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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

ACQUISITION OF LAND USE RIGHTS IN SANYA, THE PRC

ACQUISITION OF LAND USE RIGHTS IN SANYA, THE PRC

The Board is pleased to announce that on 10 December 2019, Sanya Jiayue, an indirect subsidiary of the Company, obtained the Confirmation Letter approving the bid of the land use rights of the Land offered for sale by the Resources and Planning Bureau of Sanya at the Auction for RMB1,638,660,000. The Land Use Rights Grant Contract in relation to the Acquisition is expected to be entered into on or before 24 December 2019. A sum of RMB983,080,000 has been paid by Sanya Jiayue as the security deposit for the Auction. Immediately upon the completion of the Acquisition, the Company will indirectly hold the interests in the Land.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but are all less than 25%, the transaction contemplated under the Acquisition constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 10 December 2019, Sanya Jiayue, an indirect subsidiary of the Company, obtained the Confirmation Letter approving the bid of the land use rights of the Land offered for sale by the Resources and Planning Bureau of Sanya at the Auction for RMB1,638,660,000. The Land Use Rights Grant Contract in relation to the Acquisition is expected to be entered into on or before 24 December 2019. A sum of RMB983,080,000 has been paid by Sanya Jiayue as the security deposit for the Auction. Immediately upon the completion of the Acquisition, the Company will indirectly hold the interests in the Land.

THE CONFIRMATION LETTER

- Date : 10 December 2019
- Parties : (1) Sanya Jiayue, an indirect subsidiary of the Company; and
(2) the Resources and Planning Bureau of Sanya.
- Location of the Land : Sanya City, Hainan Province, the PRC
- Total site area : approximately 63,300 square meters
- Total planned gross floor area : approximately 301,400 square meters
- Proposed use of the Land : Commercial and serviced apartments
- Term of the land use right : 40 years
- Consideration : RMB1,638,660,000, which was the bidding price of the Land submitted by Sanya Jiayue at the Auction held by the Resources and Planning Bureau of Sanya. A sum of approximately RMB983,080,000 has been paid by Sanya Juayue as the security deposit for the Auction, which will form the payment of the total consideration in relation to the Acquisition. The remaining balance of the Consideration will be paid in accordance with the terms and conditions of the Land Use Rights Grant Contract.

The Consideration was arrived at as a result of successful bidding of the Land by Sanya Jiayue at the Auction in accordance with PRC laws and regulations after taking into account the minimum bid price set by the Resources and Planning Bureau of Sanya, current property market conditions in Yue Chuan Pian District (月川片區) of Sanya, the strategic location of the Land in Sanya, the recent land price in the surrounding area of the Land and the development potential of the Land. The Consideration for acquiring the Land will be funded by the shareholders of Sanya Jiayue in proportion to their respective shareholding interests in Sanya Jiayue. The Group will finance its capital commitment for the Acquisition by shareholder's loan or capital contribution.

Immediately upon the completion of the Acquisition, the Company will indirectly hold the interests in the Land.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in development, operation, sales, leasing and management of mixed-use complexes and commercial properties in the PRC. The Land is located in the strategic location of Yue Chuan Pian District (月川片區) of Sanya, which is a free trade port in the central business district of Sanya, and suitable for development of integrated commercial and residential properties. In view of the location and the designated use of the Land, it is expected to be used for the development of the Joy City urban mixed-use complexes and serviced apartments, with the objective of achieving high investment value after completion of the development of the Land, thereby generating stable revenue and profit to the Group. The Directors

consider that the Acquisition is in line with the business development strategy and planning of the Group.

The Directors consider that the Acquisition is in the interests of the Company and the Shareholders as a whole and the terms thereof are on normal commercial terms, which are fair and reasonable.

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.

Sanya Jiayue is a company incorporated in the PRC with limited liability and principally engaged in the investment and development of the Land, which is an indirect subsidiary of the Company owned as to 49% and 51% by Sanya Yue Gang Enterprise Management Co. Ltd.* (三亞悅港企業管理有限公司), an indirect wholly-owned subsidiary of the Company, and Sanya Yalong Development Company Limited* (三亞亞龍灣開發股份有限公司), an indirect non wholly-owned subsidiary of the Company, respectively. Sanya Yalong Development Company Limited* (三亞亞龍灣開發股份有限公司) is owned as to 50.82% and 40.18% by Yalong Development (HK) Company Limited, an indirect wholly-owned subsidiary of the Company, and Independent Third Parties, respectively.

The Resources and Planning Bureau of Sanya is a PRC governmental authority and the seller of the Land. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Resources and Planning Bureau of Sanya and its ultimate beneficial owner are Independent Third Parties.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% but are all less than 25%, the transaction contemplated under the Acquisition constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of land use rights of the Land through public bidding process at the Auction
“Auction”	the public auction held by the Resources and Planning Bureau of Sanya at which the Land was offered for sale
“Board”	the board of Directors

“Company”	Joy City Property Limited (大悅城地產有限公司), a company incorporated under the laws of Bermuda with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange
“Confirmation Letter”	the confirmation letter of land transaction by auction (土地成交確認書) entered into between Sanya Jiayue and the Resources and Planning Bureau of Sanya confirming the Acquisition at the Auction on 10 December 2019
“Consideration”	RMB1,638,660,000, being the price for the grant of the land use rights of the Land
“Directors”	the directors of the Company
“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
“Land”	the plots of land described under the section headed “The Confirmation Letter” in this announcement with a total site area of approximately 63,300 square meters which was offered for sale at the Auction
“Resources and Planning Bureau of Sanya”	Resources and Planning Bureau of Sanya City* (三亞市自然資源和規劃局)
“Land Use Rights Grant Contract”	the land use rights grant contract (國有建設用地使用權出讓合同) to be entered into between Sanya Jiayue and the Resources and Planning Bureau of Sanya in respect of the Land
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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

“Sanya Jiayue”	Sanya Jiayue Development and Construction Limited* (三亞嘉悅開發建設有限公司), a company incorporated in the PRC and an indirect subsidiary of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

In this announcement, unless the context requires otherwise, the terms “connected person(s)”, “percentage ratio” and “subsidiary(ies)” 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 and authority concerned.*

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

The PRC, 10 December 2019

As at the date of this announcement, the Board comprises Mr. ZHOU Zheng 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.