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JOY CITY PROPERTY LIMITED

大悅城地產有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 207)

CONTINUING CONNECTED TRANSACTIONS RELATING TO THE YALONG LOAN AGREEMENT

SUMMARY

On 18 May 2016, Yalong Development, a non-wholly owned subsidiary of the Company, and Zhonggu Group, a wholly-owned subsidiary of COFCO Corporation, entered into the Yalong Loan Agreement, pursuant to which Zhonggu Group agreed to lend the Loan of RMB50,000,000 (equivalent to approximately HK\$59,505,000) to Yalong Development for the purpose of the construction and development of the Yalong Marina Park. Such amount of funding was originally provided by CDB to Zhonggu Group, on the condition that it will be on-lent to Yalong Development pursuant to the Yalong Loan Agreement, and Yalong Development shall, upon receiving the Loan from Zhonggu Group, provide (i) a property pledge on a parcel of land owned by Yalong Development; and (ii) a guarantee of joint liability, in favour of CDB.

LISTING RULES IMPLICATIONS

Yalong Development is an indirect non-wholly owned subsidiary of the Company. Zhonggu Group is a wholly-owned subsidiary of COFCO Corporation (the ultimate controlling shareholder of the Company) and a shareholder of Yalong Development holding 4.90% of its equity interests. Therefore, Zhonggu Group is a connected person of the Company under Rule 14A.07 of the Listing Rules and the Loan constitutes financial assistance received from a connected person under Rule 14A.24(4) of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Loan under the Yalong Loan Agreement exceed 0.1% but are all less than 5%, the Yalong Loan Agreement is subject to the reporting, announcement and annual review requirements, but is exempt from the independent shareholders' approval requirement under the Listing Rules.

INTRODUCTION

The Board announces that on 18 May 2016, Yalong Development, a non-wholly owned subsidiary of the Company, and Zhonggu Group, a wholly-owned subsidiary of COFCO Corporation, entered into the Yalong Loan Agreement, pursuant to which Zhonggu Group agreed to lend the Loan of RMB50,000,000 (equivalent to approximately HK\$59,505,000) to Yalong Development for the purpose of the construction and development of the Yalong Marina Park. Such amount of funding was originally provided by CDB to Zhonggu Group, on the condition that it will be on-lent to Yalong Development pursuant to the Yalong Loan Agreement, and Yalong Development shall, upon receiving the Loan from Zhonggu Group, provide (i) a property pledge on a parcel of land owned by Yalong Development; and (ii) a guarantee of joint liability, in favour of CDB.

The principle terms of the Yalong Loan Agreement and the Loan are as follows:

YALONG LOAN AGREEMENT

Date

18 May 2016

Parties

Lender : Zhonggu Group

Borrower : Yalong Development

Purpose of the Loan

Yalong Development shall use the Loan to develop and construct the Yalong Marina Park in Yalong Bay, Sanya City, the PRC, including expanding and rebuilding different areas of the park. The Yalong Marina Park held its trial operation on 1 January 2016 and is currently under re-construction, renovation and expansion.

Provision of guarantee and pledge

As conditions of CDB extending an amount of RMB50,000,000 (equivalent to approximately HK\$59,505,000) to Zhonggu Group, which will be on-lent to Yalong Development pursuant to the Yalong Loan Agreement, Yalong Development also entered into agreements with the relevant parties to (i) pledge a parcel of land of 23,663.72 sq.m. located in Yalong Bay, Sanya City, the PRC, together with the property on the land of 21,694.17sq.m. and (ii) provide a guarantee of joint liability, in favour of CDB for the repayment of the funding to CDB.

Save as the pledge on land and property and the guarantee of joint liability as disclosed in this announcement, no guarantee of any kind is required to be given by any member of the Group for the Loan.

Term

The principal of the Loan is RMB50,000,000 (equivalent to approximately HK\$59,505,000), with a maturity date on 29 December 2026. Yalong Development shall pay the interests on the Loan on a quarterly

basis, and shall repay the entire principal before the maturity date by instalments according to the payment schedule as agreed in the Yalong Loan Agreement.

Early repayment

Yalong Development may repay the Loan amount upon delivering a written notice to Zhonggu Group 30 business days prior to any scheduled repayment date.

Interest rate and other payment

The interest rate of the Loan is fixed at 1.2% per annum, payable on a quarterly basis. Yalong Development shall also bear all tax expenses incurred by Zhonggu Group arising from arranging the funding from CDB on behalf of Yalong Development.

REASONS AND BENEFITS FOR THE LOAN

The Yalong Marina Park is a theme park which held its trial operation on 1 January 2016 and is currently under re-construction, renovation and expansion for attracting visitors, with a target of generating more stable revenue and profit to the Group in a long run. The Company believes that Yalong Marina Park is a project with high investment value as, after its re-development, it will become one of the famous tourist spots in Yalong Bay.

The CDB agreed to extend an amount of RMB50,000,000 (equivalent to approximately HK\$59,505,000) to Zhonggu Group (as a shareholder of Yalong Development and a wholly-owned subsidiary of COFCO Corporation, the controlling shareholder of the Company) for the purpose of on-lending to Yalong Development for the development of the Yalong Marina Park. To support the development of certain selected state-owned projects in line with PRC government policies, the interest rate of the funding offered by CDB is low as compared to loans of similar terms and amounts generally offered by commercial banks in the PRC. By entering into the Yalong Loan Agreement, Yalong Development shall receive funding from Zhonggu Group at a relatively low cost for financing the re-development of the Yalong Marina Park. The pledge of the land and property interest and the provision of the guarantee of joint liability by Yalong Development to CDB are conditions for CDB extending the funding to Zhonggu Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Yalong Loan Agreement and the Loan, including the pledge of the land and property interest and the provision of the guarantee of joint liability to CDB, are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

None of the Directors had a material interest in the Yalong Loan Agreement and the Loan and accordingly, no Director was required to abstain from voting in the board resolutions for considering and approving such transactions.

LISTING RULES IMPLICATIONS

Yalong Development is an indirect non-wholly owned subsidiary of the Company. Zhonggu Group is a wholly-owned subsidiary of COFCO Corporation (the ultimate controlling shareholder of the Company) and a shareholder of Yalong Development holding 4.90% of its equity interests. Therefore, Zhonggu Group

is a connected person of the Company under Rule 14A.07 of the Listing Rules and the Loan constitutes financial assistance received from a connected person under Rule 14A.24(4) of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Loan under the Yalong Loan Agreement exceed 0.1% but are all less than 5%, the Yalong Loan Agreement is subject to the reporting, announcement and annual review requirements, but is exempt from the independent shareholders' approval requirement under the Listing Rules.

INFORMATION ON THE PARTIES

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 Company is an investment holding company incorporated in Bermuda.

Yalong Development, a company incorporated in the PRC with limited liability on 21 June 1996, is an indirect non-wholly owned subsidiary of the Company. Yalong Development is principally engaged in the development of integrated tourist projects in Yalong Bay National Resort District in Sanya City, the PRC, hotel operations and management, culture and entertainment services, development of yacht competitions, sales and leases of yachts and other related services, and clubhouse operations and management.

Zhonggu Group, a company incorporated in the PRC with limited liability on 6 January 2005, is a wholly owned subsidiary of COFCO Corporation. Zhonggu Group is principally engaged in the sales of chemical raw materials and products, mechanical electric equipment, and cereals and oils machinery and equipment.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“Board”	the board of directors of the Company
“CDB”	China Development Bank Development Fund Co., Ltd.* (國開發展基金有限公司), a wholly-owned subsidiary of China Development Bank Development Co., Ltd* (國家開發銀行股份有限公司)
“COFCO Corporation”	中糧集團有限公司 (COFCO Corporation), 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 a controlling shareholder holding 66.83% of interests in 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
“Directors”	the directors of the Company

“Loan”	the loan in an amount of RMB50,000,000 (equivalent to approximately HK\$59,505,000) arranged by Zhonggu Group for the benefit of Yalong Development subject to the terms and conditions of the Yalong Loan Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“Shareholders”	the shareholders of the Company
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yalong Development”	三亞亞龍灣開發股份有限公司 (Yalong Development Company Limited*), a company incorporated in the PRC which is indirectly owned as to 50.82% by the Company, 4.90% by Zhonggu Group, and 44.28% by certain other corporate and individual shareholders who are independent third parties
“Yalong Marina Park”	Yalong Bay Love Cube Coastal Paradise (亞龍灣愛立方濱海公園) in Yalong Bay, Sanya City, the PRC
“Yalong Loan Agreement”	the loan agreement dated 18 May 2016 entered into by Zhonggu Group and Yalong Development in connection with the Loan
“Zhonggu Group”	中谷集團三亞貿易有限公司 (Zhonggu Group Sanya Trading Co., Ltd.*), a wholly owned subsidiary of COFCO Corporation
“%”	per cent

For the purpose of this announcement and for illustration only, the exchange rate of RMB1.00 = HK\$1.1901 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 announcement, unless the context requires otherwise, the terms “connected person(s)”, “controlling shareholder(s)”, “percentage ratio” and “subsidiary(ies)” shall have the meanings given to such terms in the Listing Rules.

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

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

The PRC, 18 May 2016

As at the date of this announcement, the Board comprises Mr. ZHOU Zheng as the Executive Director; Mr. MA Jianping, Mr. MA Wangjun, Ms. JIANG Hua and Ms. WU Xiaohui as Non-executive Directors; and Mr. LAU Hon Chuen, Ambrose, GBS, JP, Mr. LAM Kin Ming, Lawrence and Mr. WU Kwok Cheung, MH as Independent Non-executive Directors.