

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, 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 together with the enclosed form of proxy 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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中糧
COFCO
自然之源 重塑你我

JOY CITY PROPERTY LIMITED
大悦城地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 207)

CONNECTED TRANSACTION
FURTHER ACQUISITION OF THE REMAINING 35% EQUITY INTEREST
IN BEIJING KUNTING ASSETS MANAGEMENT CO., LTD.
AND
NOTICE OF SPECIAL GENERAL MEETING

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



SOMERLEY CAPITAL LIMITED

Capitalised terms used in this cover shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 6 to 12 of this circular. A letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on pages 13 to 14 of this circular. A letter from Somerley Capital Limited, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 28 of this circular.

A notice convening the SGM of the Company to be held at President Suite, World Trade Centre Club Hong Kong, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong, on 2 June 2016, at 10:45 a.m. (or immediately following the annual general meeting of the Company convened on the same day) or at any adjournment thereof is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

18 May 2016

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	13
LETTER FROM SOMERLEY	15
APPENDIX I - PROPERTY VALUATION REPORT	29
APPENDIX II - GENERAL INFORMATION	34
NOTICE OF SGM	SGM-1

DEFINITIONS

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

“2015 Acquisition”	the acquisition of 35% equity interest in the Target Company by Xidan Joy City for a consideration of RMB569,870,000 pursuant to an equity transfer agreement dated 1 December 2015 entered into between Xidan Joy City and China Native Produce and Animal By-products
“Achieve Bloom”	得茂有限公司 (Achieve Bloom Limited), a company incorporated in the British Virgin Islands with limited liability, a controlling shareholder of the Company which as at the Latest Practicable Date held approximately 66.83% of the issued share capital of the Company (excluding the CPS)
“Acquisition”	the acquisition of the remaining 35% equity interest in the Target Company not already owned by Xidan Joy City from China Native Produce and Animal By-products as contemplated under the Equity Transfer Agreement
“Andingmen Project”	the commercial project to be developed on the Property with a total site area of 13,030.28 sq.m.
“Announcement”	the announcement of the Company dated 26 April 2016 in relation to, among other things, the Acquisition
“Board”	the board of Directors
“China Native Produce and Animal By-products”	中國土產畜產進出口總公司 (China National Native Produce and Animal By-Products Import & Export Corporation*), a company incorporated in the PRC, a wholly-owned subsidiary of COFCO Corporation
“COFCO (HK)”	中糧集團(香港)有限公司 (COFCO (Hong Kong) Limited), a company incorporated in Hong Kong with limited liability and wholly owned by COFCO Corporation, the controlling shareholder of the Company

DEFINITIONS

“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 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 controlling shareholder 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: 00207)
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Equity Transfer Agreement
“Completion Date”	the date on which Completion occurs
“Consideration”	the consideration of RMB533,130,000 for the Acquisition
“controlling shareholder(s)”	has the meaning given to it under the Listing Rules and in the context of the Company, means Achieve Bloom, COFCO (Hong Kong) Limited and COFCO Corporation
“CPS”	the non-redeemable convertible preference shares of HK\$0.10 each in the share capital of the Company
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	an equity transfer agreement dated 26 April 2016 entered into between Xidan Joy City and China Native Produce and Animal By-products in relation to the Acquisition
“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

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Lau Hon Chuen, <i>Ambrose, GBS, JP</i> , Mr. Lam Kin Ming, <i>Lawrence</i> and Mr. Wu Kwok Cheung, <i>MH</i> , formed for the purpose of advising the Independent Shareholders in respect of the Equity Transfer Agreement and the Acquisition
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed to conduct Type 1 (dealing in 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 Shareholders in respect of the Equity Transfer Agreement and the Acquisition
“Independent Shareholder(s)”	the Shareholder(s), other than (i) COFCO Corporation and its associates, including Achieve Bloom; (ii) those who are connected, interested or involved in the Acquisition; and (iii) those who are required to abstain from voting at the SGM to be convened to approve the Equity Transfer Agreement and the Acquisition
“Latest Practicable Date”	12 May 2016, 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 of Hong Kong Limited
“PRC”	the People’s Republic of China, which shall, for the purpose of this circular, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property”	a parcel of land located at No. 208 Andingmenwai Main Street, Dongcheng District, Beijing, the PRC which is held by the Target Company for the development of the Andingmen Project
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Savills”	Savills Valuation and Professional Services Limited, an independent property valuer appointed by the Company
“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 at President Suite, World Trade Centre Club Hong Kong, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong, on 2 June 2016, at 10:45 a.m. (or immediately following the annual general meeting of the Company convened on the same day) for the Independent Shareholders to consider and, if thought fit, approve the Equity Transfer Agreement and the Acquisition
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares and the CPS
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	北京昆庭資產管理有限公司 (Beijing Kunting Assets Management Co., Ltd.*), a company incorporated in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company which, as at the date of this circular, is owned as to 65% by Xidan Joy City and 35% by China Native Produce and Animal By-products, respectively, and manages and develops the Andingmen Project
“Xidan Joy City”	西單大悅城有限公司 (Xidan Joy City Co., Ltd.*), a company incorporated in the PRC with limited liability, and an indirect wholly owned subsidiary of the Company
“%”	per cent.

The shareholding of the respective Shareholder in the Company as disclosed in this circular refers to the percentage shareholding of such Shareholder to the issued share capital of the Company, without taking into account of the CPS issued by the Company or the potential effect on the shareholding upon conversion of the CPS.

DEFINITIONS

In this circular, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “connected transaction(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.

For the purpose of this circular, unless the context otherwise requires, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of RMB1.00 to HK\$1.19547. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.

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.

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.*

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. ZHOU Zheng (*Chairman*)

Non-executive Directors:

Mr. MA Jianping

Mr. MA Wangjun

Ms. JIANG Hua

Ms. WU Xiaohui

Independent non-executive Directors:

Mr. LAU Hon Chuen, *Ambrose, GBS, JP*

Mr. LAM Kin Ming, *Lawrence*

Mr. WU Kwok Cheung, *MH*

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

18 May 2016

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION
FURTHER ACQUISITION OF THE REMAINING 35% EQUITY INTEREST
IN BEIJING KUNTING ASSETS MANAGEMENT CO., LTD.

Reference is made to the announcement of the Company dated 26 April 2016, in which the Company announced that the Group has entered into the Equity Transfer Agreement, pursuant to which the Group has conditionally agreed to acquire the remaining 35% equity interest in the Target Company not already owned by Xidan Joy City at the Consideration of RMB533,130,000 in accordance with the terms and conditions of the Equity Transfer Agreement.

The purpose of this circular is to provide you, among other things, (i) further details of the Acquisition; (ii) the letter of recommendation from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders; (iv) the valuation report of the Property; and (v) the notice of the SGM.

LETTER FROM THE BOARD

EQUITY TRANSFER AGREEMENT

Major terms of the Equity Transfer Agreement are set out below:

Date

26 April 2016

Parties

- (i) Xidan Joy City; and
- (ii) China Native Produce and Animal By-products.

Interests to be acquired

The remaining 35% equity interest in the Target Company not already owned by Xidan Joy City.

Consideration

The Consideration is RMB533,130,000 (equivalent to approximately HK\$637,340,921) payable before 31 December 2016 and upon Xidan Joy City and China Native Produce and Animal By-products having completed their relevant obligations under the Equity Transfer Agreement.

The Consideration was determined after arm's length negotiations between the parties of the Equity Transfer Agreement and with reference to the appraised value of the Property held by the Target Company by Savills, an independent property valuer appointed by the Company, and the prospects and expected return of the Target Company and the Andingmen Project. Notwithstanding that Savills has assigned no commercial value to the Property based on the relevant valuation methodology given the transfer of the Property is subject to approval of the relevant PRC government authority, Savills has determined the market value of the Property at an amount of RMB1,450,000,000, after deductions of the estimated outstanding premium in an amount of approximately RMB355,000,000 and on the assumption that the relevant PRC government approval has been obtained at no additional charges. Please refer to Notes 5 and 6 to the valuation report of the Property set out in Appendix I to this circular. Since the aforesaid appraised value of the Property as provided by Savills is net of the estimated outstanding land premium, such land premium shall be borne and paid by internal resources of the Target Company and the parties to the Equity Transfer Agreement had not made further adjustments to the Consideration in this regard. Although the Target Company had not generated any revenue during the past two years and had therefore recorded a net loss as the Andingmen Project is still at the construction stage, it is expected to generate income after the project is completed. Please refer to the paragraph headed "Reasons and benefit for the Acquisition" for further details.

The Consideration will be funded by internal resources of Xidan Joy City.

Completion

Completion of the transfer of the remaining 35% equity interest in the Target Company not already owned by Xidan Joy City, being the subject of the Acquisition, shall be subject to all the conditions precedent as set out below are fulfilled and the Equity Transfer Agreement having come into effect, and shall take place upon the procedure of changes in industry and commercial registration of the Acquisition having completed.

LETTER FROM THE BOARD

Conditions Precedent

The Equity Transfer Agreement shall become effective upon the fulfilment of the following conditions precedent:

- (i) the Equity Transfer Agreement being signed or stamped by both parties;
- (ii) the Acquisition having been approved by the Independent Shareholders of the Company in the SGM; and
- (iii) the Acquisition having been approved by COFCO Corporation.

INFORMATION ON THE TARGET COMPANY

The Target Company, a company incorporated in the PRC with limited liability, is an indirect non wholly-owned subsidiary of the Company. As at the date of this circular, the Target Company is owned as to 65% and 35% by Xidan Joy City and China Native Produce and Animal By-products, respectively. The Company first acquired 30% of equity interest in the Target Company in its acquisition of property portfolio from COFCO Corporation in December 2014 (with an intention of acquiring the remaining 70% equity interest), and acquired additional 35% equity interest from China Native Produce and Animal By-products in December 2015. At the request of China Native Produce and Animal By-products having considered its intended schedule of receiving the sales proceeds for its disposal of 70% equity interest of the Target Company, the remaining 70% equity interest was transferred to the Company in two stages. The Target Company engages in the management and development of the Andingmen Project.

Set out below is the financial information of the Target Company prepared in accordance with the PRC accounting standards:

Audited net assets as at 31 December 2015	RMB1,062,529,084.69 (equivalent to approximately HK\$1,270,221,644.87)
Audited net assets as at 31 December 2014	RMB959,609,979.25 (equivalent to approximately HK\$1,147,184,941.89)
Audited total assets as at 31 December 2015	RMB1,065,012,247.81 (equivalent to approximately HK\$1,273,190,191.89)
Audited total assets as at 31 December 2014	RMB961,621,488.18 (equivalent to approximately HK\$1,149,589,640.47)
Audited net loss (before taxation) for the year ended 31 December 2015	RMB4,512,774.56 (equivalent to approximately HK\$5,394,886.60)
Audited net loss (before taxation) for the year ended 31 December 2014	RMB6,152,309.73 (equivalent to approximately HK\$7,354,901.71)
Audited net loss (after taxation) for the year ended 31 December 2015	RMB4,512,774.56 (equivalent to approximately HK\$5,394,886.60)
Audited net loss (after taxation) for the year ended 31 December 2014	RMB6,152,309.73 (equivalent to approximately HK\$7,354,901.71)

LETTER FROM THE BOARD

The Target Company has become a subsidiary of the Company since the Company acquired its 30% equity interest in December 2014, and therefore the Target Company adopted accounting standards consistent with that of the Company since then.

The investment cost of the 35% equity interest in the Target Company by China Native Produce and Animal By-products was approximately RMB376,011,500 (equivalent to approximately HK\$449,510,468).

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.

COFCO Corporation, as the controlling shareholder of the Company, 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.

Xidan Joy City, a company incorporated in the PRC with limited liability, is an indirect wholly-owned subsidiary of the Company and is principally engaged in operation and leasing of property.

China Native Produce and Animal By-products, a wholly-owned subsidiary of COFCO Corporation, is a large scale state-level enterprise dealing with native produce, animal by-products and tea in China at the moment which is principally engaged in production and sales of native produce, animal by-products and tea in the field of agricultural products trade.

REASONS AND BENEFIT FOR THE ACQUISITION

The Target Company holds the Property and is principally engaged in the development and operation of the Andingmen Project, which is a commercial project comprising office building with retail space. The Andingmen Project is located in the prime area adjacent to the Second Ring Road in Dongcheng District of Beijing which is in close proximity to the entrance of Andingmen subway station of No. 2 subway line of the Beijing metro system. Andingmen Project is at its preliminary stage of construction and is expected to complete construction at the end of June 2018.

As the Andingmen Project is at its preliminary construction stage, it may be held as an investment property or property for sale depending on the then market conditions after the development is completed and subject to obtaining the necessary PRC government approval. In any event, in consideration of the strategic location and enormous potential of the Andingmen Project, it is expected to generate stable rental income or significant sales proceeds to the Group (as the case may be) after the completion of the construction. The Board will re-assess the planned use of the Andingmen Project with reference to the then market conditions at the time of completion of its construction.

LETTER FROM THE BOARD

The Directors consider that the Acquisition will allow the Group to have full control of the construction and development of the Andingmen Project, which will also maximize the ownership of the assets and expected return from the Andingmen Project, strengthen the future financial performance of the Group by generating stable and sustainable returns.

LISTING RULES IMPLICATIONS

As at the date of this circular, COFCO Corporation, the ultimate controlling shareholder of the Company, owns 100% equity interest in China Native Produce and Animal By-products. China Native Produce and Animal By-products is therefore an associate of a connected person of the Company under Chapter 14A of the Listing Rules, and the Acquisition constitutes a connected transaction of the Company.

As the 2015 Acquisition was completed on 17 December 2015, which was within the past 12 months from the date of the Acquisition, the 2015 Acquisition and the Acquisition are aggregated in computing the applicable percentage ratios pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the 2015 Acquisition and the Acquisition, when aggregated, exceed 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction and a connected transaction of the Company, and is therefore subject to the annual reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

THE SGM

A SGM will be convened by the Company with a view to seek your approval of the Equity Transfer Agreement and the Acquisition in accordance with the requirements of the Listing Rules.

A notice of the SGM to be held at President Suite, World Trade Centre Club Hong Kong, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong, on 2 June 2016, at 10:45 a.m. (or immediately following the annual general meeting of the Company convened on the same day) is set out on pages SGM-1 to SGM-2 of this circular for the Independent Shareholders to consider and, if thought fit, approve the Equity Transfer Agreement and the Acquisition.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

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 31 May 2016 (Tuesday) to 2 June 2016 (Thursday) (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 2 June 2016 (Thursday) 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 Tricor Progressive Limited, the Company's branch share registrar and transfer office in Hong Kong, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before 4:30 p.m., 30 May 2016 (Monday).

VOTING AT THE SGM AND THE BOARD MEETINGS

Achieve Bloom (being the controlling shareholder of the Company and a wholly-owned subsidiary of COFCO Corporation), which held approximately 66.83% of the issued share capital of the Company as at the Latest Practicable Date, is considered to be materially interested in the Equity Transfer Agreement. Achieve Bloom is thus required to abstain from voting on the relevant resolution to be proposed at the SGM to approve the Equity Transfer Agreement and the Acquisition. Save as disclosed, so far as the Company is aware having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to approve the Equity Transfer Agreement and the Acquisition.

In compliance with the Listing Rules, the resolution will be voted by way of a poll at the SGM.

None of the Directors was considered to have a material interest in the Equity Transfer Agreement and the Acquisition under the Listing Rules, therefore no Director was required to abstain from voting on the resolution proposed in the meeting of the Board approving the Equity Transfer Agreement and the Acquisition.

RECOMMENDATION

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Equity Transfer Agreement and the Acquisition.

Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on pages 13 to 14 of this circular and the letter from the Independent Financial Adviser set out on pages 15 to 28 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 Equity Transfer Agreement and the Acquisition and the principal factors considered by it in arriving at its advice and recommendation.

LETTER FROM THE BOARD

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 Equity Transfer Agreement and the Acquisition 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 to be proposed at the SGM.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Equity Transfer Agreement and the Acquisition 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 to be proposed at the SGM approving the Equity Transfer Agreement and the Acquisition.

ADDITIONAL INFORMATION

Your attention is 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
ZHOU Zheng
Chairman



JOY CITY PROPERTY LIMITED
大悦城地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 207)

Executive Directors:

Mr. ZHOU Zheng (*Chairman*)

Non-executive Directors:

Mr. MA Jianping

Mr. MA Wangjun

Ms. JIANG Hua

Ms. WU Xiaohui

Independent non-executive Directors:

Mr. LAU Hon Chuen, *Ambrose, GBS, JP*

Mr. LAM Kin Ming, *Lawrence*

Mr. WU Kwok Cheung, *MH*

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

18 May 2016

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION
FURTHER ACQUISITION OF THE REMAINING 35% EQUITY INTEREST
IN BEIJING KUNTING ASSETS MANAGEMENT CO., LTD.

We refer to the circular dated 18 May 2016 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 Equity Transfer Agreement and the Acquisition, details of which are set out in the section headed “Letter from the Board” contained in the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board set out on pages 6 to 12 of the Circular and the letter from the Independent Financial Adviser set out on pages 15 to 28 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 Equity Transfer Agreement and the Acquisition and the principal factors considered by it in arriving at its advice and recommendation.

Having considered, among other matters, the factors and reasons considered by, and the opinion of Somerley as stated in its letter of advice and recommendation, we consider that the terms and conditions of the Equity Transfer Agreement and the Acquisition 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 to be proposed at the SGM approving the Equity Transfer Agreement and the Acquisition.

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. WU Kwok Cheung, *MH*
Independent non-executive Directors

LETTER FROM SOMERLEY

Set out below is the letter of advice from the Independent Financial Adviser, Somerley Capital Limited, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

18 May 2016

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

Dear Sirs,

CONNECTED TRANSACTION FURTHER ACQUISITION OF THE REMAINING 35% EQUITY INTEREST IN BEIJING KUNTING ASSETS MANAGEMENT CO., LTD.

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 Acquisition and the Equity Transfer Agreement. Details of the Acquisition and the Equity Transfer Agreement are set out in the circular issued by the Company to the Shareholders dated 18 May 2016 (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.

On 26 April 2016, Xidan Joy City, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with China Native Produce and Animal By-products, pursuant to which Xidan Joy City agreed to acquire and China Native Produce and Animal By-products agreed to sell the remaining 35% equity interest in the Target Company not already owned by Xidan Joy City at a Consideration of RMB533,130,000, subject to the terms and conditions of the Equity Transfer Agreement. Upon Completion, the Target Company will become a wholly-owned subsidiary of Xidan Joy City.

As the 2015 Acquisition was completed on 17 December 2015, which was within the past 12 months from the date of the Acquisition, the 2015 Acquisition and the Acquisition are aggregated in computing the applicable percentage ratios pursuant to the Listing Rules. As one or more of the applicable percentage ratios in respect of the 2015 Acquisition and the Acquisition, when aggregated, exceed 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements under the Listing Rules.

LETTER FROM SOMERLEY

COFCO Corporation, the ultimate controlling shareholder of the Company, owns 100% equity interest in China Native Produce and Animal By-products. China Native Produce and Animal By-products is therefore an associate of a connected person of the Company under Chapter 14A of the Listing Rules. The Acquisition therefore constitutes a connected transaction for the Company under the Listing Rules and is subject to the requirements of reporting, announcement and approval of the Independent Shareholders under 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. Wu Kwok Cheung, *MH*, has been established to advise the Independent Shareholders in respect of the Acquisition. We, Somerley, 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, Xidan Joy City, China Native Produce and Animal By-products, the Target Company or their respective core connected persons, close associates or associates and accordingly are considered eligible to give independent advice on the above matters. Apart from normal professional fees payable to us in connection with this and similar appointments, no arrangement exists whereby we will receive any fees or benefits from the Company, Xidan Joy City, China Native Produce and Animal By-products, the Target Company or their respective core connected persons, close associates or associates.

In formulating our opinion, we have reviewed, among other things, the Equity Transfer Agreement, the annual reports of the Company for the year ended 31 December 2015 (the “**2015 Annual Report**”) and 31 December 2014 (the “**2014 Annual Report**”), the audited financial statements of the Target Company for the year ended 31 December 2015, the valuation report on the Andingmen Project (the “**Valuation Report**”) prepared by Savills Valuation and Professional Services Limited (“**Savills**”), an independent property valuer appointed by the Company, as set out in appendix I to the Circular and the information as set out in the Circular. We have also discussed with the management of the Group the Target Company and the future prospects of the Group as enlarged by the Acquisition. We have also discussed with Savills the valuation of the Andingmen Project.

We have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group and have assumed that they are true, accurate and complete. 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 or accuracy of the information provided. 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 or the Target Company, nor have we carried out any independent verification of the information supplied.

LETTER FROM SOMERLEY

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.

1. Principal business activities 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 property projects in various cities in the PRC, including Beijing, Shanghai, Tianjin, Sanya, Chengdu and Hong Kong. It acts as the overseas listed platform of COFCO Corporation for its mixed-used complexes developed under the flagship brand “Joy City (大悦城)”. Set out below is certain of the Group’s audited financial information for the years ended 31 December 2015, 2014 and 2013 as extracted from the 2015 Annual Report and the 2014 Annual Report:

	Year ended 31 December		
	2015	2014	2013
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>
		<i>(restated)</i>	<i>(restated)</i>
Revenue	5,374.2	5,712.8	6,809.1
Gross profit	2,894.6	3,394.8	3,670.7
Profit before tax	1,650.7	3,235.7	5,598.6
Profit attributable to owners of the Company	725.7	1,710.2	3,117.7

The Group recorded decreases in revenue in both 2014 and 2015. Revenue reduced by approximately 16.1% to approximately RMB5,712.8 million in 2014 and further dropped by approximately 5.9% to approximately RMB5,374.2 million in 2015. The decreases in revenue in 2014 and 2015 were mainly due to the continuing decline in contribution from property and land development segment, which suffered from decrease in saleable area in 2014 and reduction in average selling price of delivered properties in 2015. Profit attributable to owners of the Company shrank by approximately 45.1% to approximately RMB1,710.2 million in 2014 and further dropped by approximately 57.6% to approximately RMB725.7 million in 2015. The significant drop in profit attributable to owners of the Company in 2014 and 2015 was mainly due to (i) the decrease in revenue as mentioned above; (ii) the reduction in fair value gain on revaluation of investment properties of the Group; and (iii) the foreign exchange loss triggered by the depreciation in Renminbi during 2015.

LETTER FROM SOMERLEY

	As at 31 December		
	2015	2014	2013
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>
		(restated)	(restated)
Non-current assets			
Investment properties	46,022.4	41,859.9	37,116.9
Other non-current assets	<u>6,401.2</u>	<u>7,226.2</u>	<u>6,919.1</u>
	52,423.6	49,086.1	44,036.0
Current assets			
Properties held for sale	2,789.0	533.9	1,372.6
Properties under development for sale	12,342.1	11,070.4	6,326.2
Other current assets	<u>5,399.4</u>	<u>7,347.8</u>	<u>10,037.2</u>
	20,530.5	18,952.1	17,736.0
Current liabilities			
Bank borrowings – due within one year	2,330.5	5,574.2	2,841.8
Other current liabilities	<u>10,536.8</u>	<u>15,284.0</u>	<u>12,880.0</u>
	12,867.3	20,858.2	15,721.8
Net current assets/(liabilities)	7,663.2	(1,906.1)	2,014.2
Non-current liabilities			
Bank borrowings – due after one year	15,003.9	9,160.7	10,823.0
Other current liabilities	<u>11,805.7</u>	<u>11,018.4</u>	<u>5,684.2</u>
	26,809.6	20,179.1	16,507.2
Capital and reserves			
Equity attributable to owners of the Company	25,040.1	19,763.8	25,588.9
Perpetual capital instruments	4,012.6	3,767.6	–
Non-controlling interests	<u>4,224.5</u>	<u>3,469.5</u>	<u>3,954.1</u>
	33,277.2	27,000.9	29,543.0

LETTER FROM SOMERLEY

The Group has a significant property asset base, which comprises investment properties, properties held for sale and properties under development for sale. The significant property asset position reflects the nature of the business of the Group.

The Group had net current assets of approximately RMB7,663.2 million as at 31 December 2015, which was significantly improved from net current liabilities of approximately RMB1,906.1 million as at 31 December 2014, primarily as a result of the repayments of amounts due to and loans from fellow subsidiaries.

The equity attributable to owners of the Company increased by approximately 26.7% from approximately RMB19,763.8 million as at 31 December 2014 to approximately RMB25,040.1 million as at 31 December 2015. The increase was mainly attributable to the rights issue conducted by the Company in the first half of 2015 with net proceeds of approximately HK\$6,383.2 million (equivalent to approximately RMB5,037.6 million).

2. Information on the Andingmen Project and the Target Company

(i) Location and details of the Andingmen Project

The Property comprises a parcel of land with a site area of approximately 13,030 sq.m. located at No. 208 Andingmenwai Main Street, Dongcheng District, Beijing, the PRC for development of the Andingmen Project, which is a commercial project comprising office building with retail space and with a total gross floor area of approximately 81,698 sq.m.. The Andingmen Project is located in the prime area adjacent to the Second Ring Road in Dongcheng District of Beijing which is in close proximity to the entrance of Andingmen subway station of No. 2 subway line of the Beijing metro system. Upon completion, the proposed development will comprise a 13-storey office and commercial building over a 3-storey basement (commercial/car park uses). The management of the Group currently expect the construction of the Andingmen Project will be completed at the end of June 2018.

The development of the Andingmen Project is currently in early stage, the land leveling of the Andingmen Project was completed and the construction of foundation work of the Andingmen Project was in progress as at the Latest Practicable Date. The total construction cost expended as at 31 March 2016 was approximately RMB83.0 million and the estimated outstanding construction cost for completion of the Andingmen Project would be approximately RMB861.9 million. The total construction and land costs of the Andingmen Project were estimated after taking into account the land cost and the preliminary design and the construction standards of the Andingmen Project, which was reviewed by an external design firm and an external mechanical and electrical consultant as well as the project marketing, engineering and purchasing departments of the Andingmen Project. The Target Company also engaged an independent engineering management consultant in Beijing to further review the aforesaid total estimated construction and land costs. We note that the aforesaid total estimated construction and land costs of the Andingmen Project were not significantly deviated from that estimated by the aforesaid engineering management consultant in the consultant's report.

LETTER FROM SOMERLEY

(ii) Information on the Target Company

The Target Company, a company established in the PRC with limited liability, is an indirect non wholly-owned subsidiary of the Company. As at the Latest Practicable Date, the Target Company is owned as to 65% and 35% by Xidan Joy City and China Native Produce and Animal By-products, respectively. The Company first acquired 30% of equity interest in the Target Company in its acquisition of property portfolio from COFCO Corporation in December 2014, and acquired additional 35% equity interest from China Native Produce and Animal in December 2015. The Target Company engages in the management and development of the Andingmen Project.

Set out below is certain audited financial information on the Target Company for the year ended 31 December 2015 and 31 December 2014 prepared according to the PRC accounting standards:

	For the year ended 31 December 2015	For the year ended 31 December 2014
	<i>RMB (million)</i>	<i>RMB (million)</i>
Net loss before taxation	4.5	6.2
Net loss after taxation	4.5	6.2

Since the Andingmen Project has been under development, the Target Company recorded no revenue but net losses during the years ended 31 December 2015 and 2014. The losses were mainly due to the expenses incurred for the construction of the Andingmen Project and such related administrative and management expenses.

LETTER FROM SOMERLEY

	As at 31 December 2015 <i>RMB (million)</i>	As at 31 December 2014 <i>RMB (million)</i>
Non-current assets		
Construction in progress	824.2	793.1
Other non-current assets	1.6	2.3
	825.8	795.4
Current assets		
Cash	138.8	165.8
Other current assets	100.4	0.4
	239.2	166.2
Total assets	1,065.0	961.6
Total current liabilities	2.5	2.0
Net asset value ("NAV")	1,062.5	959.6

The assets of the Target Company principally comprised the land and the costs incurred for construction of the Andingmen Project (included in the construction in progress in the table above) and cash. The Target Company had no borrowing and its operations were mainly financed by shareholders' equity.

3. Reasons for and benefits of the Acquisition

The Target Company holds the Property and is principally engaged in the development and operation of the Andingmen Project, which is a commercial project comprising office building with retail space. As the Andingmen Project is at its preliminary construction stage, it may be held as an investment property or property for sale depending on the then market conditions after the development is completed and subject to obtaining the necessary PRC government approval. In any event, in consideration of the strategic location and enormous potential of the Andingmen Project, it is expected to generate stable rental income or significant sales proceeds to the Group (as the case may be) after the completion of the construction. The Board will re-assess the planned use of the Andingmen Project with reference to the then market conditions at the time of completion of its construction.

The Directors consider that the Acquisition will allow the Group to have full control of the construction and development of the Andingmen Project, which will also maximise the ownership of the assets and expected return from the Andingmen Project, strengthen the future financial performance of the Group by generating stable and sustainable returns.

LETTER FROM SOMERLEY

The Directors consider that the terms and conditions of the Equity Transfer Agreement and the Acquisition 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.

As stated in the 2015 Annual Report, it is a mission of the Group to assist in coordination among and development of cities in the PRC and become a leading complex and commercial property developer in the PRC. In fact, the Group has already owned a number of commercial properties in the PRC and Hong Kong, including Beijing COFCO Plaza and Hong Kong COFCO Tower. On the above basis, the Acquisition represents a logical expansion of the Group's existing business and is in line with the Group's strategy. In addition, the Group currently owns 65.0% equity interest in the Target Company. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company. The Company can therefore benefit from the full control and the entire financial results of the Target Company.

4. Principal terms of the Equity Transfer Agreement

A summary of principal terms of the Equity Transfer Agreement is set out below.

Date

26 April 2016

Parties

- (i) Xidan Joy City (as purchaser); and
- (ii) China Native Produce and Animal By-products (as vendor).

Subject matter

Pursuant to the Equity Transfer Agreement, Xidan Joy City, an indirect wholly-owned subsidiary of the Company, agreed to acquire and China Native Produce and Animal By-products agreed to sell the remaining 35% equity interest in the Target Company not already owned by Xidan Joy City.

Consideration

The Consideration is RMB533,130,000 payable before 31 December 2016 and upon Xidan Joy City and China Native Produce and Animal By-products having completed their relevant obligations under the Equity Transfer Agreement.

The Consideration was determined after arm's length negotiations between the parties of the Equity Transfer Agreement with reference to the appraised value of the Property held by the Target Company by Savills, an independent property valuer appointed by the Company, and the prospects and expected return of the Target Company and the Andingmen Project. Notwithstanding that Savills has

LETTER FROM SOMERLEY

assigned no commercial value to the Property based on the relevant valuation methodology given the transfer of the Property is subject to approval of the relevant PRC government authority, Savills has determined the market value of the Property at an amount of RMB1,450.0 million, after deductions of the estimated outstanding premium in an amount of approximately RMB355.0 million and on the assumption that the relevant PRC government approval has been obtained at no additional charges. Although the Target Company had not generated any revenue during the past two years and had therefore recorded a net loss as the Andingmen Project is still at the construction stage, it is expected to generate income after the project is completed.

The Consideration will be funded by internal resources of Xidan Joy City.

Conditions precedent

The Equity Transfer Agreement shall become effective upon the fulfilment of the following conditions precedent:

- (i) the Equity Transfer Agreement being signed or stamped by both parties;
- (ii) the Acquisition having been approved by the Independent Shareholders of the Company in the SGM; and
- (iii) the Acquisition having been approved by COFCO Corporation.

Completion

Completion of the transfer of the remaining 35% equity interest in the Target Company not already owned by Xidan Joy City, being the subject of the Acquisition, shall be subject to all the conditions precedent as set out above are fulfilled and the Equity Transfer Agreement having come into effect, and shall take place upon the procedure of changes in industry and commercial registration of the Acquisition having completed.

Other terms

Pursuant to the Equity Transfer Agreement, the Target Company is responsible for additional cost for construction of heating system due to the change in the heating supply plan. China Native Produce and Animal By-product shall be responsible for RMB35.0 million, being part of the construction cost, which will be offset against the payment of the Consideration.

In addition, the Target Company had a potential liquidated damages of RMB3.0 million payable to an existing tenant of the Property as a result of the early termination of lease agreement of the existing tenant. China Native Produce and Animal By-product agreed to be responsible for half of the potential liquidated damages of RMB1.5 million, which will be offset against the Consideration. In the event that the existing tenant moves back into the Andingmen Project upon the

LETTER FROM SOMERLEY

re-opening of the Andingmen Project and the aforesaid liquidated damages are no longer required to be paid by the Target Company, Xidan Joy City agrees that the aforesaid potential liquidated damages of RMB1.5 million will be refunded to China Native Produce and Animal By-product.

5. Evaluation of the Consideration

(i) *Valuation of the Andingmen Project*

As discussed in the letter from the Board in the Circular, the Consideration was determined after arm's length negotiations between the parties of the Equity Transfer Agreement and with reference to, among other things, the appraised value of the Andingmen Project (the "**Valuation**") as at 31 March 2016 (the "**Valuation Date**") by Savills. Details of the Valuation is set out in the Valuation Report enclosed in appendix I to the Circular. The Valuation Report has been prepared in compliance with The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

We have reviewed the Valuation Report and the relevant valuation workings of Savills and interviewed the relevant staff of Savills with particular attention to (i) Savills's terms of engagement with the Company; (ii) Savills's qualification and experience in relation to the preparation of the Valuation; and (iii) the steps and due diligence measures taken by Savills in performing the Valuation. For our review of the engagement letter between the Company and Savills, we are satisfied that the terms of engagement between the Company and Savills are appropriate to the opinion Savills is required to give. Save for previous valuation exercises in respect of the Andingmen Project, Savills has confirmed that it is independent from the Company, the Seller, the Purchaser and the Target Company and their respective core connected persons, close associates and associates. We further understand that Savills is certified with the relevant professional qualifications required to perform the Valuation and the person in-charge of the Valuation has over 23 years' experience in conducting valuation services to clients in the property industry. We note that Savills mainly carried out its due diligence through management interviews and conducted its own proprietary research and has relied on publicly available information obtained through its own research as well as the financial information provided by the management of the Group. We are advised by Savills that it has assumed such information to be true, complete and accurate and has accepted it without verification.

We note that the Andingmen Project was primarily valued on the basis that the Property will be developed and completed in accordance with the Target Company's latest development proposals and development programme provided to Savills assuming all consents, approvals and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. In arriving at its opinion of value, Savills has valued the Andingmen Project has adopted the direct comparison approach by making reference to comparable market transactions of land parcels as available on the market, and have also taken into account the incurred construction cost and

LETTER FROM SOMERLEY

estimated outstanding premium of RMB355.0 million. Given the current status of the Andingmen Project, the methodology is, in our opinion, a reasonable approach in establishing the open market value of the Property, which is under construction in progress.

In arriving at the appraised value of the Andingmen Project, Savills generally starts the process by collecting and analysing the recent transactions of the market comparables located in the vicinity of the Andingmen Project. The collected comparables were then adjusted to reflect the difference between the comparables and the Property in terms of, among others, location and date of transaction. The appraised value of the Andingmen Project is then derived from the estimated average unit price and gross floor area of the Andingmen Project after addition of incurred construction cost and deduction of estimated outstanding premium of RMB355.0 million. We have reviewed and discussed Savills' workings on the selection of the market comparables and the relevant adjustments made. We are of the view that the basis of selection of market comparables and the adjustments, including various factors taken into account, made for reflecting the difference between the selected comparables and the Andingmen Project are reasonable and relevant for the purpose of establishing the appraised value of the Andingmen Project.

After taken into account the above, we consider that the valuation methodology, together with its bases and assumptions, adopted by Savills as discussed above are reasonable and in line with market practice.

As mentioned in the Valuation Report, despite the Target Company is in possession of a legal and complete title to the Property, Savills assigned no commercial value to the Andingmen Project on the basis that the transfer of the Andingmen Project requires prior approval from the National Government Offices Administration of the PRC (the "**Government Offices**"). On the assumption that such prior approval has been obtained at no additional charges, the market value of the Andingmen Project as at the Valuation Date, after deducting the estimated outstanding premium of approximately RMB355.0 million, would be RMB1,450.0 million.

On the basis that (i) the Target Company is in possession of a legal and complete title of the Property based on the PRC legal opinion; (ii) the valuation of the Andingmen Project would be RMB1,450.0 million on the assumption that prior approval has been obtained from the Government Offices based on the Valuation Report; (iii) there will be no material legal impediment for the Target Company to obtain the prior approval from the Government Offices based on the PRC legal opinion; (iv) we have reviewed the methodology adopted by Savills in arriving at the Valuation and considered that the methodology adopted is reasonable and in line with market practice; and (v) the Company's intention to hold the property, among others, for sale, we are of the view that the estimated market value of the Andingmen Project of RMB1,450.0 million is reasonable.

LETTER FROM SOMERLEY

(ii) *Reassessed NAV*

Set out below are the comparison between the Target Company's reassessed NAV and the Consideration:

	<i>RMB (million)</i>
The audited NAV attributable to the shareholder of the Target Company as at 31 December 2015 (<i>Note 1</i>)	1,062.5
Add: Appreciation in the value of the Andingmen Project (based on the valuation of the Andingmen Project as estimated by Savills as at 31 March 2016) (<i>Note 2</i>)	625.8
Less: Liquidated damages payable to the existing tenant of the Property (the " Liquidated Damages ") (<i>Note 3</i>)	(1.5)
Reassessed NAV	1,686.8
35% of the reassessed NAV	590.4
The Consideration	533.13
Discount of the Consideration to the 35% of the reassessed NAV	9.7%

Notes:

1. As confirmed by the management of the Group, the NAV attributable to the shareholders of the Target Company as at 31 March 2016 was not materially different from that as at 31 December 2015.
2. Based on the Valuation Report, the estimated value of the Andingmen Project was RMB1,450.0 million as at the Valuation Date assuming the approval from the Government Offices is obtained. As compared with the value of the Andingmen Project on the accounts of the Target Company of approximately RMB824.2 million as at 31 December 2015, the unrealised valuation gain of the Andingmen Project was approximately RMB625.8 million.
3. Pursuant to the Equity Transfer Agreement, the Target Company had a potential Liquidated Damages of RMB3.0 million payable to an existing tenant of the Property as a result of the early termination of lease agreement of the existing tenant. China Native Produce and Animal By-product agreed to be responsible for half of the potential Liquidated Damages of RMB1.5 million and the Target Company shall be responsible for the remaining balance of the potential Liquidated Damages of RMB1.5 million.

As the principal asset of the Target Company is the Andingmen Project, we consider that the basis of determining the Consideration with reference to the appraised value of the Andingmen Project held by the Target Company to be appropriate.

LETTER FROM SOMERLEY

The reassessed NAV of the remaining 35% equity interest in the Target Company not already owned by Xidan Joy City is approximately RMB590.4 million. The Consideration of RMB533.13 million represents a discount of approximately 9.7% to the aforesaid 35% reassessed NAV.

Having considered the above, in particular, the Consideration was a discount to the 35% of the reassessed NAV of the Target Company as at 31 December 2015 having adjusted for: (i) the valuation of the Andingmen Project; and (ii) the Liquidated Damages, we are of the view that the terms of the Consideration are fair and reasonable.

6. Financial impacts of the Acquisition

(i) Net asset value

The Target Company is a non wholly-owned subsidiary of the Company and its assets and liabilities have been consolidated into the statement of financial position of the Group. In the event that the Consideration exceeds the book value of the non-controlling interest of the Target Company, the excess amount, if any, will be charged to the Shareholders' equity. The final amount will be determined upon completion of the Acquisition based on the then book value of non-controlling interest of the Target Company, subject to audit. Assuming Completion has taken place on 31 December 2015 and based on the Consideration of approximately RMB533.1 million and the book value of the non-controlling interest of the Target Company of approximately RMB372.0 million as at 31 December 2015, the amount to be charged to the Shareholders' equity would be approximately RMB161.1 million, which is considered not material to the net asset value attributable to the Shareholders of approximately RMB25,040.1 million as at 31 December 2015.

(ii) Earnings

The Target Company is a non wholly-owned subsidiary of the Company and its results had been consolidated into the consolidated financial statements of the Group during the year ended 31 December 2015. Upon completion of the Acquisition, the results of the Target Company will be wholly taken up by the Group and no longer be shared by the non-controlling shareholder of the Target Company. Given the Andingmen Project is still in early development stage and a significant majority of the construction costs will be capitalised, the Acquisition is not expected to bring any significant impact to the financial result of the Group until the completion of the construction of the Andingmen Project in 2018.

(iii) Working capital

The Consideration of approximately RMB533.1 million will be financed by the Group's internal resources. According to the 2015 Annual Report, the Group had cash and bank balances of approximately RMB3,208.8 million and net working capital of approximately RMB7,663.2 million. Given the above, we are of the view that the settlement of the Consideration is not expected to have a material adverse impact on the working capital position of the Group.

LETTER FROM SOMERLEY

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Acquisition is in the ordinary and usual course of business of the Group, are on normal commercial terms and in the interests of the Company and the Shareholders as a whole and the terms of the Acquisition are fair and reasonable as far as the Independent Shareholders are concerned. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Acquisition.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Danny Cheng
Director

The following is the text of a letter and valuation certificate received from Savills in connection with the valuation of the Property as at 31 March 2016, which has been prepared for the purpose of incorporation in this circular.



The Directors
Joy City Property Limited
33rd Floor
COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T : (852) 2801 6100
F : (852) 2530 0756

EA Licence: C-023750
savills.com

18 May 2016

Dear Sirs,

**RE: VALUATION OF A PARCEL OF LAND LOCATED AT NO. 208
ANDINGMENWAI MAIN STREET, DONGCHENG DISTRICT,
BEIJING, THE PEOPLE'S REPUBLIC OF CHINA (THE
"PROPERTY")**

In accordance with the instructions from Joy City Property Limited (hereinafter referred to as the "**Company**") to us to value the Property situated in the People's Republic of China (the "**PRC**") which is held by Beijing Kunting Assets Management Co., Ltd. (北京昆庭資產管理有限公司) (hereinafter referred to as the "**Target Company**"), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 March 2016 (the "**valuation date**") for circular purpose.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale and purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation is prepared in compliance with the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in accordance with The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

PROPERTY CATEGORIZATION

As advised by the Company, the Property is to be held for sale or investment purpose upon completion of the Property. We have assigned no commercial value to the Property because the transfer of it requires prior approval from the National Government Offices Administration.

TITLE INVESTIGATION

We have been provided with copies of extracts of title documents relating to the Property in the PRC. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendments, which may not appear on the copies handed to us. In the course of our valuation, we have relied to a very considerable extent on the information given by the Company and the legal opinion issued by the PRC legal adviser to the Company, Zhong Lun Law Firm, regarding the title to the Property in the PRC.

VALUATION CONSIDERATION AND ASSUMPTIONS

In the course of our valuation, we have relied to a considerable extent on information and advice from the Company on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, development proposals, construction cost incurred, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to our valuation. We are also advised by the Company that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

SITE INSPECTION

We have inspected the Property. Site inspection of the Property was carried out in April 2016 by our Mr. Zhang Gang, who is a Chartered Member of the Chartered Institute of Housing. During the course of our inspection, we have not carried out investigations on site to determine the suitability of the ground conditions and the services for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delay will be incurred during the development period.

REMARKS

Unless otherwise stated, all money amounts are stated in Renminbi (“RMB”).

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Anthony C K Lau
MRICS MHKIS RPS(GP)
Director

Note: Mr. Anthony C K Lau is an estate surveyor and has about 23 years’ post-qualification experience in the valuation of properties in the PRC and Hong Kong.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value as at 31 March 2016
<p>A parcel of land located at No. 208 Andingmenwai Main Street, Dongcheng District, Beijing, PRC</p>	<p>The Property comprises a parcel of land with a site area of approximately 13,030.28 sq.m., on which a commercial project is proposed to be erected.</p>	<p>As at the date of our inspection, the Property was in the progress of site excavation.</p>	<p>No commercial value (See Notes 5 and 6)</p>
	<p>The Property is located along Andingmenwai Main Street, Dongcheng District, Beijing. It is within 5-minute walking to Andingmen Station of Beijing Metro No. 2. Developments in the vicinity are dominated by commercial developments, public facilities and government institutions of various ages. It takes about 15 minutes' ride and 30 minutes' ride to the city centre of Beijing and Beijing Capital International Airport respectively from the Property.</p>		
	<p>As informed by the Company, a commercial and office development is proposed to be erected on the Property. Upon completion, the proposed development will comprise a 13-storey office and commercial building over a 3-storey basement (commercial/car park uses) with a total gross floor area of approximately 81,697.94 sq.m..</p>		
	<p>The land use rights of the Property have been granted for two concurrent terms expiring on 7 September 2050 and 7 September 2060 for wholesale & retail and commercial services & financial uses respectively.</p>		

Notes:

1. Pursuant to the Letter, namely “The Consent Letter to handle the change of registration of the land use rights of No. 208 Andingmenwai Main Street, Dongcheng District, Beijing” (關於同意辦理北京東城區安定門外大街208號土地使用權變更登記的函), issued by National Government Offices Administration (國家機關事務管理局) (the “**Offices**”) dated 9 May 2014, the Offices permitted to transfer the land use rights of a parcel of land with site area of approximately 13,030.28 sq.m. from China Native Produce and Animal By-Products Import & Export Corporation to Beijing Kunting Assets Management Co., Ltd. (the “**Target Company**”) (Re: State-owned Land Use Rights Certificate – No. Jing Dong Guo Yong (2014) Chu Di 00247).
2. Pursuant to the State-owned Land Use Rights Certificate – No. Jing Dong Guo Yong (2014) Chu Di 00268 dated 25 September 2014, the land use rights of a parcel of land with a site area of approximately 13,030.28 sq.m. have been granted to the Target Company, a 65%-owned subsidiary of the Company, for two concurrent terms expiring on 7 September 2050 and 7 September 2060 for wholesale & retail and commercial services & financial uses respectively.
3. As advised by the Company, the total construction cost expended as at the valuation date was approximately RMB83,000,000 and we have taken into account the aforesaid cost in our valuation.
4. We have been provided with a legal opinion on the title to the Property issued by the Company’s PRC legal adviser, which contains, inter alia, the following information:
 - i. the Target Company is in possession of a legal and complete title to the Property;
 - ii. the Property is currently free from any mortgages and seizures;
 - iii. the Target Company has the rights to let the Property when it is completed legally and after the obtaining of Real Estate Title Certificate; and
 - iv. the Target Company has the rights to transfer the Property in the market after the permission from the Offices has been obtained. Subject to the compliance of the laws and regulations and the requests from the relevant government authority, there are no legal impediments for the Company to obtain the approval for the transfer of the Property.
5. As advised by the Company, the Property will be subject to an estimated outstanding premium of RMB355,000,000 (as estimated by the Company and to be confirmed by the relevant government authority to be payable to the relevant government authority).
6. In the course of our valuation, we have assigned no commercial value to the Property since the transfer of it requires prior approval from the Offices. For reference purpose, the market value of the Property as at the valuation date after deducting the estimated outstanding premium as mentioned in Note 5 would be in the sum of RMB1,450,000,000 (65% interest attributable to the Company: RMB942,500,000) on the assumption that prior approval has been obtained from the Offices at no additional charges.

A. 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 Company. 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.

B. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests or short positions, if any, of each Directors and chief executive of the Company 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 deemed to have under such provisions of the SFO); (ii) required to be or are recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; 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 Position(s) 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 (Note 1)	Number of underlying shares held	Approximate percentage of the issued share capital (Note 4)
Ma Jianping	China Foods Limited	Beneficial owner	-	600,000 (Note 2)	0.0214% (Note 4)
Ma Wangjun	China Agri-Industries Holdings Limited	Beneficial owner	-	583,000 (Note 3)	0.0111% (Note 5)
Lam Kin Ming, Lawrence	The Company	Beneficial owner	6,000	-	0.00004% (Note 6)

Notes:

1. Long positions in the shares of the Company and its associated corporations, other than equity derivatives such as share options, warrants or convertible bonds.
2. Long positions in the underlying shares of China Foods Limited under share options granted to Mr. Ma Jianping pursuant to the share option scheme of China Foods Limited.
3. Long positions in the underlying shares of China Agri-Industries Holdings Limited under share options granted to Mr. Ma Wangjun pursuant to the share option scheme of China Agri-Industries Holdings Limited.
4. The percentage (rounded up to four decimal places) was calculated based on the total number of shares of China Foods Limited in issue as at the Latest Practicable Date, i.e. 2,797,223,396 shares.
5. The percentages (rounded up to four decimal places) were calculated based on the total number of shares of China Agri-Industries Holdings Limited in issue as at the Latest Practicable Date, i.e. 5,249,880,788 shares.
6. The percentage (rounded up to five decimal places) was calculated based on the total number of Shares of the Company in issue 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 other 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 were (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 was 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, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, (1) Achieve Bloom was interested in 9,510,837,644 Shares (being more than 5% of the total number of Shares in issue as at the Latest Practicable Date) and 1,095,300,778 CPS (being 100% of the total number of CPS in issue as at the Latest Practicable Date), respectively (as disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO); and (2) COFCO Corporation, being the indirect sole shareholder of Achieve Bloom, was deemed to be interested in the Shares and CPS held by Achieve Bloom reported above.

As at the Latest Practicable Date, each of Mr. Ma Jianping and Mr. Ma Wangjun was a director of Achieve Bloom, while Ms. Jiang Hua was a director of COFCO Corporation.

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

C. 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)).

D. 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 2015, 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.

E. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates were interested in any business, apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with that of the Group and which require disclosure under Rule 8.10 of the Listing Rules.

F. EXPERT'S CONSENT AND QUALIFICATIONS

Each of Somerley and Savills has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s), report(s), valuation certificate(s) and/or opinion(s) and the references to their names included herein in the form and context in which it is respectively included.

The following are the qualifications of the experts who have given opinions or advices which are contained in this circular:

Name	Qualifications
Somerley	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Savills	independent property valuer

Each of the experts named 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 2015 (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.

G. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest audited consolidated financial statements of the Group were made up.

H. LEGAL PROCEEDINGS

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitrations or claims of material importance, and no litigations or claims of material importance was known to the Directors to be pending or threatened against the Company or any member of the Group.

I. GENERAL

- (a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is 33/F., COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.
- (c) The company secretary of the Company is Ms. Ng Chi Man, who is an associate member of the Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (d) The Company's principal share registrar and transfer office is MUFG Fund Services (Bermuda) Limited at The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda. The Company's branch share registrar and transfer office in Hong Kong is Tricor Progressive Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

J. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours, Monday to Friday (other than public holidays) at the principal place of business of the Company at 33/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong from the date of this circular up to and including 2 June 2016 (Thursday):

- (a) the Equity Transfer Agreement;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 13 to 14 of this circular;
- (c) the letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 15 to 28 of this circular;
- (d) the valuation report in relation to the Property from Savills, the text of which is set out in Appendix I to this circular;
- (e) the consent letters referred to in the paragraph headed "Expert's consent and qualifications" in this Appendix; and
- (f) this circular.

K. MISCELLANEOUS

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

NOTICE OF 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 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 President Suite, World Trade Centre Club Hong Kong, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong, on 2 June 2016, at 10:45a.m. (or immediately following the annual general meeting of the Company convened on the same day) for the purposes of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company, with or without amendments. Capitalised terms contained in the circular dated 18 May 2016 issued by the Company (the “**Circular**”) shall have the same meanings when used herein unless otherwise specified.

ORDINARY RESOLUTION

“THAT:

- (a) the Equity Transfer Agreement and the Acquisition be and are hereby approved, confirmed and ratified; and
- (b) the Directors be and are hereby authorised to do all such acts and things and to sign and execute all such documents, instruments and agreements for and on behalf of the Company as they 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
ZHOU Zheng
Chairman

The PRC, 18 May 2016

NOTICE OF SGM

Notes:

- (1) The register of members of the Company will be closed for registration of transfer of Shares from 31 May 2016 (Tuesday) to 2 June 2016 (Thursday), 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 Tricor Progressive Limited, the Company's branch share registrar and transfer office in Hong Kong, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 4:30 p.m., 30 May 2016 (Monday).
- (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 Tricor Progressive Limited, the Company's branch share registrar and transfer office in Hong Kong, at Level 22, Hopewell Centre, 183 Queen's Road East, 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 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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) As at the date of this notice, the board of directors of the Company comprises Mr. ZHOU Zheng (Chairman) as 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.