

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



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

MAJOR TRANSACTION
ACQUISITION OF THE ENTIRE EQUITY INTEREST
IN THE TARGET COMPANY

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that, on 5 September 2023 (after trading hours), the Buyer (an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Seller in relation to the Acquisition, pursuant to which the Seller has agreed to sell, and the Buyer has agreed to purchase, the entire equity interest in the Target Company at a Consideration of RMB1,196,000,000 and the Shareholder's Loan of RMB4,000,000 in aggregate. The Target Company is primarily engaged in the holding and development of the Land located in Hongkou District, Shanghai, the PRC.

As of the date of this announcement, the entire equity interest in the Target Company is held by the Seller. Upon Completion, the Target Company will be wholly-owned by the Buyer, and therefore will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 25% but are all less than 100%, the Acquisition constitutes a major transaction of the Company pursuant to Chapter 14 of the Listing Rules and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval in lieu of convening a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder; and (b) the written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at the general meeting to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders has any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder.

As at the date of this announcement, Grandjoy Holdings Group holds 9,133,667,644 Shares (representing approximately 64.18% of the issued Shares). As the Company has obtained the Written Approval from Grandjoy Holdings Group, no special general meeting will be convened by the Company for the purpose of approving the Sale and Purchase Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among others, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) financial information of the Target Company; (iii) unaudited pro forma financial information of the Group as enlarged by the Acquisition; and (iv) property valuation report of the Target Company will be despatched to the Shareholders in accordance with Listing Rules for information purposes only on or before 26 September 2023.

BACKGROUND

The Buyer (an indirect wholly-owned subsidiary of the Company) has submitted and won the bid for the entire equity interest of the Target Company and the Shareholder's Loan at the Auction held by Shanghai Assets Exchange and, on 5 September 2023 (after trading hours), the Buyer entered into the Sale and Purchase Agreement with the Seller in relation to the Acquisition, pursuant to which the Seller has agreed to sell, and the Buyer has agreed to purchase, the entire equity interest in the Target Company at a Consideration of RMB1,196,000,000 and the Shareholder's Loan of RMB4,000,000 in aggregate. The amount of RMB360,000,000 has been paid by the Buyer as the security for the Auction. The Target Company is primarily engaged in the holding and development of the Land located in Hongkou District, Shanghai, the PRC.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarized below:

Date

5 September 2023

Parties

(a) the Buyer; and

(b) the Seller.

Subject matter

Pursuant to the Sale and Purchase Agreement, the Seller has agreed to sell, and the Buyer has agreed to purchase, the entire equity interest in the Target Company and the Shareholder's Loan of RMB4,000,000 in aggregate owed by the Target Company to the Seller. The Target Company is primarily engaged in the holding and development of the Land located in Hongkou District, Shanghai, the PRC. Please refer to the section headed "Information on the Target Company" below for further details of the Target Company.

As of the date of this announcement, the entire equity interest in the Target Company is held by the Seller. Upon Completion, the Target Company will be wholly-owned by the Buyer, and therefore will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated in the financial statements of the Group.

Consideration

The Consideration for the entire equity interest of the Target Company is RMB1,196,000,000, and will be satisfied by the security deposit for the Auction or RMB360,000,000 already paid by the Buyer to Shanghai Assets Exchange and an additional payment in cash of RMB836,000,000, which, together with the Shareholder's Loan of an aggregate amount of RMB4,000,000, shall be paid by the Buyer to Shanghai Assets Exchange within 5 business days from the date of the Sale and Purchase Agreement. After the Company has fully paid the Consideration and the Shareholder's Loan in accordance with the Sale and Purchase Agreement, Shanghai Assets Exchange will issue the equity transfer certificate to the Buyer and the Seller. The Consideration and the Shareholder's Loan will be paid by Shanghai Assets Exchange to the Seller within 3 business days after the issuance of the equity transfer certificate. The payments for the Consideration and the Shareholder's Loan will be financed by the Group's internal resources.

Completion

Completion will take place within 30 business days from the date of the Sale and Purchase Agreement. The Buyer and the Seller shall cooperate with Target Company and complete the relevant procedures for the change of equity registration within 30 business days from the date of issuance of the equity transfer certificate.

BASIS OF THE CONSIDERATION

The Consideration represented the highest bidding price for the entire equity interest of the Target Company at the Auction and the Buyer put forward this bidding price after taking into account of (a) the net asset value of the Target Company as at 30 June 2023 based on the unaudited management accounts of the Target Company prepared based on PRC GAAP; (b) the property valuation of the Land as at 31 December 2022 prepared by an independent valuer in PRC; (c) the current market conditions in the vicinity of the Land and the current land price in the surrounding area of the Land; and (d) the strategic location of the Land in the core section of the North Bund area in Hongkou District, Shanghai, the PRC and the scarcity of residential projects in the vicinity featuring low-density residence.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company with limited liability incorporated in the PRC in July 2020 and is principally engaged in the holding and development of the Land. The Land is situated in the North Bund area of Hongkou District, Shanghai, the PRC and has a total site area of approximately 23,849 square meters and planned gross floor area of approximately 46,506 square meters. The term of the land use right for the Land is 70 years and the proposed use of the Land is for the development of residential properties, among which the majority will be low rise residential properties and the remaining properties will be high-rise residential properties. As of the date of this announcement, the construction on the Land and the sale of properties to be developed on the Land has not yet commenced. The construction on the Land and the sale of properties to be developed on the Land is expected to commence in 2024.

Based on the unaudited management accounts of the Target Company prepared based on PRC GAAP, each of the Target Company's revenue, profit before tax and profit after tax was nil for the years ended 31 December 2021 and 31 December 2022, respectively.

As at 30 June 2023, the net asset value of the Target Company based on its unaudited management accounts prepared based on PRC GAAP was approximately RMB1,160,000,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Company principally holds the Land, which is situated in the North Bund area of Hongkou District, Shanghai, the PRC. The Land is located in the prime area in the city centre of Shanghai and in close proximity to the office, commercial and historical areas in Shanghai. Situated at the centre of Shanghai's vibrant economic activities, the Land is conveniently serviced by Metro Line 4, with the closest station, Dalian Road Station* (大連路車站), located within 250 meters in distance. The Land is also supported by comprehensive educational and medical facilities, and the land supply and inventory level in this area is relatively limited. Therefore, the Land is expected to have strong development potential. The Group plans to develop semi-detached houses and high-rise apartments on the Land. In view of the market demand and supply and the location, the surrounding infrastructure and the planned use of the Land, it is expected to achieve positive investment value after completion of development, and thus generate cash flows and stable and satisfactory revenue and profits to the Group.

The Directors consider that the Acquisition is in line with the business development strategy and planning of the Group. The Directors consider that the Acquisition is in the Group's ordinary and usual course of business and the terms of the Sale and Purchase Agreement are on normal commercial terms, which are fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company

The Company is an investment holding company incorporated in Bermuda. The Group is principally engaged in development, operation, sales, leasing and management of mixed-use complexes and commercial properties in the PRC. The Group develops, holds and operates various property projects in the PRC and Hong Kong.

The Buyer

The Buyer is a company incorporated in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company. It is principally engaged in the development of and investment in properties in the PRC.

The Seller

The Seller is a company incorporated in the PRC with limited liability, an indirect wholly-owned subsidiary of Shanghai North Bund (Group) Company Limited* (上海北外灘(集團)有限公司), which is state-owned. It is principally engaged in various construction related business areas such as real estate development and operations, property management and re-development projects in the PRC.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Seller and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 25% but are all less than 100%, the Acquisition constitutes a major transaction of the Company pursuant to Chapter 14 of the Listing Rules and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval in lieu of convening a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder; and (b) the written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at the general meeting to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders has any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder.

As at the date of this announcement, Grandjoy Holdings Group holds 9,133,667,644 Shares (representing approximately 64.18% of the issued Shares). As the Company has obtained the Written Approval from Grandjoy Holdings Group, no special general meeting will be convened by the Company for the purpose of approving the Sale and Purchase Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among others, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) financial information of the Target Company; (iii) unaudited pro forma financial information of the Group as enlarged by the Acquisition; and (iv) details of the property valuation report will be despatched to the Shareholders in accordance with Listing Rules for information purposes only on or before 26 September 2023.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire equity interest of the Target Company and the Shareholder’s Loan by the Buyer from the Seller pursuant to the terms and conditions of the Sale and Purchase Agreement
“Auction”	the online public auction held by Shanghai United Assets and Equity Exchange* (上海聯合產權交易所) at which the entire equity interest of the Target Company and the Shareholder’s Loan was offered for sale by the Seller
“Board”	the board of Directors
“Buyer”	Joy City (Shanghai) Real Estate Company Limited* (大悅城(上海)置業有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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
“Company”	Joy City Property Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange (Stock Code: 207)
“Completion”	the completion of the Acquisition
“Consideration”	the consideration for the acquisition of the entire equity interest of the Target Company, being RMB1,196,000,000

“Director(s)”	director(s) of the Company
“Grandjoy Holdings Group”	Grandjoy Holdings Group Co., Ltd.* (大悦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: 031), which is a controlling shareholder of the Company and a subsidiary of COFCO Corporation
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is not a connected person of the Company pursuant to the Listing Rules
“Land”	the plot of land described under the section headed “Information on the Target Company” in this announcement with a total site area of approximately 23,849 square meters and held by the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which shall for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 5 September 2023 entered into between the Buyer and the Seller in relation to the Acquisition
“Seller”	Shanghai Zhonghong (Group) Company Limited* (上海中虹(集團)有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Shanghai Assets Exchange”	Shanghai United Assets and Equity Exchange* (上海聯合產權交易所) and an Independent Third Party
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company

“Shareholder’s Loan”	the aggregate amount of RMB4,000,000 owed by the Target Company to the Seller as of the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shanghai Yao Yao Lu Construction Development Company Limited* (上海耀耀祿建設發展有限公司), a company incorporated in the PRC with limited liability and directly wholly-owned by the Seller as at the date of this announcement
“Written Approval”	the written approval in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder by Grandjoy Holdings Group pursuant to Rule 14.44 of the Listing Rules
“%”	per cent

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

* *English translations of the names are provided for ease of reference only and they are not official English names of the companies and authority concerned.*

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

The PRC, 5 September 2023

As at the date of this announcement, the Board comprises Mr. CHEN Lang as Chairman and non-executive Director; Mr. CAO Ronggen as executive Director; Mr. MA Dewei, Mr. LIU Yun and Mr. ZHU Laibin as non-executive Directors; and Mr. LAU Hon Chuen, Ambrose, GBS, JP, Mr. LAM Kin Ming, Lawrence and Mr. CHAN Fan Shing as independent non-executive Directors.