ronggen as executive Directors; Mr. JIANG Yong as non-executive Director; and Mr. LAU Hon Chuen, Ambrose, GBS, JP, Mr. LAM Kin Ming, Lawrence and Mr. WU Kwok Cheung, MH as independent non-executive Directors.