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JOY CITY PROPERTY LIMITED

大悦城地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 207)

DISCLOSEABLE TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

PROVISION OF FINANCIAL ASSISTANCE

On 14 November 2023 (after trading hours), Chongqing Yuesheng, an indirect non wholly-owned subsidiary of the Company, entered into the Loan Agreement with Poly (Chongqing) Investment, pursuant to which Chongqing Yuesheng agreed to provide an unsecured non-revolving loan of an aggregate loan amount of up to RMB235,200,000 to Poly (Chongqing) Investment in accordance with the terms and conditions under the Loan Agreement. Chongqing Yuesheng is principally engaged in the development in, and the investment of, residential properties in Liangjiang New Area of Chongqing, the PRC and is owned as to 51% and 49% by Chongqing Zeyue, an indirect wholly-owned subsidiary of the Company, and Poly (Chongqing) Investment, respectively, as of the date of this announcement. The Loan is provided by Chongqing Yuesheng to Poly (Chongqing) Investment in proportion to the equity interest in Chongqing Yuesheng owned by Poly (Chongqing) Investment.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the aggregated amount of the Loan and the Existing Loan are more than 5% but are all less than 25%, the provision of the Loan pursuant to the Loan Agreement constitutes a discloseable transaction of the Company pursuant to the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the total assets, profits and revenue as defined under Rule 14A.09(1) of the Listing Rules in respect of Chongqing Yuesheng (for the period from 19 April 2022, the date of incorporation for Chongqing Yuesheng, to 31 December 2022) as compared to that of the Group (for the year ended 31 December 2022, being the latest financial year for which the Company has published its audited accounts) are less than 5%, Chongqing Yuesheng is an insignificant subsidiary of the Company pursuant to Rule 14A.09(1) of the Listing Rules and therefore Poly (Chongqing) Investment, a substantial shareholder of Chongqing Yuesheng, is not a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Loan Agreement do not constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcements of the Company dated 30 March 2022 and 13 September 2022 and the circular of the Company dated 25 April 2022 in relation to, among other things, the acquisition of land use rights in Liangjiang New Area, Chongqing, the PRC by Chongqing Yuesheng. Pursuant to a loan agreement dated 22 August 2023 between Chongqing Yuesheng and Poly (Chongqing) Investment, the Existing Loan comprising of the unsecured non-revolving loan of an aggregate loan amount of RMB121,411,028.72 was agreed to be provided by Chongqing Yuesheng to Poly (Chongqing) Investment. The Existing Loan was provided by Chongqing Yuesheng in connection with the distribution of funds to its shareholders on pro rata basis in proportion to the respective equity interests held by its shareholders.

On 14 November 2023 (after trading hours), Chongqing Yuesheng, an indirect non wholly-owned subsidiary of the Company, entered into the Loan Agreement with Poly (Chongqing) Investment, pursuant to which Chongqing Yuesheng agreed to provide an unsecured non-revolving loan of an aggregate loan amount of up to RMB235,200,000 to Poly (Chongqing) Investment in accordance with the terms and conditions under the Loan Agreement. Chongqing Yuesheng is principally engaged in the development in, and the investment of, residential properties in Liangjiang New Area, Chongqing, the PRC and is owned as to 51% and 49% by Chongqing Zeyue, an indirect wholly-owned subsidiary of the Company, and Poly (Chongqing) Investment, respectively, as of the date of this announcement. The Loan is provided by Chongqing Yuesheng to Poly (Chongqing) Investment in proportion to the equity interest in Chongqing Yuesheng owned by Poly (Chongqing) Investment.

PROVISION OF FINANCIAL ASSISTANCE

The principal terms of the Loan Agreement are set out below:

Provision of the Loan

Pursuant to the Loan Agreement, Chongqing Yuesheng has agreed to provide an unsecured non-revolving loan with the loan amount of an aggregate amount of up to RMB235,200,000 to Poly (Chongqing) Investment, which may be provided to Poly (Chongqing) Investment in one or multiple instalments. The loan period of the Loan Agreement is one year (the “**Loan Period**”) commencing from the respective draw down date of each instalment, and the first instalment is expected to take place in or after November 2023. Poly (Chongqing) Investment may repay part or whole of the Loan in accordance with the terms and conditions of the Loan Agreement during the Loan Period.

The loan amount of an aggregate amount of up to RMB235,200,000 was determined based on negotiations between the relevant parties on arm’s length basis with reference to, among other things, (a) the financing needs requested by Poly (Chongqing) Investment; (b) the surplus funds available for Chongqing Yuesheng; (c) Chongqing Yuesheng’s assessment on the source of funds for repayment and the business conditions and creditworthiness of Poly (Chongqing) Investment; and (d) the registered capital and the profits attributable to the shareholding interest in Chongqing Yuesheng held by Poly (Chongqing) Investment.

Interest rate and payment

The interest rate for the Loan under the Loan Agreement is 3.47% per annum, which is determined with reference to, among other things, the one year loan prime rate as published by the banks authorised by the People's Bank of China on 20 October 2023. The interest payments on the outstanding principal amount shall be calculated on daily basis and paid upon repayment(s) of the Loan.

Repayment date

The repayment date of the principal amount and the outstanding interest shall be on the date falling on the end of the respective Loan Period. Based on the capital needs of Chongqing Yuesheng, Chongqing Yuesheng is entitled to demand for an early repayment of part or whole of the Loan pursuant to the Loan Agreement.

Pursuant to the Loan Agreement, in the event that Poly (Chongqing) Investment is in default for any repayment of the Loan, Chongqing Yuesheng is entitled to remedies including, among other things, (a) request for Poly (Chongqing) Investment to rectify the breach; (b) demand early repayment of all or part of the outstanding loan amount(s); (c) request for Poly (Chongqing) Investment to bear the losses suffered by Chongqing Yuesheng including, among other things, request for a penalty payable by Poly (Chongqing) Investment calculated based on the outstanding balance owed by Poly (Chongqing) Investment and on a daily basis; and (d) the right to deduct the outstanding loan amount, interest and/or penalty from any amount payable by Chongqing Yuesheng to Poly (Chongqing) Investment (including but not limited to distributable profits and registered capital of Chongqing Yuesheng).

REASONS FOR AND BENEFITS OF THE FINANCIAL ASSISTANCE

As at the date of this announcement, Chongqing Yuesheng is owned as to 51% and 49% by Chongqing Zeyue, an indirect wholly-owned subsidiary of the Company, and Poly (Chongqing) Investment, respectively. Chongqing Yuesheng is accounted for as an indirect subsidiary of the Company and the financial results, assets and liabilities of Chongqing Yuesheng are consolidated into the accounts of the Group.

Chongqing Yuesheng is principally engaged in the investment in and development of residential properties in Liangjiang New Area of Chongqing, the PRC (the "**Project**"). The shareholders of Chongqing Yuesheng have agreed that the profits of Chongqing Yuesheng will be distributed in proportion to their respective shareholding interests in Chongqing Yuesheng, and the distribution of profits will be subject to further negotiations between the shareholders based on the actual progress of sales and development of the Project and the cash flow and financial position of Chongqing Yuesheng. As of the date of this announcement, around half of the residential property in the Project have been pre-sold and the construction of the properties under the Project are in progress, which are expected to be delivered in stages from April 2025. Therefore, Chongqing Yuesheng has received cash inflows from the pre-sale of the residential properties of the Project whilst the relevant revenue will be recognised after delivery of such properties, and hence a timing difference has arisen for the receipt of cash inflows and the recognition of the related revenue contributing to distributable profits, which is a condition for

distribution of dividends by Chongqing Yuesheng to its shareholders. Due to the need for enhancing liquidity, the shareholders of Chongqing Yuesheng have negotiated on arm's length basis and, as of the date of this announcement, agreed for Chongqing Yuesheng to pay the surplus cash in the form of short-term loans involving the aggregate loan amounts of RMB371,166,580.92 and RMB356,611,028.72 provided to an associate of Chongqing Zeyue, an indirect wholly-owned subsidiary of the Company, and Poly (Chongqing) Investment, respectively, based on the same terms and conditions as the Loan Agreement (except for the loan amounts) on a pro rata basis according to their respective shareholding interest in Chongqing Yuesheng to replenish the working capital of its shareholders on a short-term basis.

Further, the Company believes that there is sufficient protection to safeguard the interests of Chongqing Yuesheng in respect of the loans provided by Chongqing Yuesheng to its shareholders as a whole after taking into consideration of (a) the remedies available to Chongqing Yuesheng pursuant to the relevant loan agreements in the event of default by the shareholders; (b) Chongqing Yuesheng's assessment on the borrowers, which included the comparison of the outstanding principal, related interest and potential penalties relating to such loans against the estimated share of profits and investment in the registered capital of Chongqing Yuesheng for the shareholders with an aggregate amount of no less than RMB594,919,183.65, in light of the right to deduct by Chongqing Yuesheng in case of default by the relevant shareholder pursuant to the relevant agreement; and (c) Chongqing Yuesheng's right to demand for an early repayment of the loans pursuant to the relevant agreements based on its capital needs. In any event, the shareholders of Chongqing Yuesheng are expected to repay such loans prior to the winding up or deregistration of Chongqing Yuesheng.

The Directors believe that it is in the interest of the Company to refund the surplus funds held by Chongqing Yuesheng by way of loans from Chongqing Yuesheng to replenish the working capital of the Group. In addition, interest income will be generated from the Loan based on the outstanding principal amounts of the Loan, which will contribute to the income of the Group. Further, the terms of the Loan Agreement were negotiated on an arm's length basis between the relevant parties based on, among other things, the financing needs requested by Poly (Chongqing) Investment and Chongqing Yuesheng's assessment on the source of funds for repayment and the business conditions and creditworthiness of Poly (Chongqing) Investment.

Based on the above, the Directors (including the independent non-executive Directors) consider the terms of the Loan Agreement are entered into on normal commercial terms or better, and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors was in any way materially interested in the Loan Agreement and the transactions contemplated thereunder.

INFORMATION ON THE PARTIES

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

Chongqing Yuesheng

Chongqing Yuesheng is a company incorporated in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company. Chongqing Yuesheng is owned as to 51% and 49% by Chongqing Zeyue, an indirect wholly-owned subsidiary of the Company, and Poly (Chongqing) Investment, respectively. It is principally engaged in real estate development, property investment and development, and the investment and the development of the Project.

Poly (Chongqing) Investment

Poly (Chongqing) Investment is a company incorporated in the PRC with limited liability and is a substantial shareholder which directly owns 49% equity interest in Chongqing Yuesheng as of the date of this announcement. It is primarily engaged in property development and investment in the PRC. Poly (Chongqing) Investment is a wholly-owned of Poly Development and Holdings Group Co., Limited, a leading property developer in the PRC and a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600048).

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save for Poly (Chongqing) Investment's equity interest in Chongqing Yuesheng, Poly (Chongqing) Investment and its ultimate beneficial owners are Independent Third Parties.

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DEFINITIONS

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

“Board”	the board of Directors
“Chongqing Yuesheng”	Chongqing Yuesheng Development Co., Ltd.* (重慶悅昇房地產開發有限公司), a company incorporated in the PRC with limited liability whose equity interest is held by Chongqing Zeyue and Poly (Chongqing) Investment as to 51% and 49%, respectively, as at the date of this announcement and a non wholly-owned subsidiary of the Company, which is an insignificant subsidiary of the Company pursuant to Rule 14A.09 of the Listing Rules
“Chongqing Zeyue”	Chongqing Zeyue Shiye Company Limited* (重慶澤悅實業有限公司), a limited liability company incorporated in the PRC, an indirect wholly-owned subsidiary of the Company and a shareholder of Chongqing Yuesheng
“Company”	Joy City Property Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange (stock code: 207)
“Director(s)”	director(s) of the Company
“Existing Loan”	the unsecured non-revolving loan of an aggregate loan amount of RMB121,411,028.72 agreed to be provided by Chongqing Yuesheng to Poly (Chongqing) Investment pursuant to a loan agreement dated 22 August 2023 between Chongqing Yuesheng and Poly (Chongqing) Investment
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan”	the unsecured non-revolving loan of an aggregate loan amount of up to RMB235,200,000 agreed to be provided by Chongqing Yuesheng to Poly (Chongqing) Investment pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement entered into between Chongqing Yuesheng and Poly (Chongqing) Investment on 14 November 2023 in respect of the Loan
“Poly (Chongqing) Investment”	Poly (Chongqing) Investment Co., Ltd.* (保利(重慶)投資實業有限公司), a company incorporated in the PRC with limited liability and a substantial shareholder of Chongqing Yuesheng
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

By order of the Board
Joy City Property Limited
CHEN Lang
Chairman

The PRC, 14 November 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.