

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



JOY CITY PROPERTY LIMITED

大悅城地產有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 207)

CONNECTED TRANSACTION SALE OF THE PROPERTIES

SALE OF PROPERTIES

On 21 December 2020, Shanghai Yueyao, an indirect non wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreements with (a) Shanghai Dongqing in relation to the sale and purchase of Property A at a consideration of RMB1,716,843,600; and (b) Shanghai Donghui in relation to the sale and purchase of Property B at a consideration of RMB283,159,888, respectively. The Properties are office buildings and related car parking spaces located in Qiantan, Pudong, Shanghai, the PRC and held by Shanghai Yueyao as at the date of this announcement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, each of Shanghai Dongqing and Shanghai Donghui is a fellow subsidiary of Shanghai Qiantan, a substantial shareholder of Shanghai Yueyao and a connected person at the subsidiary level of the Company, and therefore, both Shanghai Dongqing and Shanghai Donghui are connected persons of the Company at the subsidiary level. Accordingly, the Sale constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (1) both Shanghai Dongqing and Shanghai Donghui are connected persons at the subsidiary level of the Company, (2) the Board has approved the Sale, which is in the Company's ordinary course of business; and (3) the independent non-executive Directors have confirmed that the terms of the Sale are fair and reasonable and the Sale is on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the Sale is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 21 December 2020, Shanghai Yueyao, an indirect non wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreements with (a) Shanghai Dongqing in relation to the sale and purchase of Property A; and (b) Shanghai Donghui in relation to the sale and purchase of Property B, respectively. The Properties are office buildings located in Qiantan, Pudong, Shanghai, the PRC and held by Shanghai Yueyao as at the date of this announcement.

THE SALE AND PURCHASE AGREEMENTS

On 21 December 2020, Shanghai Yueyao entered into the Property A SPA with Shanghai Dongqing pursuant to which Shanghai Yueyao agreed to sell, and Shanghai Dongqing agreed to purchase, Property A at a consideration of RMB1,716,843,600. The consideration for the Property A Sale will be settled by (a) the initial payment of 95% of the consideration, being RMB1,631,001,420, within five business days of the date of the Property A SPA; and (b) the final payment of the remaining balance of 5% of the consideration, being RMB85,842,180, within five business days after delivery of Property A to Shanghai Dongqing and completion of filing and registration with relevant PRC authorities. Pursuant to the Property A SPA, the title of Property A will be delivered to Shanghai Dongqing after the initial payment is paid and the parties have completed the inspection of Property A.

On 21 December 2020, Shanghai Yueyao entered into the Property B SPA with Shanghai Donghui pursuant to which Shanghai Yueyao agreed to sell, and Shanghai Donghui agreed to purchase, Property B at a consideration of RMB283,159,888. The consideration for the Property B Sale will be settled by (a) the initial payment of 95% of the consideration, being RMB269,001,894, within five business days of the date of the Property B SPA; and (b) the final payment of the remaining balance of 5% of the consideration, being RMB14,157,994, within five business days after delivery of Property B to Shanghai Donghui and completion of filing and registration with relevant PRC authorities. Pursuant to the Property B SPA, the title of Property B will be delivered to Shanghai Donghui after the initial payment is paid and the parties have completed the inspection of Property B.

Basis of Determination of the consideration for each of the Property A Sale and Property B Sale

The consideration for each of the Property A Sale and the Property B Sale was agreed after arm's length negotiations among the relevant parties to the Sale and Purchase Agreements and was determined with reference to, among other things, (a) the market value of comparable properties comprising an entire building for commercial and office use with related car parking spaces in the same region based on the total saleable area of Property A and Property B, respectively; (b) the appraised value of Property A and Property B, respectively, by an independent valuer; and (c) prevailing market conditions.

THE PROPERTIES

Property A is the office building and related underground car parking spaces located at No. 2 and 3, Block 6, Lane 511 at Yongyao Road in Yueyaolanyuan of Sanlin Town, Pudong New District, Shanghai (上海市浦東新區三林鎮悅耀蘭苑內泳耀路511弄6幢2、3號) in the PRC. Property A comprises an entire building for commercial and office use with a total saleable area of approximately 36,500 sq.m. and related 309 underground car parking spaces.

Property B is the office building and related underground car parking spaces located at No. 1, Block 7, Lane 511 at Yongyao Road in Yueyaolanyuan of Sanlin Town, Pudong New District, Shanghai (上海市浦東新區三林鎮悅耀蘭苑內泳耀路511弄7幢1號) in the PRC. Property B comprises an entire building for commercial and office use with a total saleable area of approximately 5,740 sq.m. and related 49 underground car parking spaces.

The Properties are held by Shanghai Yueyao as at the date of this announcement. The Properties are developed by Shanghai Yueyao and is recorded as properties held for development in the financial statements of the Group. As at the date of this announcement, the development of the Properties have been completed, and the Properties are vacant and in operation.

REASONS FOR AND BENEFITS OF THE SALE

Upon completion of the Sale, the Group is expected to record a gain of approximately RMB503,390,000 (before tax and subject to audit). The expected gain is calculated based on the Aggregate Consideration less the estimated development costs and selling expenses attributable to the Properties. The net sales proceeds from the Sale will be recorded as the profit of the Group and will be used as general working capital by the Group. The Sale took place as revenue and was in the ordinary course of business of the Group.

Based on the above, the Directors (including the independent non-executive Directors) consider the terms of each of the Sale and Purchase Agreements (including, among other things, the consideration of each of the Property A Sale and the Property B Sale) are entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, 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.

Shanghai Yueyao

Shanghai Yueyao 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 50% by each of Twin Progress, an indirect wholly-owned subsidiary of the Company, and Shanghai Qiantan, which is respectively held as to 70% and 30% by Shanghai Lujiazui Group (a state-owned enterprise) and Shanghai Pudong Land Holding (Group) Co., Ltd.* (上海浦東土地控股(集團)有限公司) (which in turn is wholly-owned by Shanghai Pudong Development (Group) Co., Ltd.* (上海浦東開發(集團)有限公司), a state-owned enterprise). Shanghai Yueyao is principally engaged in real estate development, property investment and development and the investment and the development of the commercial and residential properties in Qiantan, Pudong, Shanghai.

Shanghai Dongqing

Shanghai Dongqing is a company incorporated in the PRC and a wholly-owned subsidiary of Shanghai Lujiazui Group (a state-owned enterprise) and as such, Shanghai Dongqing is a fellow subsidiary of Shanghai Qiantan, a substantial shareholder of Shanghai Yueyao, and thus a connected person of the Company. It is primarily engaged in asset investments, real estate development, building materials trading, gardening and construction works for public facilities.

Shanghai Donghui

Shanghai Donghui is a company incorporated in the PRC and a wholly-owned subsidiary of Shanghai Lujiazui Group (a state-owned enterprise) and as such, Shanghai Donghui is a fellow subsidiary of Shanghai Qiantan, a substantial shareholder of Shanghai Yueyao, and thus a connected person of the Company. It is primarily engaged in asset investments, real estate development, building materials trading, gardening and construction works for public facilities.

LISTING RULES IMPLICATIONS

As at the date of this announcement, each of Shanghai Dongqing and Shanghai Donghui is a fellow subsidiary of Shanghai Qiantan, a substantial shareholder of Shanghai Yueyao and a connected person at the subsidiary level of the Company, and therefore, both Shanghai Dongqing and Shanghai Donghui are connected persons of the Company at the subsidiary level. Accordingly, the Sale constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (1) both Shanghai Dongqing and Shanghai Donghui are connected persons at the subsidiary level of the Company, (2) the Board has approved the Sale, which is in the Company's ordinary course of business; and (3) the independent non-executive Directors have confirmed that the terms of the Sale are fair and reasonable and the Sale is on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the Sale is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements 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 Sale and Purchase Agreements and the transactions contemplated thereunder.

DEFINITIONS

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

“Aggregate Consideration”	the aggregate consideration for the Sale of the Properties of an total amount of 2,000,003,488
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Properties”	Property A and Property B
“Property A”	an entire building for commercial and office use with a total saleable area of approximately 36,500 sq.m and related underground car parking spaces, which details are set out under the section headed “The Properties” in this announcement

“Property A Sale”	the sale by Shanghai Yueyao and purchase by Shanghai Dongqing of Property A pursuant to the terms of the Property A SPA
“Property A SPA”	the sale and purchase agreement entered into between Shanghai Yueyao and Shanghai Dongqing in relation to the Property A Sale
“Property B”	an entire building for office use with a total saleable area of approximately 5,740 sq.m. and related underground car parking spaces, which details are set out under the section headed “The Properties” in this announcement
“Property B Sale”	the sale by Shanghai Yueyao and purchase by Shanghai Donghui of Property B pursuant to the terms of the Property B SPA
“Property B SPA”	the sale and purchase agreement entered into between Shanghai Yueyao and Shanghai Donghui in relation to the Property B Sale
“RMB”	Renminbi, the lawful currency of the PRC
“Sale”	the Property A Sale and the Property B Sale
“Sale and Purchase Agreements”	the Property A SPA and the Property B SPA
“Shanghai Dongqing”	Shanghai Dongqing Shiye Company Limited* (上海東磬實業有限公司), a company incorporated in the PRC and a fellow subsidiary of Shanghai Qiantan and a connected person of the Company
“Shanghai Donghui”	Shanghai Donghui Shiye Company Limited* (上海東蒼實業有限公司), a company incorporated in the PRC and a fellow subsidiary of Shanghai Qiantan and a connected person of the Company
“Shanghai Lujiazui Group”	Shanghai Lujiazui Group Co., Ltd* (上海陸家嘴(集團)有限公司), a state-owned enterprise incorporated in the PRC and the holding company of Shanghai Qiantan, Shanghai Dongqing and Shanghai Donghui
“Shanghai Qiantan”	Shanghai Qiantan International Commercial Area Investment Group Co., Ltd* (上海前灘國際商務區投資(集團)有限公司), a company incorporated in the PRC and a substantial shareholder of Shanghai Yueyao, and thus a connected person of the Company
“Shanghai Yueyao”	Shanghai Yueyao Development Co., Ltd.* (上海悅耀置業發展有限公司), a company incorporated in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Twin Progress”	Twin Progress Limited (雙達有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“%”

per cent.

In this announcement, unless the context requires otherwise, the terms “connected person”, “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
Zhou Zheng
Chairman

The PRC, 21 December 2020

As at the date of this announcement, the Board comprises Mr. ZHOU Zheng (Chairman) and Mr. CAO Ronggen as Executive Directors; Mr. MA Dewei, Mr. ZHU Laibin and Mr. JIANG Yong 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.