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If you are in any doubt about this circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Joy City Property Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**MAJOR TRANSACTION
AND
CONTINUING CONNECTED TRANSACTIONS
RELATING TO THE 2023 FINANCIAL SERVICES AGREEMENTS**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 5 to 20 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 21 to 22 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 36 of this circular.

A notice convening the SGM to be held at Regal Ballroom - Basement 1, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Wednesday, 7 June 2023 at 11:30 a.m. (or immediately after the conclusion or adjournment of the forthcoming 2023 annual general meeting of the Company to be held at the same venue and on the same day) is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you intend to attend and vote at the SGM, you are requested to complete and return the accompanying proxy form to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM (or any adjournment thereof) should you so wish.

17 May 2023

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DEFINITIONS

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

“2017 Financial Services Agreement”	the financial services agreement dated 21 December 2017, as supplemented, between the Company, Management Company, and COFCO Finance in relation to the financial services provided by COFCO Finance to the Management Company and the Group
“2020 Financial Services Agreement”	the financial services agreement dated 17 July 2020, as supplemented, between the Company, Management Company and COFCO Finance in relation to the financial services provided by COFCO Finance to Management Company and the Group
“2023 Annual Caps”	the maximum daily balance of deposits (including the corresponding interests accrued thereon) placed by the Group with COFCO Finance pursuant to the 2023 Financial Services Agreements of RMB2,500 million (equivalent to approximately HK\$2,856 million) on any day throughout the term of the 2023 Financial Services Agreements
“2023 Financial Services Agreements”	the financial services agreement and the entrustment loan services agreement dated 31 March 2023 entered into between the Company, Management Company and COFCO Finance in relation to the financial services provided by COFCO Finance to the Management Company and the Group
“Achieve Bloom”	Achieve Bloom Limited (得茂有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of COFCO Corporation, which is an indirect controlling shareholder of the Company
“Arrangements”	the financial services arrangements and transactions under the 2023 Financial Services Agreements
“Board”	the board of Directors
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)

DEFINITIONS

“COFCO Corporation”	COFCO Corporation (中糧集團有限公司), a state-owned enterprise incorporated in the PRC in September 1952 under the purview of the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), the holding company of Grandjoy Holdings Group and thus an indirect controlling shareholder of the Company
“COFCO Finance”	COFCO Finance Company Limited (中糧財務有限責任公司), a company established in the PRC with limited liability and a subsidiary of COFCO Corporation, and thus a connected person of the Company
“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 (stock code: 207)
“CPS”	the non-redeemable convertible preference shares of HK\$0.10 each in the share capital of the Company
“CPS Holder(s)”	registered holder(s) of the CPS
“Director(s)”	the director(s) of the Company
“Grandjoy Holdings Group”	Grandjoy Holdings Group Co., Ltd.* (大悅城控股集團股份有限公司), a company established in the PRC whose A shares are listed on the Shenzhen Stock Exchange (stock code: 000031.SZ) and a controlling shareholder of the Company, and thus a connected person of the Company, and a subsidiary of COFCO Corporation
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. LAU Hon Chuen, Ambrose, <i>GBS, JP</i> , Mr. LAM Kin Ming, Lawrence and Mr. CHAN Fan Shing, formed for the purpose of advising the Independent Shareholders in respect of the 2023 Financial Services Agreements, the transactions contemplated thereunder and the 2023 Annual Caps

DEFINITIONS

“Independent Financial Adviser”	Dongxing Securities (Hong Kong) Company Limited, a corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2023 Financial Services Agreements, the transactions contemplated thereunder and the 2023 Annual Caps
“Independent Shareholder(s)”	the Shareholder(s), other than (i) COFCO Corporation and its associates, including Grandjoy Holdings Group and Achieve Bloom; (ii) those who have a material interest in the 2023 Financial Services Agreements, the transactions contemplated thereunder, and the 2023 Annual Caps; and (iii) those who are required to abstain from voting at the SGM pursuant to the Listing Rules
“Latest Practicable Date”	15 May 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Company”	Joy City Commercial Management (Tianjin) Co., Ltd.* (大悅城商業管理(天津)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“PBOC”	People’s Bank of China (中國人民銀行)
“PRC”	the People’s Republic of China, which shall, for the purposes of this circular, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the 2023 Financial Services Agreements, the transactions contemplated thereunder and the 2023 Annual Caps

DEFINITIONS

“Shares”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

For the purpose of this circular and for illustration only, the exchange rate of RMB1.00 =HK\$1.1423 has been used, where applicable. No representation is made that any amount has been, could have been or may be exchanged at such rate or any other rate or at all on the date or dates in question or any other date.

In this circular, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “continuing connected transaction(s)”, “controlling shareholder(s)”, “percentage ratio(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

The English names of Chinese entities marked with “” are translations of their Chinese names and are included in this circular for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables and the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

LETTER FROM THE BOARD



JOY CITY PROPERTY LIMITED

大悦城地產有限公司

(incorporated in Bermuda with limited liability)
(Stock Code: 207)

Executive Director:

Mr. CAO Ronggen

Non-executive Directors:

Mr. CHEN Lang (Chairman)

Mr. MA Dewei

Mr. LIU Yun

Mr. ZHU Laibin

Independent non-executive Directors:

Mr. LAU Hon Chuen, Ambrose, GBS, JP

Mr. LAM Kin Ming, Lawrence

Mr. CHAN Fan Shing

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Place of Business in Hong Kong:

33/F, COFCO Tower

262 Gloucester Road

Causeway Bay

Hong Kong

17 May 2023

To the Shareholders and, for information only, the CPS Holders

Dear Sir or Madam,

MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS RELATING TO THE 2023 FINANCIAL SERVICES AGREEMENTS

INTRODUCTION

References are made to the announcements of the Company dated 21 December 2017 in relation to the 2017 Financial Services Agreement, the announcement of the Company dated 17 July 2020 in relation to the 2020 Financial Services Agreement and the announcement of the Company dated 31 March 2023 in relation to the 2023 Financial Services Agreements. As the term of the 2020 Financial Services Agreement will expire on 31 August 2023, on 31 March 2023, the Company, COFCO Finance and the Management Company (an indirect wholly-owned subsidiary of the Company) entered into the 2023 Financial Services Agreements based on the terms and conditions of the 2020 Financial Services Agreement to make arrangements in advance for the extension of the depository services and the entrustment loan services provided by COFCO Finance to the Group.

LETTER FROM THE BOARD

The purpose of this circular is to provide you, among other things, (i) details of the 2023 Financial Services Agreements; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2023 Financial Services Agreements; and (iv) the notice of the SGM.

THE 2023 FINANCIAL SERVICES AGREEMENTS

The principal terms of the 2023 Financial Services Agreements are set out as follows:

Date

31 March 2023

Parties

- (a) the Company;
- (b) the Management Company (an indirect wholly-owned subsidiary of the Company); and
- (c) COFCO Finance.

Depository services

COFCO Finance will provide RMB depository services to the Management Company and certain subsidiaries of the Group which will participate in the Group's integrated funds management arrangements. For this purpose, the Management Company and the relevant subsidiaries will open and maintain RMB depository accounts with COFCO Finance, which are interest-bearing with reference to the RMB benchmark deposit interest rates published by the PBOC and no less than the deposit interest rates offered by other financial institutions in the PRC based on similar terms.

The maximum daily balance of deposits (including the corresponding interests accrued thereon) placed by the Group with COFCO Finance pursuant to the 2023 Financial Services Agreements shall not exceed RMB2,500 million (equivalent to approximately HK\$2,856 million) on any day throughout the term of the 2023 Financial Services Agreements.

LETTER FROM THE BOARD

The depository services provided by COFCO Finance to the Group and the Management Company are solely for the purpose of facilitating the entrustment loan services as described below. The title of the funds in respect of the entrustment loans will be rested with the relevant subsidiary of the Group and will not be passed to COFCO Finance.

Entrustment loan services

(a) Loan amount

To satisfy the Group's working capital required for its operations and to maximise the utilisation of the Group's funds maintained with COFCO Finance, certain subsidiaries of the Group that have funds in their respective RMB depository accounts with COFCO Finance may, through COFCO Finance, acting as a financial agent in an entrustment loan arrangement, advance such funds by way of entrustment loans to the Management Company in such amount and from time to time at the request of the Management Company. Under such entrustment loan arrangements, the relevant subsidiaries of the Group acts as lender and the Management Company acts as borrower. Also, the maximum aggregate amount of the entrustment loan that may be provided to the Management Company will be based on the Group's aggregate deposits with COFCO Finance under the 2023 Financial Services Agreements. After such entrustment loan is advanced to the Management Company's account with COFCO Finance and if certain of the Group's subsidiaries requires working capital, the Management Company may in turn, by way of further entrustment loan arrangements through COFCO Finance (or other qualified financial institutions), further advance such funds to those subsidiaries of the Group. Under such entrustment loan arrangements, the Management Company acts as lender and the relevant subsidiaries of the Group acts as borrower. COFCO Finance, which possesses the appropriate licence and qualification under the PRC laws, acts as financial agent in the different entrustment loan arrangements described above.

As COFCO Finance is only acting as a financial agent in the different entrustment loan arrangement(s) rather than as the lender, COFCO Finance shall not advance any entrustment loan as described above to the Group's subsidiaries without the Management Company's instruction. By way of collecting and consolidating funds from certain subsidiaries of the Group, the Management Company, as part of the treasury functions of the Group, would be able to allocate such centralised fund maintained with COFCO Finance to certain subsidiaries of the Group requiring working capital by way of the entrustment loan arrangements as described above.

(b) Interest rate and implementation

Interest of the entrustment loan will be payable by the Management Company to subsidiaries of the Group which advance the loan to the Management Company through COFCO Finance as the agent, to be determined by the Management Company with reference to the interest rates of PBOC and the prevailing market conditions and not exceeding the loan interest rates offered by other financial institutions in the PRC based on similar terms.

LETTER FROM THE BOARD

(c) Purpose and benefits of the loans

As part of the integrated funds management of the Group, the Management Company will be collecting excess funds from certain subsidiaries of the Group and on-lend such funds to other subsidiaries which are in need of funds. Certain lending arrangements may be effected by way of entrustment loan through COFCO Finance which possesses the appropriate licence for lending in accordance with the requirements of the PRC laws. The Directors are of the view that the consolidation of the Group's intra-group depository and financing functions would enhance its treasury management capabilities and substantially, attaining a more effective utilisation of the available funds to reduce the Group's finance costs.

Charges

The depository services are provided by COFCO Finance on a free-of-charge basis, and as a financial institution which takes the deposits, COFCO Finance shall pay interests to the subsidiaries of the Group and the Management Company with reference to the RMB benchmark deposit interest rates published by the PBOC and no less than the deposit interest rates offered by other financial institutions in the PRC based on similar terms.

COFCO Finance will charge handling fees for the entrustment loan services provided to the Group, which are equal to or more favourable to the Group as compared with other independent financial institutions providing similar services. Pursuant to the 2023 Financial Services Agreements, the handling fees payable by the Group to COFCO Finance shall not exceed RMB3 million (equivalent to approximately HK\$3.4 million) annually during the term of the 2023 Financial Services Agreements. The handling fees were determined based on arm's length negotiations among the parties with reference to the handling fees charged by financial institutions for similar services.

Term

The 2023 Financial Services Agreements shall be for a term of three years commencing from the date of approval of the 2023 Financial Services Agreements and the transactions contemplated thereunder by the Independent Shareholders at the SGM.

Set-off

If COFCO Finance is in breach of any provisions of the 2023 Financial Services Agreements or applies the funds deposited with it by the Management Company and the subsidiaries of the Company in inappropriate ways, which results in the Management Company and/or the subsidiaries of the Company fails to recover such deposit funds, the Management Company and the Company will be entitled to use such deposit funds to set off any amounts payable by the Management Company or the subsidiaries of the Company to COFCO Finance. COFCO Finance will not be entitled to such set off rights.

LETTER FROM THE BOARD

Termination

The 2023 Financial Services Agreements may be terminated by consent of all the parties.

In addition to the termination events provided by Civil Code of the PRC, the 2023 Financial Services Agreements will be terminated with immediate effect if COFCO Finance fails to satisfy any of the following operation conditions:

- (i) the capital adequacy ratio is not less than 12%;
- (ii) the non-performing assets ratio is not more than 2%;
- (iii) the bad loan ratio is not more than 3%;
- (iv) the self-owned fixed assets to equity ratio is not more than 10%; or
- (v) the investment balance to net capital ratio is not more than 70%.

Such operation conditions are determined with reference to the Interim Measures for the Assessment of Risk Management Indicators of Finance Companies of Enterprise Groups and on a stricter basis in favour of the Company.

Upon termination of the 2023 Financial Services Agreements, the Management Company and the subsidiaries of the Company may withdraw their respective deposit with COFCO Finance at any time, and will be entitled to the above-mentioned set off rights.

Implementation agreements

The Management Company, COFCO Finance and the respective subsidiaries of the Company may, from time to time and as necessary, enter into separate implementation agreements to effect the entrustment loans, provided that any such implementation agreements are entered into in accordance with the terms of the 2023 Financial Services Agreements.

PROPOSED 2023 ANNUAL CAPS AND BASIS

Pursuant to the 2023 Financial Services Agreements, the maximum daily balance of deposits (including the corresponding interests accrued thereon) placed by the Group with COFCO Finance pursuant to the 2023 Financial Services Agreements shall not exceed RMB2,500 million (equivalent to approximately HK\$2,856 million) on any day throughout the term of the 2023 Financial Services Agreements, which constitutes the proposed 2023 Annual Caps.

LETTER FROM THE BOARD

The 2023 Annual Caps and the aggregate handling fees for the entrustment loan services pursuant to the 2023 Financial Services Agreements (assuming the relevant resolutions relating to the 2023 Financial Services Agreements are passed at the SGM on 7 June 2023) for the relevant financial years are set out below:

	For the period from 8 June 2023 to 31 December 2023 <i>RMB' million</i>	For the year ended 31 December 2024 <i>RMB' million</i>	For the year ended 31 December 2025 <i>RMB' million</i>	For the period from 1 January 2026 to 7 June 2026 <i>RMB' million</i>
Maximum daily balance of deposits (including the corresponding interests accrued thereon) pursuant to the 2023 Financial Services Agreements, being the 2023 Annual Caps	2,500	2,500	2,500	2,500
Aggregate handling fees for the entrustment loan services pursuant to the 2023 Financial Services Agreements	1.75	3	3	1.25

The maximum historical daily balance of deposits (including the corresponding interests accrued thereon) and the aggregate handling fees for the entrustment loan services pursuant to the 2020 Financial Services Agreement for the relevant financial years are set out below:

	For the period from 1 September 2020 to 31 December 2020 <i>RMB' million</i>	For the year ended 31 December 2021 <i>RMB' million</i>	For the year ended 31 December 2022 <i>RMB' million</i>	For the period from 1 January 2023 to 31 August 2023 <i>RMB' million</i>
Maximum historical daily balance of deposits (including the corresponding interests accrued thereon) pursuant to the 2020 Financial Services Agreement	1,500	1,500	1,500	1,500
Aggregate handling fees for the entrustment loan services pursuant to the 2020 Financial Services Agreement	1.5	5	5	3.5

LETTER FROM THE BOARD

In determining the 2023 Annual Caps, the Company has taken into account the following factors:

- (i) the average historical daily balance of deposits placed by the Group with COFCO Finance pursuant to the 2020 Financial Services Agreement for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and the two months period ended 28 February 2023 were RMB1,033 million, RMB842 million, RMB1,105 million and RMB1,221 million, respectively;
- (ii) the maximum historical daily balance of deposits placed by the Group with COFCO Finance pursuant to the 2020 Financial Services Agreement for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and the two months period ended 28 February 2023 were RMB1,400 million, RMB1,485 million, RMB1,485 million and RMB1,485 million, respectively;
- (iii) as at 31 December 2022, the Group had maintained a high level of cash and cash equivalents which amounted to approximately RMB16,895 million and is available to be utilized by subsidiaries of the Company;
- (iv) the growth in magnitude of treasury management of the Company with regard to the expected cash available to the Group and its utilization, the business development plans of the Group and the financial needs of the Group. The utilisation of the historical caps based on the maximum historical daily balance of deposits were approximately 93.3%, 99.0%, 99.0% and 99.0% for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and the two months period ended 28 February 2023, respectively. In addition, during peak seasons, the daily transaction amount of the Group as a whole can be more than RMB2,000 million and, as a result, multiple transfers of funds had to be made as the maximum daily balance of deposits under the 2020 Financial Services Agreement was only RMB1,500 million. The increase of the maximum daily balance of deposits for the 2023 Annual Caps to RMB2,500 million can therefore reduce multiple transfers of funds and effectively improve the efficiency of the entrustment loan services under the 2023 Financial Services Agreement;
- (v) the increased use by the Group on a daily basis of a centralised electronic settlement system facilitated by the cash management platform provided by COFCO Finance;
- (vi) the expected amount of interest income from COFCO Finance compared with interest income that could otherwise be obtained by placing deposits with independent commercial banks;
- (vii) the control of financial risks in selecting financial services providers; and
- (viii) the benefit to the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

As the term of the 2023 Financial Services Agreement will commence from the date of the SGM, the 2020 Financial Services Agreement and the related annual caps for the remainder of the period ending 31 August 2023 will lapse on the date of the SGM. As of the Latest Practicable Date, none of the annual caps under the 2020 Financial Services Agreement have been exceeded and the Company expects that none of the annual caps under the 2020 Financial Services Agreement will be exceeded from the Latest Practicable Date up to and including the date of the SGM.

FINANCIAL EFFECTS OF THE 2023 FINANCIAL SERVICES AGREEMENTS

The interest rates for the deposit services to be provided by COFCO Finance to the Group under the 2023 Financial Services Agreements are expected to be determined with reference to the RMB benchmark deposit interest rates published by the PBOC and no less than the deposit interest rates offered by other financial institutions in the PRC based on similar terms from time to time. The deposits to be placed with COFCO Finance by the Group under the 2023 Financial Services Agreements during the term of the 2023 Financial Services Agreements will not exceed RMB2,500 million, and the Company expects that the interest income to be earned from the deposit services will be affected by the level of interest rates. However, taking into account the prevailing deposit interest rates offered by other financial institutions in the PRC, the potential interest income to be earned from the deposit services for the years ending 31 December 2023, 2024, 2025 and 2026 is estimated to be an aggregate amount of not more than RMB50 million per annum and therefore, is expected to represent only a small contribution to the earnings and assets of the Group. As such, the Company anticipates that such potential interest income to be earned from the deposit services for the years ending 31 December 2023, 2024, 2025 and 2026 will not have any material impact on the earnings, assets and liabilities of the Group.

REASONS AND BENEFITS FOR THE 2023 FINANCIAL SERVICES AGREEMENTS

Reasons and benefits

COFCO Finance is a non-banking financial institution subject to regulations by the PBOC and CBIRC, and is authorised to provide various kinds of financial services to the Group, including deposit taking and entrustment loan services. The main reasons for and benefits of the Arrangements are as follows:

- (i) the use of COFCO Finance as a vehicle through which the funds of the Group, including the Management Company, would allow a more efficient deployment of funds between subsidiaries of the Company;
- (ii) the Arrangements would allow the greater utilisation of available funds, utilise the collected funds to repay the external commercial loans of the subsidiaries of the Company and optimise the efficiency of the Group's funds;
- (iii) the Arrangements would promote liquidity among the Group, including the Management Company, enhance the overall ability of the Group to repay debts, and assist in monitoring and controlling financial risks;

LETTER FROM THE BOARD

- (iv) the Arrangements would save financial costs, thereby increasing the profitability of the Group and benefitting the Shareholders, including the minority Shareholders;
- (v) the Arrangements would allow a prompt and accurate monitoring and regulation of the application of funds of the Group including the Management Company;
- (vi) COFCO Finance was established in 2002 with a complete corporate structure, and its internal control mechanism is standardised. Since its incorporation, COFCO Finance's operation has been stable, financial performance has been excellent and no violation of any rules has occurred;
- (vii) COFCO Finance has well established operating networks with ten major domestic banks, namely the Industrial and Commercial Bank of China, China Construction Bank, Bank of China, Agricultural Bank of China, China Merchants Bank, Bank of Communications, China CITIC Bank, Agricultural Development Bank of China, Ping An Bank Co., Ltd. and Postal Savings Bank of China (the "**Reference Banks**") and such network has become the necessary and efficient channel of collecting the funds of the subsidiaries of the Company;
- (viii) COFCO Finance has comparatively strong financing ability through credit lines of not less than RMB12 billion arranged with such domestic banks and other commercial banks;
- (ix) the Company believes that COFCO Finance may provide more diversified and flexible financial services to the Group compared with a single or a small number of third-party commercial banks; and
- (x) the Company believes that the risk profile of COFCO Finance, as a financial services provider to the Group, is not greater than that of independent commercial banks in the PRC.

LETTER FROM THE BOARD

Internal Controls

The Company has adopted internal control measures to ensure that the terms and conditions of the 2023 Financial Services Agreements are on normal or better commercial terms and terms no less favourable than those terms offered to the Group by independent third parties for similar services, the details of which are as follows:

- (a) the Group's management (including the head of treasury and the financial manager) will adopt an internal integrated assessment mechanism on the deposit interest rate and the handling fee for the entrustment loan services offered by COFCO Finance based on fair market principle. For example, an analysis and assessment will be conducted between the deposit interest rate offered by COFCO Finance and the rates offered by the Reference Banks and the PBOC to the Group before the Group deposits with COFCO Finance, and every fortnight or regularly during the maintenance of such deposit accounts. Prior to the engagement of the relevant financial service with COFCO Finance under the 2023 Financial Services Agreements, the Group will conduct an analysis and assessment between the deposit interest rate and handling fee (as the case may be) offered by COFCO Finance with the corresponding interest rates or handling fees offered by the Reference Banks and the PBOC to the Group to ensure the relevant interest rates or handling fee offered by COFCO Finance is not less favourable to the Group. In the event the relevant interest rates or handling fees quoted from the Reference Banks and the PBOC are better than those offered by COFCO Finance, the Group will inform COFCO Finance to adjust to the same to ensure its interest rate or handling fee is not less favourable than those offered by the Reference Banks and the PBOC. The Reference Banks include the largest domestic banks in the PRC providing deposit and entrustment loan services similar to COFCO Finance and have existing business relationships with COFCO Finance, which facilitates the obtaining of reference information such as deposit interest rates and handling fees for entrustment loans. The Group's management (including the head of treasury and the financial manager) will review the list of Reference Banks annually based on the selection criteria mentioned above;
- (b) in the event that COFCO Finance violates its obligations under the 2023 Financial Services Agreements and has actually adopted an interest rate or charged a handling fee which is less favourable to the Group as compared to those offered by the Reference Banks and the PBOC, the Group may request COFCO Finance to compensate the differences to the Group. In respect of the depository services under the 2023 Financial Services Agreements, the Group will obtain the Quoted Deposit Interest Rate every fortnight or regularly during the maintenance of its demand deposit in such deposit accounts. In the event that COFCO Finance had adopted a deposit interest rate lower than the Quoted Deposit Interest Rate for a particular day, the Group will demand COFCO Finance to compensate the difference between the interest receivable on its demand deposit under the Quoted Deposit Interest Rate and the deposit interest rate offered by COFCO Finance;

LETTER FROM THE BOARD

- (c) the independent non-executive Directors will conduct annual review of the 2023 Financial Services Agreements to ensure the terms and conditions contained therein and the transactions contemplated thereunder are entered into by the Company in the ordinary and usual course of business, on normal commercial terms or better and are fair and reasonable and in the interests of the Company and Shareholders as a whole;
- (d) the Company will engage external auditors to conduct annual review of the 2023 Financial Services Agreements in accordance with the Listing Rules; and
- (e) the Board will oversee the Company's internal control measures in relation to the 2023 Financial Services Agreements on an ongoing basis.

The Company has adopted a daily real-time reporting system and the following monitoring controls to ensure that the 2023 Annual Caps under the 2023 Financial Services Agreements are not exceeded:

- (a) funds daily report will be issued every morning by the treasury cashiers on the amount of deposits and entrustment loans and the situation of change and utilisation of the funds. The head of treasury and the financial manager can adjust the funds strategy according to the funds daily report;
- (b) the head of treasury will compile 20-day rolling capital forecast every week which could reduce the incidence of liquidity excess;
- (c) the fund manager will compile the monthly fund plan at the beginning of each month to arrange the monthly fund balance in advance and make arrangements for the Group's deposits and entrustment loans, to make sure that the annual caps will not be exceeded; and
- (d) internal control reports on risk management issued by COFCO Finance quarterly will be reviewed by the Company.

The Directors are of the view that the above internal controls and measures are adequate to assist the Company in monitoring, in a reasonable and effective manner, the transactions under the 2023 Financial Services Agreements will not be exceeding the 2023 Annual Caps.

Risk management

In order to safeguard the interests of the Shareholders, the Group will adopt the following guidelines and principles in monitoring the Arrangements:

- (i) the title of the funds in respect of the entrustment loans pursuant to the 2023 Financial Services Agreements will not be passed to COFCO Finance;
- (ii) funds received by the Management Company pursuant to the 2023 Financial Services Agreements should only be applied for intra-Group use;
- (iii) specifically designated personnel from the Management Company will be responsible for and monitoring the daily operations under the Arrangements;

LETTER FROM THE BOARD

- (iv) specifically designated personnel from the finance department of the Company will be responsible for regular monitoring of the Arrangements, who will report to the general manager of the finance department and the management of the Company on a weekly basis;
- (v) the finance department of the Company will require COFCO Finance to appoint external auditors to examine the internal controls, risk management, completeness and impartiality of the operational system in respect of the Arrangements and to provide relevant risk management report on quarterly basis;
- (vi) under the relevant rules of the PBOC and CBIRC, the clients of COFCO Finance are restricted to COFCO Corporation and COFCO Corporation's subsidiaries (including the Company and its subsidiaries). COFCO Finance is hence exposed to a lower level of potential risk than, if clients included, external entities;
- (vii) the Arrangements are non-exclusive, and the Company retains its own discretion in electing its provider for financial services;
- (viii) where COFCO Finance is in breach of any provisions of the 2023 Financial Services Agreements or applies the funds deposited with it in any inappropriate ways which results in the Management Company and/or the subsidiaries of the Company fails to recover such deposit funds, the Management Company and the Company will be entitled to a set-off right against COFCO Finance as set out in the paragraph headed "Set-off" above;
- (ix) in addition to the termination events provided by Civil Code of the PRC, the 2023 Financial Services Agreements are subject to stricter termination events compared to normal CBIRC requirements as set out in the paragraph headed "Termination" above; and
- (x) the Company will review the Arrangements and summarise the experience and supplement the inadequacies.

Undertaking letter from COFCO Corporation

To support COFCO Finance's obligations under the 2023 Financial Services Agreements, COFCO Corporation issued an undertaking letter to the Company on 31 March 2023, which unconditionally and irrevocably undertakes that, during the term of the 2023 Financial Services Agreements, COFCO Corporation will:

- (i) maintain its actual control of COFCO Finance, and guarantee the proper and orderly operation of COFCO Finance;
- (ii) in terms of financial services, use its best endeavors and take all reasonable steps to guarantee that COFCO Finance will perform its obligations in respect of the financial services contemplated under the 2023 Financial Services Agreements; and
- (iii) in case of extreme situation where COFCO Finance faces difficulty in making payment, undertake to increase relevant capital in accordance with the actual need for payment.

LETTER FROM THE BOARD

Directors' views

Based on the above, the Directors (excluding the independent non-executive Directors, whose opinion will be formed and included in the letter from the Independent Board Committee in this circular after taking into account the advice from the Independent Financial Adviser) are of the view that the terms and conditions of the 2023 Financial Services Agreements, the transactions contemplated thereunder and the 2023 Annual Caps are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

None of the Directors was considered to have a material interest in the 2023 Financial Services Agreements under the Listing Rules, therefore no Director was required to abstain from voting on the resolution for approving the 2023 Financial Services Agreements and the transactions thereunder.

LISTING RULES IMPLICATIONS

COFCO Finance is a subsidiary of COFCO Corporation, an indirect controlling shareholder of the Company. Therefore, COFCO Finance is a connected person of the Company under the Listing Rules. The depository services and the entrustment loan services under the 2023 Financial Services Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the 2023 Annual Caps for the transactions contemplated under the 2023 Financial Services Agreements is more than 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the 2023 Annual Caps for the transactions contemplated under the 2023 Financial Services Agreements is more than 25% but less than 100%, the depository services and the entrustment loan services contemplated under the 2023 Financial Services Agreements constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

COFCO Finance will charge handling fees for the entrustment loan services provided to the Group and pursuant to the 2023 Financial Services Agreements, the cap for the handling fees payable by the Group to COFCO Finance shall be RMB3 million (equivalent to approximately HK\$3.4 million) annually during the term of the 2023 Financial Services Agreements. As the highest applicable percentage ratio for the proposed annual caps relating to the handling fee to be charged by COFCO Finance for the entrustment loan services under the 2023 Financial Services Agreements is less than 0.1%, the handling fees relating to the entrustment loan services under the 2023 Financial Services Agreements are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

INFORMATION ON THE PARTIES

The Company and the Group

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, including Beijing, Shanghai, Tianjin, Sanya, Chengdu and Hong Kong.

The Management Company

The Management Company is a wholly-owned subsidiary of the Company which is primarily engaging in providing corporate management consultancy, business information consultancy, marketing and planning, technical advisory and services, to other subsidiaries of the Company.

COFCO Corporation

COFCO Corporation is a state-owned enterprise incorporated in the PRC in September 1952 under the purview of State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) and is a world's leading supplier of diversified products and services in the agricultural products and food industry. As at the Latest Practicable Date, COFCO Corporation is the holding company of Grandjoy Holdings Group and thus an indirect controlling shareholder of the Company.

COFCO Finance

COFCO Finance is a non-bank finance subsidiary of COFCO Corporation established in the PRC on 24 September 2002 with approval of PBOC. It is subject to the supervision of the CBIRC. According to its business licence, it is authorised to provide to the Group all services set out in the 2023 Financial Services Agreements, and its principal business includes the provision of financing and credit consultancy services to group companies, facilitating the flow of funds for group companies, approved insurance agency services, provision of guarantee for group companies, processing of entrustment loan and entrustment investment among group companies, provision of loans and financing services to group companies, securities investment, issuance of bonds, underwriting of corporate bonds for group companies and equity investment in financial institutions. COFCO Finance is owned as to approximately 96.74% by COFCO Corporation (among which 13% is held through COFCO Trading Company Limited, a wholly-owned subsidiary of COFCO Corporation) and approximately 3.26% by COFCO Capital Holdings Co., Ltd., a company which shares are listed on the Shenzhen Stock Exchange (stock code: 002423.SZ).

LETTER FROM THE BOARD

THE SGM

The SGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the 2023 Financial Services Agreements, the transactions contemplated thereunder and the 2023 Annual Caps.

A notice convening the SGM to be held at Regal Ballroom - Basement 1, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Wednesday, 7 June 2023 at 11:30 a.m. (or immediately after the conclusion or adjournment of the forthcoming 2023 annual general meeting of the Company to be held at the same venue and on the same day) is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not the Independent Shareholders are able to attend the meeting, the Independent Shareholders are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM (not later than 11:30 a.m. on Monday, 5 June 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude the Independent Shareholders from attending and voting in person at the SGM if they so wish and in such event, the form of proxy will be deemed to be revoked.

In order to determine the list of Shareholders who will be entitled to attend and vote at the SGM, the register of members of the Company will be closed for registration of transfer of Shares from Friday, 2 June 2023 to Wednesday, 7 June 2023 (both days inclusive) during which period no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company on Wednesday, 7 June 2023 shall be entitled to attend and vote at the SGM. In order for the Shareholders to qualify for attending and voting at the SGM, all transfer documents, accompanied by the relevant Share certificates, should be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong on or before 4:30 p.m., Thursday, 1 June 2023.

VOTING AT THE SGM AND THE BOARD MEETINGS

Grandjoy Holdings Group and Achieve Bloom are associates of COFCO Corporation and held approximately 64.18% and 2.58% of the issued share capital of the Company as at the Latest Practicable Date, respectively, and are considered to be materially interested in the 2023 Financial Services Agreements. Grandjoy Holdings Group and Achieve Bloom are thus required to abstain from voting on the relevant resolutions to be proposed at the SGM to approve the 2023 Financial Services Agreements, the transactions contemplated thereunder and the 2023 Annual Caps. Save as disclosed, so far as the Company is aware having made all reasonable enquiries, no other Shareholder is required to abstain from voting on the resolution(s) to approve the 2023 Financial Services Agreements, the transactions contemplated thereunder and the 2023 Annual Caps.

The ordinary resolution(s) to approve the 2023 Financial Services Agreements, the transactions contemplated thereunder and the 2023 Annual Caps at the SGM will be taken by poll and announcement on the results of the SGM will be made by the Company after the SGM.

LETTER FROM THE BOARD

None of the Directors was considered to have a material interest in the 2023 Financial Services Agreements and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the resolution(s) proposed in the meeting of the Board approving the 2023 Financial Services Agreements, the transactions contemplated thereunder and the 2023 Annual Caps.

RECOMMENDATION

Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on pages 21 to 22 of this circular and the letter from the Independent Financial Adviser set out on pages 23 to 36 of this circular, which contains, among other matters, its advice and recommendation to the Independent Board Committee and the Independent Shareholders in connection with the 2023 Financial Services Agreements, the transactions contemplated thereunder, and the 2023 Annual Caps and the principal factors considered by it in arriving at its advice and recommendation.

The Independent Board Committee, having taken into account the advice and recommendation of the Independent Financial Adviser, is of the opinion that the terms and conditions of the 2023 Financial Services Agreements, the transactions contemplated thereunder and the 2023 Annual Caps are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM.

Therefore, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the 2023 Financial Services Agreements, the transactions contemplated thereunder and the 2023 Annual Caps are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM approving the 2023 Financial Services Agreements, the transactions contemplated thereunder and the 2023 Annual Caps.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
JOY CITY PROPERTY LIMITED
CHEN Lang
Chairman



JOY CITY PROPERTY LIMITED
大悦城地產有限公司
(incorporated in Bermuda with limited liability)
(Stock Code: 207)

17 May 2023

To the Independent Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
AND
CONTINUING CONNECTED TRANSACTIONS
RELATING TO THE 2023 FINANCIAL SERVICES AGREEMENTS**

We refer to the circular dated 17 May 2023 issued by the Company of which this letter forms part of (the “**Circular**”). Capitalised terms used in this letter shall have the same meaning as those defined in the Circular unless otherwise specified.

We have been authorized by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders in respect of the 2023 Financial Services Agreements, the transactions contemplated thereunder and the 2023 Annual Caps, details of which are set out in the section headed “Letter from the Board” contained in the Circular.

We wish to draw your attention to the letter from the Board set out on pages 5 to 20 of the Circular and the letter from the Independent Financial Adviser set out on pages 23 to 36 of the Circular, which contains, among other matters, its advice and recommendation to the Independent Board Committee and the Independent Shareholders in connection with the 2023 Financial Services Agreements, the transactions contemplated thereunder, the 2023 Annual Caps and the principal factors considered by it in arriving at its advice and recommendation.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, among other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice and recommendation, we consider that the terms and conditions of the 2023 Financial Services Agreements, the transactions contemplated thereunder and the 2023 Annual Caps are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the SGM approving the 2023 Financial Services Agreements, the transactions contemplated thereunder and the 2023 Annual Caps.

Yours faithfully,
for and on behalf of the
Independent Board Committee
JOY CITY PROPERTY LIMITED

Mr. LAU Hon Chuen, Ambrose, GBS, JP
Mr. LAM Kin Ming, Lawrence
Mr. CHAN Fan Shing
Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser in respect of the transactions contemplated under the 2023 Financial Services Agreements for the purpose of inclusion in this circular.



**DONGXING SECURITIES (HONG KONG)
COMPANY LIMITED**
Room 7503B-7504
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

17 May 2023

To: The Independent Board Committee and the Independent Shareholders of Joy City Property Limited

Dear Sirs,

MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION RELATING TO THE 2023 FINANCIAL SERVICES AGREEMENTS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the 2023 Financial Services Agreements (the “**Transactions**”) and the 2023 Annual Caps, details of which are set out in the letter from the Board contained in the circular dated 17 May 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As the term of the 2020 Financial Services Agreement will expire on 31 August 2023, on 31 March 2023, the Company, COFCO Finance and the Management Company (an indirect wholly-owned subsidiary of the Company) entered into the 2023 Financial Services Agreements based on the terms and conditions of the 2020 Financial Services Agreement to make arrangements in advance for the extension of the depository services and the entrustment loan services provided by COFCO Finance to the Group. As the term of the 2023 Financial Services Agreement will commence from the date of the SGM, the 2020 Financial Services Agreement and the related annual caps for the remainder of the period ending 31 August 2023 will lapse on the date of the SGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, COFCO Finance is a subsidiary of COFCO Corporation, an indirect controlling shareholder of the Company. Therefore, COFCO Finance is a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the 2023 Annual Caps exceeds 5%, the continuing connected transactions contemplating under the 2023 Financial Services Agreements are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements of Chapters 14A of the Listing Rules.

As the highest applicable percentage ratio of the 2023 Annual Caps for the transactions contemplated under the 2023 Financial Services Agreements is more than 25% but less than 100%, the depository services and the entrustment loan services contemplated under the 2023 Financial Services Agreements constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Lau Hon Chuen, Ambrose, *GBS, JP*, Mr. Lam Kin Ming, Lawrence and Mr. Chan Fan Shing, has been established to advise the Independent Shareholders on (i) whether the terms of the 2023 Financial Services Agreements are on normal commercial terms and are fair and reasonable; (ii) whether the transactions contemplating under the 2023 Financial Services Agreements are in the interests of the Company and the Shareholders as a whole and conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Transactions at the SGM.

We, Dongxing Securities (Hong Kong) Company Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard. We are not associated with the Company, the Management Company and COFCO Finance, or their respective core connected persons, close associates or associates and accordingly are considered eligible to give independent advice on the above matters. During the last two years, we were engaged as an independent financial adviser to the Company in respect of a discloseable and connected transaction (details of which are set out in the circular of the Company dated 22 December 2022) (the "**Previous Engagement**"). Under the Previous Engagement, we were required to express our opinion on and give recommendation to the Independent Board Committee and the Independent Shareholders in respect of the relevant transaction. Apart from normal professional fees payable to us in connection with this appointment and the Previous Engagement, no arrangement exists whereby we will receive any fees or benefits from the Company, the Management Company and COFCO Finance or their respective core connected persons, close associates or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Group and have assumed that they are true, accurate and complete. We have also assumed that all statements of belief, opinion and intention made by the Directors and the management of the Company in the Circular were reasonably made after due enquiry. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, or to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have not, however, conducted any independent investigation into the business and affairs of the Group and COFCO Finance or their respective subsidiaries or associates, nor have we carried out any independent verification of the information supplied. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the principal factors and reasons set out below.

Business overview of the Group

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, including Beijing, Shanghai, Tianjin, Sanya, Chengdu and Hong Kong.

Information on Management Company

The Management Company is a wholly-owned subsidiary of the Company which is primarily engaging in providing corporate management consultancy, business information consultancy, marketing and planning, technical advisory and services, to other subsidiaries of the Company.

Information on COFCO Finance

COFCO Finance is a non-bank finance subsidiary of COFCO Corporation established in the PRC on 24 September 2002 with approval of the PBOC. It is subject to the supervision of the CBIRC. According to its business licence, it is authorised to provide to the Group all services set out in the 2023 Financial Services Agreements and its principal business includes the provision of financing and credit consultancy services to group companies, facilitating the flow of funds for group companies, approved insurance agency services, provision of guarantee for group companies, processing of entrustment loan and entrustment investment among group companies, provision of loans and financing services to group companies, securities investment, issuance of bonds, underwriting of corporate bonds for group companies and equity investment in financial institutions. COFCO Finance is owned as to approximately 96.74% by COFCO Corporation (among which 13% is held through COFCO Trading Company Limited, a wholly-owned subsidiary of COFCO Corporation) and approximately 3.26% by COFCO Capital Holdings Co., Ltd., a company which shares are listed on the Shenzhen Stock Exchange (stock code: 002423.SZ).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Reasons and benefits for the 2023 Financial Services Agreements

With reference to the Letter of the Board, the main reasons for and benefits of the Arrangements are as follows:

- (i) the use of COFCO Finance as a vehicle through which the funds of the Group, including the Management Company, would allow a more efficient deployment of funds between subsidiaries of the Company;
- (ii) the Arrangements would allow the greater utilisation of available funds, utilise the collected funds to repay the external commercial loans of the subsidiaries of the Company and optimise the efficiency of the Group's funds;
- (iii) the Arrangements would promote liquidity among the Group, including the Management Company, enhance the overall ability of the Group to repay debts, and assist in monitoring and controlling financial risks;
- (iv) the Arrangements would save financial costs, thereby increasing the profitability of the Group and benefitting the Shareholders, including the minority Shareholders;
- (v) the Arrangements would allow a prompt and accurate monitoring and regulation of the application of funds of the Group including the Management Company;
- (vi) COFCO Finance was established in 2002 with a complete corporate structure, and its internal control mechanism is standardised. Since its incorporation, COFCO Finance's operation has been stable, financial performance has been excellent and no violation of any rules has occurred;
- (vii) COFCO Finance has well established operating networks with ten major domestic banks, namely the Industrial and Commercial Bank of China, China Construction Bank, Bank of China, Agricultural Bank of China, China Merchants Bank, Bank of Communications, China CITIC Bank, Agricultural Development Bank of China, Ping An Bank Co., Ltd. and Postal Savings Bank of China (the "**Reference Banks**") and such network has become the necessary and efficient channel of collecting the funds of the subsidiaries of the Company;
- (viii) COFCO Finance has comparatively strong financing ability through credit lines of not less than RMB12 billion arranged with such domestic banks and other commercial banks;
- (ix) the Company believes that COFCO Finance may provide more diversified and flexible financial services to the Group compared with a single or a small number of third-party commercial banks; and
- (x) the Company believes that the risk profile of COFCO Finance, as a financial services provider to the Group, is not greater than that of independent commercial banks in the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In view of the development of the Group's business, the increase of cash balances within the Group, and in order to further enhance the strategic cooperation between the Group and COFCO Group, the existing annual caps, being the maximum daily balance of funds settlement balance under the 2020 Financial Services Agreement, will no longer be sufficient to meet the Group's increasing need for depository services for the relevant period. The Company has therefore entered the 2023 Financial Services Agreements with COFCO Finance to renew the existing annual caps.

As part of our due diligence work, we had reviewed (i) the Company's interim report for the six months ended 30 June 2021, the Company's annual report for the year ended 31 December 2021, the Company's annual results announcement for the year ended 31 December 2022 and the Company's financial statements for the two months ended 28 February 2023; (ii) the 2023 Financial Services Agreements; (iii) the Circular and the other information within; (iv) sample contracts and past transactions of the depository services between the Group and independent commercial banks for the period from 1 September 2020 to 28 February 2023; (v) confirmation from external auditors to conduct annual review of the 2020 Financial Services Agreement in accordance with the Listing Rules; (vi) confirmation from independent non-executive Directors to conduct annual review of the 2020 Financial Services Agreement in accordance with the Listing Rules; and (vii) the internal control information regarding the Company's continuing connected transactions.

As confirmed by the Directors, the transactions contemplated under the 2023 Financial Services Agreements are in the interest of the Company and the Shareholders as a whole. We noticed the transactions between the Group and COFCO Finance are on a non-exclusive basis. The Group may select at its discretion other financial institutions to provide the relevant financial services. Pursuant to the 2023 Financial Services Agreements, the terms of the financial services offered to the Group by COFCO Finance shall be reference to the RMB benchmark deposit interest rates published by the PBOC and no less than the deposit interest rates offered by other financial institutions in the PRC based on similar terms.

After taking into account of (i) the reasons and benefits for the 2023 Financial Services Agreements; (ii) the background information of COFCO Finance; and (iii) the existing caps will no longer be sufficient to meet the Group's increasing need for depository services for the relevant period, we are of the view that the transactions contemplating under the 2023 Financial Services Agreements are conducted in the ordinary and usual course of business of the Group and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL TERMS OF THE 2023 FINANCIAL SERVICES AGREEMENTS

The principal terms of the 2023 Financial Services Agreements are set out as follows:

Date: 31 March 2023

Parties

- (a) the Company;
- (b) the Management Company (an indirect wholly-owned subsidiary of the Company); and
- (c) COFCO Finance

Depository services

COFCO Finance will provide RMB depository services to the Management Company and certain subsidiaries of the Group which will participate in the Group's integrated funds management arrangements. For this purpose, the Management Company and the relevant subsidiaries will open and maintain RMB depository accounts with COFCO Finance, which are interest-bearing with reference to the RMB benchmark deposit interest rates published by the PBOC and no less than the deposit interest rates offered by other financial institutions in the PRC based on similar terms.

The maximum daily balance of deposits (including the corresponding interests accrued thereon) placed by the Group with COFCO Finance pursuant to the 2023 Financial Services Agreements shall not exceed RMB2,500 million (equivalent to approximately HK\$2,856 million) on any day throughout the term of the 2023 Financial Services Agreements.

The depository services provided by COFCO Finance to the Group and the Management Company are solely for the purpose of facilitating the entrustment loan services as described below. The title of the funds in respect of the entrustment loans will be rested with the relevant subsidiary of the Group and will not be passed to COFCO Finance.

Entrustment loan services

(a) Loan amount

To satisfy the Group's working capital required for its operations and to maximise the utilisation of the Group's funds maintained with COFCO Finance, certain subsidiaries of the Group that have funds in their respective RMB depository accounts with COFCO Finance may, through COFCO Finance, acting as a financial agent in an entrustment loan arrangement, advance such funds by way of entrustment loans to the Management Company in such amount and from time to time at the request of the Management Company. Under such entrustment loan arrangements, the relevant subsidiaries of the Group acts as lender and the Management Company acts as borrower. Also, the maximum aggregate amount of the entrustment loan that may be provided to the Management Company will be based on the Group's aggregate deposits with COFCO Finance under the 2023 Financial Services Agreements. After such entrustment loan is advanced to the Management Company's account with COFCO Finance and if certain

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of the Group's subsidiaries requires working capital, the Management Company may in turn, by way of further entrustment loan arrangements through COFCO Finance (or other qualified financial institutions), further advance such funds to those subsidiaries of the Group. Under such entrustment loan arrangements, the Management Company acts as lender and the relevant subsidiaries of the Group acts as borrower. COFCO Finance, which possesses the appropriate licence and qualification under the PRC laws, acts as financial agent in the different entrustment loan arrangements described above.

As COFCO Finance is only acting as a financial agent in the different entrustment loan arrangement(s) rather than as the lender, COFCO Finance shall not advance any entrustment loan as described above to the Group's subsidiaries without the Management Company's instruction. By way of collecting and consolidating funds from certain subsidiaries of the Group, the Management Company, as part of the treasury functions of the Group, would be able to allocate such centralised fund maintained with COFCO Finance to certain subsidiaries of the Group requiring working capital by way of the entrustment loan arrangements as described above.

(b) *Interest rate and implementation*

Interest of the entrustment loan will be payable by the Management Company to subsidiaries of the Group which advanced the loan to the Management Company through COFCO Finance as the agent, to be determined by the Management Company with reference to the interest rates of the PBOC and the prevailing market conditions and not exceeding the loan interest rates offered by other financial institutions in the PRC based on similar terms.

(c) *Purpose and benefits of the loans*

As part of the integrated funds management of the Group, the Management Company will be collecting excess funds from certain subsidiaries of the Group and on-lend such funds to other subsidiaries which are in need of funds. Certain lending arrangements may be effected by way of entrustment loan through COFCO Finance which possesses the appropriate licence for lending in accordance with the requirements of the PRC laws. The Directors are of the view that the consolidation of the Group's intra-group depository and financing functions would enhance its treasury management capabilities and substantially, attain a more effective utilisation of the available funds to reduce the Group's finance costs.

Charges

The depository services are provided by COFCO Finance on a free-of-charge basis, and as a financial institution which takes the deposits, COFCO Finance shall pay interests to the subsidiaries of the Group and the Management Company with reference to the RMB benchmark deposit interest rates published by the PBOC and no less than the deposit interest rates offered by other financial institutions in the PRC based on similar terms.

COFCO Finance will charge handling fees for the entrustment loan services provided to the Group, which are equal to or more favourable to the Group as compared with other independent financial institutions providing similar services. Pursuant to the 2023 Financial Services Agreements, the handling fees payable by the Group to COFCO Finance shall not exceed RMB3 million (equivalent to approximately HK\$3.4 million) annually during the term of the 2023 Financial Services Agreements. The handling fees were determined based on arm's length negotiations among the parties with reference to the handling fees charged by financial institutions for similar services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Term

The 2023 Financial Services Agreements shall be for a term of three years commencing from the date of approval of the 2023 Financial Services Agreements and the transactions contemplated thereunder by the Independent Shareholders at the SGM.

Set-off

If COFCO Finance is in breach of any provisions of the 2023 Financial Services Agreements or applies the funds deposited with it by the Management Company and the subsidiaries of the Company in inappropriate ways, which results in the Management Company and/or the subsidiaries of the Company fails to recover such deposit funds, the Management Company and the Company will be entitled to use such deposit funds to set off any amounts payable by the Management Company or the subsidiaries of the Company to COFCO Finance. COFCO Finance will not be entitled to such set off rights.

Termination

The 2023 Financial Services Agreements may be terminated by consent of all the parties.

In addition to the termination events provided by the Civil Code of the PRC, the 2023 Financial Services Agreements will be terminated with immediate effect if COFCO Finance fails to satisfy any of the following operation conditions:

- (i) the capital adequacy ratio is not less than 12%;
- (ii) the non-performing assets ratio is not more than 2%;
- (iii) the bad loan ratio is not more than 3%;
- (iv) the self-owned fixed assets to equity ratio is not more than 10%; or
- (v) the investment balance to net capital ratio is not more than 70%.

Such operation conditions are determined with reference to the Interim Measures for the Assessment of Risk Management Indicators of Finance Companies of Enterprise Groups and on a stricter basis in favour of the Company.

Upon termination of the 2023 Financial Services Agreements, the Management Company and the subsidiaries of the Company may withdraw their respective deposit with COFCO Finance at any time, and will be entitled to the above-mentioned set off rights.

Implementation agreements

The Management Company, COFCO Finance and the respective subsidiaries of the Company may, from time to time and as necessary, enter into separate implementation agreements to effect the entrustment loans, provided that any such implementation agreements are entered into in accordance with the terms of the 2023 Financial Services Agreements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF THE 2023 ANNUAL CAPS AND EVALUATION ON THE OTHER TERMS IN THE ARRANGEMENT

Pursuant to the terms of the 2023 Financial Services Agreements, conditional upon obtaining the Independent Shareholders' approval pursuant to the Listing Rules, the existing annual caps as set out in the 2020 Financial Services Agreement shall be extended to the 2023 Annual Caps, such that the maximum daily balance of deposits (including the corresponding interests accrued thereon) placed by the Group with COFCO Finance pursuant to the 2020 Financial Services Agreement shall be adjusted from RMB1,500 million (equivalent to approximately HK\$1,663 million) to RMB2,500 million (equivalent to approximately HK\$2,856 million) on any day throughout the term of the 2023 Financial Services Agreements.

We noted that the 2023 Annual Caps of depository services, the Company has taken into account the following factors:

- (i) the average historical daily balance of deposits placed by the Group with COFCO Finance pursuant to the 2020 Financial Services Agreement for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and the two months period ended 28 February 2023 were RMB1,033 million, RMB842 million, RMB1,105 million and RMB1,221 million, respectively;
- (ii) the maximum historical daily balance of deposits placed by the Group with COFCO Finance pursuant to the 2020 Financial Services Agreement for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and the two months period ended 28 February 2023 were RMB1,400 million, RMB1,485 million, RMB1,485 million and RMB1,485 million, respectively;
- (iii) as at 31 December 2022, the Group had maintained a high level of cash and cash equivalents which amounted to approximately RMB16,895 million and is available to be utilized by subsidiaries of the Company;
- (iv) the growth in magnitude of treasury management of the Company with regard to the expected cash available to the Group and its utilisation, the business development plans of the Group and the financial needs of the Group; The utilisation of the historical caps based on the maximum historical daily balance of deposits were approximately 93.3%, 99.0%, 99.0% and 99.0% for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and the two months period ended 28 February 2023, respectively. In addition, during peak seasons, the daily transaction amount of the Group as a whole can be more than RMB2,000 million and, as a result, multiple transfers of funds had to be made as the maximum daily balance of deposits under the 2020 Financial Services Agreement was only RMB1,500 million. According to the Letter from the board, we noted that the Management Company is the main participant in the Group's integrated funds management arrangements. We have obtained and reviewed general ledger which contained the daily

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transaction amounts of the Management Company for the period from 1 January 2021 to 28 February 2023. We noted that the daily transaction amount of the Management Company can be more than RMB2,000 million during the peak seasons for the period from 1 January 2021 to 28 February 2023, as a result, multiple transfers of funds to other banks had to be made. The increase of the maximum daily balance of deposits for the 2023 Annual Caps to RMB2,500 million can therefore reduce multiple transfers of funds and effectively improve the efficiency of the entrustment loan services under the 2023 Financial Services Agreement;

- (v) the increased use by the Group on a daily basis of a centralised electronic settlement system facilitated by the cash management platform provided by COFCO Finance;
- (vi) the expected amount of interest income from COFCO Finance compared with interest income that could otherwise be obtained by placing deposits with independent commercial banks;
- (vii) the control of financial risks in selecting financial services providers; and
- (viii) the benefit to the Group and the Shareholders as a whole.

The table below sets out the existing annual caps pursuant to the 2020 Financial Services Agreement and the maximum historical daily balance of deposits placed by the Group with COFCO Finance for the four months ended 31 December 2020, the financial years ended 31 December 2021 and 2022 and the two months ended 28 February 2023, respectively:

	From 31 August 2020 to 31 December 2020	From 1 January 2021 to 31 December 2021	From 1 January 2022 to 31 December 2022	From 1 January 2023 to 28 February 2023
	<i>(approximately RMB million)</i>	<i>(approximately RMB million)</i>	<i>(approximately RMB million)</i>	<i>(approximately RMB million)</i>
Maximum daily balance of deposit placed by the Group with COFCO Finance	1,400	1,485	1,485	1,485
Existing annual caps	1,500	1,500	1,500	1,500
Utilisation rate	93.3%	99.0%	99.0%	99.0%

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The 2023 Annual Caps of RMB2,500 million represent an increase of RMB1,000 million as compared to the existing annual cap of RMB1,500 million. To further assess the fairness and reasonableness, we noted that (i) the utilization rate of maximum daily balance of deposit placed by the Group with COFCO Finance was over 90.0% for the four months ended 31 December 2020 and reached 99.0% for the financial years ended 31 December 2021 and 2022 and the two months ended 28 February 2023; and (ii) the Group's cash and cash equivalents was approximately RMB9,967 million as at 30 June 2020, being the latest available information immediately prior to the date of the 2020 Financial Services Agreement, and significantly increased by 68.9% or RMB6,875 million to approximately RMB16,842 million as at 28 February 2023 which show that the Group have maintained the higher level of cash and cash equivalents than 30 June 2020. It indicates the needs of depository services have been increased due to high level of cash and cash equivalents maintained. Therefore, such increments of the 2023 Annual Caps are in line with increase in cash and cash equivalents and it is justifiable.

Having also considered the above factors, we consider that the 2023 Annual Caps, which are the same during the three-year term of the 2023 Financial Services Agreements, are fair and reasonable.

Internal Controls

The Company has adopted internal control measures to ensure that the terms and conditions of the 2023 Financial Services Agreements are on normal or better commercial terms and terms no less favourable than those terms offered to the Group by independent third parties for similar services, the details of which are as follows:

- (a) the Group's management (including the head of treasury and the financial manager) will adopt an internal integrated assessment mechanism on the deposit interest rate and the handling fee for the entrustment loan services offered by COFCO Finance based on fair market principle. For example, an analysis and assessment will be conducted between the deposit interest rate offered by COFCO Finance and the rates offered by the Reference Banks and the PBOC to the Group before the Group deposits with COFCO Finance, and every fortnight or regularly during the maintenance of such deposit accounts. Prior to the engagement of the relevant financial service with COFCO Finance under the 2023 Financial Services Agreements, the Group will conduct an analysis and assessment between the deposit interest rate and handling fee (as the case may be) offered by COFCO Finance with the corresponding interest rates or handling fees offered by the Reference Banks and the PBOC to the Group to ensure the relevant interest rates or handling fee offered by COFCO Finance is not less favourable to the Group. In the event the relevant interest rates or handling fees quoted from the Reference Banks and the PBOC are better than those offered by COFCO Finance, the Group will inform COFCO Finance to adjust to the same to ensure its interest rate or handling fee is not less favourable than those offered by the Reference Banks and the PBOC; The Reference Banks include the largest domestic banks in the PRC providing deposit and entrustment loan services similar to COFCO Finance and have existing business relationships with COFCO Finance, which facilitates the obtaining of reference information such as deposit interest rates and handling fees for entrustment loans. The Group's management (including the head of treasury and the financial manager) will review the list of Reference Banks annually based on the selection criteria mentioned above;

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- (b) in the event that COFCO Finance violates its obligations under the 2023 Financial Services Agreements and has actually adopted an interest rate or charged a handling fee which is less favourable to the Group as compared to those offered by the Reference Banks and the PBOC, the Group may request COFCO Finance to compensate the differences to the Group. In respect of the depository services under the 2023 Financial Services Agreements, the Group will obtain the Quoted Deposit Interest Rate every fortnight or regularly during the maintenance of its demand deposit in such deposit accounts. In the event that COFCO Finance had adopted a deposit interest rate lower than the Quoted Deposit Interest Rate for a particular day, the Group will demand COFCO Finance to compensate the difference between the interest receivable on its demand deposit under the Quoted Deposit Interest Rate and the deposit interest rate offered by COFCO Finance;
- (c) the independent non-executive Directors will conduct annual review of the 2023 Financial Services Agreements to ensure the terms and conditions contained therein and the transactions contemplated thereunder are entered into by the Company in the ordinary and usual course of business, on normal commercial terms or better and are fair and reasonable and in the interests of the Company and Shareholders as a whole;
- (d) the Company will engage external auditors to conduct annual review of the 2023 Financial Services Agreements in accordance with the Listing Rules; and
- (e) the Board will oversee the Company's internal control measures in relation to the 2023 Financial Services Agreements on an ongoing basis.

In order to assess whether the internal controls of deposit interest rate have been implemented properly, we have reviewed 14 samples of contracts and past transactions of the depository services between the Group and independent commercial banks for the period from 1 September 2020 to 28 February 2023. We noted that with the corresponding interest rates or handling fees offered by the Reference Banks and the PBOC to the Group to ensure the relevant interest rates or handling fee offered by COFCO Finance is not less favourable to the Group.

The Company has adopted a daily real-time reporting system and the following monitoring controls to ensure that the 2023 Annual Caps under the 2023 Financial Services Agreements are not exceeded:

- (a) funds daily report will be issued every morning by the treasury cashiers on the amount of deposits and entrustment loans and the situation of change and utilisation of the funds. The head of treasury and the financial manager can adjust the funds strategy according to the funds daily report;
- (b) the head of treasury will compile 20-day rolling capital forecast every week which could reduce the incidence of liquidity excess;

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- (c) the fund manager will compile the monthly fund plan at the beginning of each month to arrange the monthly fund balance in advance and make arrangements for the Group's deposits and entrustment loans, to make sure that the annual caps will not be exceeded; and
- (d) internal control reports on risk management issued by COFCO Finance quarterly will be reviewed by the Company.

The Directors are of the view that the above measures are adequate to assist the Company in monitoring, in a reasonable and effective manner, the transactions under the 2023 Financial Services Agreements will not be exceeding the 2023 Annual Caps. We have reviewed 6 samples of the online funds report regarding the daily real-time reporting system. We noted that the Group had set the maximum amounts of the Group depositing with COFCO Finance so that the transactions under the 2023 Financial Services Agreement will not be exceeding the 2023 Annual Caps.

As advised by the Directors, to secure the interests of the Shareholders, the Group adopted certain guidelines and principles in monitoring the Arrangements which set out under the sections headed "Internal Control" and "Risk management" of the Letter from Board for utilising the financial services provided by COFCO Finance. We noted that the measures set out certain compliance in relation to the operation of COFCO Finance including but not limited to maintaining certain financial ratios at all times. As disclosed in the Letter from the Board, the financial ratios are determined with reference to the Interim Measures for the Assessment of Risk Management Indicators of Finance Companies of Enterprise Groups issued by China Banking Regulatory Commission and on a stricter basis in favour of the Group, as such, we are of the view that the financial ratios adopted are adequate for assessing COFCO Finance's operation. In addition, we have obtained and reviewed the calculation of financial ratio of the COFCO Finance and noted that COFCO Finance have maintained the financial ratios.

In addition, we have reviewed the guarantee letter from COFCO Corporation and noted that in the event that COFCO Finance confronts difficulties in making payments, COFCO Corporation undertake to increase relevant capital in accordance with the actual need for payment with no limit. In order to understand the financial capability of the COFCO Corporation, we have obtained and reviewed the audited financial statements for the year ended 31 December 2022 of the COFCO Corporation and COFCO Finance respectively. We noted that the cash and cash equivalent and total net assets of COFCO Finance represented appropriately 2.0% and 2.1% respectively of that of COFCO Corporation as at 31 December 2022. As such, we are of the view that COFCO Corporation would be able to repay the Group in case of COFCO Finance faces difficulty in making payments and the undertaking provided by COFCO Corporation is meaningful and practical.

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the maximum values of the Depository Services must be restricted by the 2023 Annual Caps for the period concerned under the 2023 Financial Services Agreements; (ii) the terms of the Depository Services must be reviewed by the independent non-executive Directors annually; and (iii) details of the independent non-executive Directors' annual review on the terms of the Depository Services must be included in the Company's subsequent published annual reports and financial accounts.

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Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Depository Services (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the 2023 Annual Caps.

In the event that the maximum amounts of the Depository Services are anticipated to exceed the 2023 Annual Caps, or that there is any proposed material amendment to the terms of the Depository Services, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

With the stipulation of the above requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Depository Services and hence the interest of the Independent Shareholders would be safeguarded.

OPINION AND RECOMMENDATION

Having taken into account that above factors and reasons, we are of the opinion that (i) the Transactions are entered in the ordinary and usual course of business of the Group and the Transactions are in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Transactions are on normal commercial terms and are fair and reasonable. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant ordinary resolution(s) to be proposed at the SGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Dongxing Securities (Hong Kong) Company Limited
TSANG Wing Ngai
Executive Director
Investment Banking Department

Mr. TSANG Wing Ngai is a licensed person registered with the Securities and Future Commission since 2008 and is currently a responsible officer of Dongxing Securities (Hong Kong) Company Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Mr. TSANG has over 14 years of experience in the corporate finance industry, and has participated in the provision of independent financial advisory services for various connected transactions involving companies listed in Hong Kong.

1. CONSOLIDATED FINANCIAL STATEMENTS

Details of the financial information of the Group for each of the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020 are disclosed in the following documents which have been published on both the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.joy-cityproperty.com):

- annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 87 to 219) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042705162.pdf>);
- annual report of the Company for the year ended 31 December 2021 published on 28 April 2022 (pages 76 to 211) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042800942.pdf>); and
- annual report of the Company for the year ended 31 December 2020 published on 22 April 2021 (pages 113 to 247) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0422/2021042200785.pdf>).

2. INDEBTEDNESS STATEMENT

Borrowings

The Group's indebtedness as at 31 March 2023, being the latest practicable date for the purpose of determining the indebtedness of the Group prior to the printing of this circular is summarized as follows:

(i) *Bank borrowings*

	<i>RMB'000</i>
– Short term bank loans, secured and guaranteed	8,830
– Short term bank loans, secured and unguaranteed	1,001,160
– Short term bank loans, unsecured and guaranteed	2,148,543
– Short term bank loans, unsecured and unguaranteed	871,462
– Long term bank loans, secured and guaranteed	3,479,415
– Long term bank loans, secured and unguaranteed	5,726,188
– Long term bank loans, unsecured and guaranteed	6,780,640
– Long term bank loans, unsecured and unguaranteed	4,976,498
	<u>24,992,736</u>

(ii) Loans from fellow subsidiaries

As at 31 March 2023, the Group had outstanding unsecured loans from fellow subsidiaries of approximately RMB1,285 million, which were unsecured and unguaranteed.

(iii) Loans from non-controlling interests

As at 31 March 2023, the Group had outstanding loan from a non-controlling interest of a subsidiary of approximately RMB1,705 million, which was unsecured and unguaranteed.

(iv) Loans from third parties

As at 31 March 2023, the Group had outstanding loan from third parties of approximately RMB7,924 million, approximately RMB6,150 million of which was unsecured and guaranteed and approximately RMB1,774 million was secured and guaranteed.

(v) Loans from joint ventures

As at 31 March 2023, the Group had outstanding loan from a joint venture of approximately RMB5,825 million, which was unsecured and unguaranteed.

(vi) Bonds payable

As at 31 March 2023, the Group had a total amount of outstanding bonds payable of RMB2,981 million, which was unsecured and unguaranteed. As at 31 March 2023, the Group had a total amount of bonds authorised but not issued of RMB4,000 million.

Charges

As at 31 March 2023, the Group's secured bank borrowings and loan from a third party were secured by certain of the Group's investment properties with a carrying amount of approximately RMB34,774 million, property, plant and equipment with a carrying amount of approximately RMB2,454 million, properties under development for sales with a carrying amount of approximately RMB16,701 million, properties held for sales with a carrying amount of approximately RMB1,003 million, right-of-use assets (leased land) with a carrying amount of approximately RMB1,366 million, and accounts receivable with a carrying amount of approximately RMB26 million.

Lease liabilities

As at 31 March 2023, the Group, as a lessee, had lease liabilities of carrying amounts of RMB186 million, which was unsecured and unguaranteed.

Contingent liabilities or guarantees

The Group has certain non-compliance incidents which are relating to the failure to comply with certain terms and conditions of the relevant construction works planning permits in respect of the Chaoyang Joy City and Shenyang Joy City project. The Group may be subject to a fine of up to 10% of the construction cost of the noncompliant structure or the excess area (as the case may be), demolition of the relevant property and confiscation of any illegal revenue.

The construction costs of Chaoyang Joy City amounted to RMB3,377 million, including the cost for the non-compliant structure of RMB42 million. The non-compliant structure has been occupied as office and has not generated any revenue, and accordingly, the Directors believe that these would not be illegal revenue subject to confiscation. Chaoyang Joy City generated revenue since the year 2010 and it has not received any notification from the relevant authorities with respect to the non-compliant structure since the commencement of operation. The aggregate revenue of the shopping mall of Chaoyang Joy City since it generated revenue up to 31 March 2023 amounted to RMB6,783 million.

The construction costs of Shenyang Joy City amounted to RMB1,943 million, including an estimated cost for the excess area of RMB81 million. The excess area has been utilized as passageways for commercial use and has generated only a small percentage of the aggregate revenue of Shenyang Joy City. Shenyang Joy City generated revenue since the year 2009 and it has not received any notification from the relevant authorities with respect to the excess area since the commencement of operation, and accordingly, the Directors believe that the likelihood for the confiscation of any illegal revenue is low, and any action taken by the authorities will have minimal impact on the income and performance of Shenyang Joy City. The aggregate revenue of Shenyang Joy City since it generated revenue up to 31 March 2023 amounted to RMB3,165 million.

Based on the reasons and circumstances of these non-compliances and the PRC legal advice, the management of the Group considers that the risk of above losses is remote, and accordingly, no provision has been made. In addition, COFCO Corporation, the ultimate holding company of the Company, has undertaken to indemnify the Company against all penalties, losses and expenses in connection with the above non-compliances.

As at 31 March 2023, the Group had provided guarantees to certain banks relating to mortgage facilities arranged for certain buyers of properties developed by the Group and the outstanding mortgage loans under these guarantees amounted to RMB5,911 million. As at 31 March 2023, the Group had provided guarantees to associates relating to a bank loan and the guarantee were amounted to RMB1,061 million.

General

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities, issued and outstanding, and authorized or otherwise created but unissued, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities as at 31 March 2023.

3. WORKING CAPITAL

The Directors are satisfied after due and careful consideration and taking into account the present internal financial resources available to the Group, the banking facilities presently available, and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for at least twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

For the year ended 31 December 2022, gross revenue of the Group amounted to approximately RMB20,831,357,000, representing an increase of approximately 69.2% compared to approximately RMB12,313,297,000 for the year ended 31 December 2021. Gross profit and net profit of the Group amounted to approximately RMB6,406,358,000 and approximately RMB1,100,578,000 respectively for the year ended 31 December 2022, representing an increase of approximately 35.91% and a decrease of approximately 25.88% respectively compared to approximately RMB4,713,588,000 and approximately RMB1,484,882,000, respectively, for the year ended 31 December 2021. For further details, please refer to the annual report of the Company for the year ended 31 December 2022.

Looking forward to 2023, with the full relaxation of the pandemic prevention policy and less restrictions on consumption scenarios, coupled with the steady recovery of the economy and the continuous launch of macro supporting policies, consumption is expected to recover steadily, during which the cultural and entertainment industry will become the highlight. In particular, the consumption on culture, education, entertainment and catering services, the consumption involving people contact and the experience-based consumption will improve significantly, and the hotel business will also pick up with the recovery of tourism industry. In the post-pandemic era, the retail real estate market will continue to iterate, focusing on consumers' changing preferences.

In terms of business strategy, faced with new challenges for commercial real estate operations, the Group will focus on enhancing consumer experience, encouraging visits to offline stores and increasing face-to-face interaction with consumers. In the future, the Group will adhere to the development goal of becoming “a service provider of urban operation and better life.” The Group will continue to pay close attention to the development trend of the industry, capitalise on the opportunities arising in the industry, consolidate resources in various areas and further optimise operating capacity, so as to achieve favourable operating results.

Save and except for the transactions already disclosed in announcements and circulars of the Company prior to the Latest Practicable Date and acquisitions, disposals and investments in joint ventures by the Group in its ordinary course of business which have not materialized into and/or constituted discloseable inside information of the Company as at the Latest Practicable Date, the Company did not have any intention, negotiation, agreement, arrangement and understanding (concluded or otherwise) about (i) the acquisition of any new business; (ii) any disposal, scaling-down and/or termination of its existing business and/or major operating assets; and (iii) the injection of any new business to the Group.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

1. Interests of Directors

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO); (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

Name of Director/ Chief Executive	Company/ Name of associated corporation	Capacity	Number of issued ordinary shares held <i>(Note 1)</i>	Approximate percentage of the issued share capital <i>(%)</i>
Mr. CAO Ronggen	The Company	Beneficial owner	3,451,663	0.02% <i>(Note 2)</i>
Mr. LAM Kin Ming, Lawrence	The Company	Beneficial owner	6,000	0.00% <i>(Note 2)</i>
Mr. CHAN Fan Shing	The Company	Beneficial owner	136,758	0.00% <i>(Note 2)</i>

Notes:

- Long positions in the shares of the Company or its associated corporations, other than equity derivatives such as share options, warrants or convertible bonds.
- The percentages (rounded to 2 decimal places) were calculated based on the total number of shares in issue of the Company as at the Latest Practicable Date, i.e. 14,231,124,858 Shares.

Save for those disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short positions in the shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or was deemed to have under such provisions of the SFO); (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, (i) Mr. CHEN Lang is the executive vice president of COFCO Corporation and a director and chairman of Grandjoy Holdings Group; (ii) Mr. CAO Ronggen is a director and general manager of Grandjoy Holdings Group; (iii) Mr. MA Dewei is an employee of COFCO Corporation and a director of Grandjoy Holdings Group; (iv) Mr. LIU Yun is an employee of COFCO Corporation and a director of Grandjoy Holdings Group; and (v) Mr. ZHU Laibin is an employee of COFCO Corporation and a director of both Grandjoy Holdings Group and COFCO Sugar Holdings Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 600737)).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company was a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

2. Interests of substantial shareholders

So far as it is known to the Directors, as at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Class of shares	Number of Shares/CPS <i>(Note 1)</i>	Approximate percentage of the Company's issued share capital <i>(%)</i>
COFCO Corporation	Ordinary shares	9,501,359,644 (L) <i>(Note 2)</i>	66.76%
	CPS	1,095,300,778 (L) <i>(Note 3)</i>	100%

Name of Shareholder	Class of shares	Number of Shares/CPS (Note 1)	Approximate percentage of the Company's issued share capital (%)
COFCO (Hong Kong) Limited ("COFCO (HK)")	Ordinary shares	9,501,359,644 (L) (Note 2)	66.76%
	CPS	1,095,300,778 (L) (Note 3)	100%
Vibrant Oak Limited ("Vibrant Oak")	Ordinary shares	9,133,667,644 (L) (Note 2)	64.18%
Grandjoy Holdings Group	Ordinary shares	9,133,667,644 (L) (Note 2)	64.18%
Achieve Bloom	Ordinary shares	367,692,000 (L) (Note 2)	2.58%
	CPS	1,095,300,778 (L) (Note 3)	100%
Citigroup Inc.	Ordinary shares	996,152,757 (L)	6.99%
		32,000 (S)	0%
		996,119,312 (P)	6.99%
GIC Private Limited	Ordinary shares	993,258,000 (L) (Note 4)	6.98%

Notes:

- The percentages (round to 2 decimal places) of the Shares were calculated based on the total number of Shares in issue as at Latest Practicable Date, i.e. 14,231,124,858 Shares, and assuming that 1,095,300,778 CPS were not fully converted into 1,095,300,778 Shares. The percentages of CPS were calculated based on 1,095,300,778 CPS in issue as at Latest Practicable Date.
 - Vibrant Oak, through its non wholly-owned subsidiary, Grandjoy Holdings Group, was deemed to be interested in 9,133,667,644 Shares as at the Latest Practicable Date. COFCO (HK), through its wholly-owned subsidiaries, Achieve Bloom and Vibrant Oak, was deemed to be interested in 9,501,359,644 Shares as at Latest Practicable Date. COFCO Corporation, through its wholly-owned subsidiary, COFCO (HK), was deemed to be interested in 9,501,359,644 Shares as at Latest Practicable Date.
 - COFCO (HK), through its wholly-owned subsidiary, Achieve Bloom, was deemed to be interested in 1,095,300,778 CPS as at Latest Practicable Date. COFCO Corporation, through its wholly-owned subsidiary, COFCO (HK), was deemed to be interested in 1,095,300,778 CPS as at Latest Practicable Date.
 - GIC Private Limited held 993,258,000 Shares as investment manager as at Latest Practicable Date.
- L. indicates a long position.
S. indicates a short position.
P. indicates a lending pool.

Save as disclosed above, the Directors were not aware, as at the Latest Practicable Date, of any person (not being a Director or chief executive of the Company) who had an interest (or short position in the Shares or underlying shares) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors were materially interested, directly or indirectly, in any subsisting contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group.

5. MATERIAL CONTRACTS

The Group had not entered into any contract (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this circular which is or may be material.

6. LITIGATION AND CLAIMS

As at the Latest Practicable Date, the Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Group.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in a business which competed or might compete with the business of the Group, or had or might have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

8. EXPERT'S CONSENT AND QUALIFICATIONS

The following are the qualifications of the expert(s) who have given opinions or advices which are contained in this circular:

Name	Qualifications
Dongxing Securities (Hong Kong) Company Limited	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

The expert(s) above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s), report(s) and/or opinion(s) and the references to its name included herein in the form and context in which it is respectively included.

The expert(s) above confirmed that as at the Latest Practicable Date, it did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which have since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. GENERAL

The company secretary of the Company is Ms. Hau Hei Man Sonya (Associate of both The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute).

The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is at 33/F., COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong. The branch share registrar and transfer office of the Company is Tricor Progressive Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be on display on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.joy-cityproperty.com) for a period of 14 days from the date of this circular:

- (a) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” in this circular;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 21 to 22 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out on pages 23 to 36 of this circular;
- (d) the 2023 Financial Services Agreements;
- (e) the consent letter referred to in the paragraph headed “Expert’s consent and qualifications” in this Appendix; and
- (f) this circular.

11. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text, in the event of inconsistency.

NOTICE OF THE SGM



JOY CITY PROPERTY LIMITED
大悦城地產有限公司
(incorporated in Bermuda with limited liability)
(Stock Code: 207)

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Joy City Property Limited (the “Company”) will be held at Regal Ballroom - Basement 1, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Wednesday, 7 June 2023 at 11:30 a.m. (or immediately after the conclusion or adjournment of the forthcoming 2023 annual general meeting of the Company to be held at the same venue and on the same day) for the purposes of considering, and if thought fit, pass the following resolution which will be proposed, with or without modification, as ordinary resolution. Capitalised terms contained in the circular dated 17 May 2023 issued by the Company (the “Circular”) shall have the same meanings when used herein unless otherwise specified.

ORDINARY RESOLUTION

“THAT

- (a) the 2023 Financial Services Agreements, the terms and conditions thereof and the transactions contemplated thereunder (including the 2023 Annual Caps) be and are hereby approved, confirmed and ratified; and
- (b) any one Director of the Company be and is hereby authorised on behalf of the Company to do or take all acts, things and steps and to sign and execute all such documents, instruments and agreements for and on behalf of the Company as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with paragraph (a) of this resolution.”

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

The PRC, 17 May 2023

NOTICE OF THE SGM

Notes:

- (1) The register of members of the Company will be closed for registration of transfer of Shares from Friday, 2 June 2023 to Wednesday, 7 June 2023 (both days inclusive) to determine the entitlement to attend and vote at the SGM. In order to qualify for attending and voting at the SGM, all transfer documents should be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong on or before 4:30 p.m., Thursday, 1 June 2023.
- (2) Any member of the Company entitled to attend and vote at the SGM is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A member who is the holder of two or more Shares of the Company may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (3) Where there are joint registered holders of any Share, any one of such persons may vote at the SGM, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such Share shall alone be entitled to vote in respect thereof.
- (4) To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM (not later than 11:30 a.m. on Monday, 5 June 2023) or any adjournment thereof. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the SGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (5) The resolution at the SGM will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
- (6) If a black rainstorm warning signal is in force or a tropical cyclone warning signal no. 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 11:00 a.m. on the day of the SGM, the SGM will be adjourned in accordance with the Bye-laws of the Company. The Company will publish an announcement on the websites of Hong Kong Exchanges and Clearing Limited and the Company to notify Shareholders of the date, time and venue of the adjourned meeting.

Shareholders should decide on their own whether they would attend the SGM under bad weather conditions having regard to their own situations and, if they choose to do so, they are advised to exercise care and caution.

As at the date of this notice, 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.