

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of this circular or as to the action to be taken, 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 (“Company”), you should at once hand this circular, together with the enclosed form of proxy, to the purchasers or transferees or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchasers or transferees.

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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)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF THE ENTIRE INTERESTS IN  
THE TARGET COMPANY FOR  
FURTHER DEVELOPMENT OF JOY CITY PROJECT  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser**



**Halcyon 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 4 to 14 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 15 of this circular. A letter from Halcyon Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 29 of this circular.

A notice convening the SGM to be held at 9:30 a.m., on Tuesday, 24 March 2015, at Gloucester Room II, 3rd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong, 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.

6 March 2015

<b>CONTENTS</b>
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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	4
<b>Letter from the Independent Board Committee</b> .....	15
<b>Letter from the Independent Financial Adviser</b> .....	16
<b>Appendix I — Property Valuation Report</b> .....	I-1
<b>Appendix II — General Information</b> .....	II-1
<b>Notice of the SGM</b> .....	SGM-1

## DEFINITIONS

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

“Acquisition”	the acquisition of the entire equity interest in Zhejiang Herun Tiancheng in accordance with the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase and capital injection agreement dated 3 February 2015 and entered into between Speedy Cosmo, Shanghai Wanliang and Zhejiang Herun Tiancheng
“Board”	the board of Directors
“Capital Injection”	the increase of the registered capital of Zhejiang Herun Tiancheng by Speedy Cosmo after the completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“China” or “PRC”	the People’s Republic of China, which shall, for the purposes of this circular, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“COFCO Corporation”	COFCO Corporation (中糧集團有限公司), a state-owned enterprise incorporated in the PRC in September 1952 under the purview of the State-owned Assets Supervision and Administration Commission of the State Council, a controlling shareholder of the Company
“Company”	Joy City Property Limited (formerly known as COFCO Land Holdings Limited), a company incorporated under the laws of Bermuda with limited liability on 23 September 1992, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00207)
“connected person”	has the meaning given to it under the Listing Rules
“Consideration”	the consideration of RMB43.76 million for the Acquisition
“Construction land planning permit”	construction land planning permit (建設用地規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China
“Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group and the Target Company

## DEFINITIONS

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Lau Hon Chuen, Ambrose, <i>GBS, JP</i> , Mr. Lam Kin Ming, Lawrence and Mr. Wu Kwok Cheung, <i>MH</i> formed for the purpose of advising the Independent Shareholders in respect of, among other things, the Acquisition Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Halcyon Capital Limited, a corporation licensed to conduct Type 6 (advising on corporate finance) regulated activity as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Acquisition Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolution approving the Acquisition Agreement and the transactions contemplated under thereunder
“Joy City Project(s)”	property project(s) which is/are and is/are to be developed under the “Joy City (大悅城)” brand
“land use rights certificate”	state-owned land use rights certificate (國有土地使用權證), a certificate issued by the relevant PRC governmental authority responsible for real estate and land resources with respect to land use rights of a land parcel
“Lands”	two pieces of lands located in Gongshu District, Hangzhou City, the PRC, details of which are more particularly described in the letter from the Board headed “Information on the Target Company and the Lands” of this circular
“Latest Practicable Date”	4 March 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

## DEFINITIONS

“percentage ratios”	any of the five ratios set out in Rule 14.07 of the Listing Rules
“Purchaser” or “Speedy Cosmo”	Speedy Cosmo Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approving the Acquisition Agreement and the transactions contemplated thereunder, the notice of which is set out on SGM-1 to SGM-2 of this circular
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the shares of the Company
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company” or “Zhejiang Herun Tiancheng”	浙江和潤天成置業有限公司 (in English, for identification purpose only, Zhejiang Herun Tiancheng Real Estate Company Limited), a company incorporated in the PRC with limited liability
“Vendor” or “Shanghai Wanliang”	上海萬良企業管理諮詢有限公司 (in English, for identification purpose only, Shanghai Wanliang Enterprise Management Consultancy Company Limited), a company incorporated in the PRC with limited liability
“%”	per cent.

*In this circular, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of HK\$1.00 to RMB0.78887. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

LETTER FROM THE BOARD



**JOY CITY PROPERTY LIMITED**

**大悅城地產有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 207)**

*Executive Directors:*

Mr. ZHOU Zheng (*Chairman*)

Mr. HAN Shi

*Non-executive Directors:*

Mr. SHI Zhuowei

Mr. MA Jianping

Mr. MA Wangjun

Ms. JIANG Hua

*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, Top Glory Tower

262 Gloucester Road

Causeway Bay

Hong Kong

6 March 2015

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF THE ENTIRE INTERESTS IN  
THE TARGET COMPANY FOR  
FURTHER DEVELOPMENT OF JOY CITY PROJECT**

Reference is made to the announcement of the Company dated 3 February 2015, in which the Company announced that the Group has entered into the Acquisition Agreement, pursuant to which the Group has conditionally agreed to acquire the entire equity interest in the Target Company at the Consideration of RMB43.76 million (equivalent to approximately HK\$55.47 million) in accordance with the terms and conditions of the Acquisition Agreement.

## LETTER FROM THE BOARD

The purpose of this circular is to provide you, among other things, (i) further details of the Acquisition Agreement and the transactions contemplated thereunder; (ii) the advice from the Independent Board Committee to the Independent Shareholders; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) the valuation report of the Lands; and (v) the notice of the SGM.

### THE ACQUISITION AGREEMENT

The Board is pleased to announce that, on 3 February 2015 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, the Vendor, and the Target Company entered into the Acquisition Agreement pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Company at the Consideration of RMB43.76 million (equivalent to approximately HK\$55.47 million).

Major terms of the Acquisition Agreement are set out below:

#### **Date**

3 February 2015

#### **Parties**

- (i) Speedy Cosmo (as the Purchaser);
- (ii) Shanghai Wanliang (as the Vendor); and
- (iii) Zhejiang Herun Tiancheng (as the Target Company).

Speedy Cosmo is a limited liability company established in Hong Kong and an indirect wholly-owned subsidiary of the Company, which is principally engaged in investment holding.

Shanghai Wanliang is a limited liability company established in the PRC which is principally engaged in corporate management and consultation.

Zhejiang Herun Tiancheng is a limited liability company established in the PRC and, as at the Latest Practicable Date, a wholly-owned subsidiary of Shanghai Wanliang. It is principally engaged in property development.

Each of Shanghai Wanliang and Zhejiang Herun Tiancheng is an indirect wholly-owned subsidiary of COFCO Corporation and thus is an associate of a connected person of the Company.

## **LETTER FROM THE BOARD**

### **Assets to be acquired**

The entire equity interest in the Target Company. Further information on the Target Company and the Lands is set out in the paragraph headed “Information on the Target Company and the Lands” below.

### **Conditions precedent to the completion of the Acquisition and the Capital Injection**

The completion of the Acquisition and the Capital Injection shall be conditional upon and subject to:

- (1) the Purchaser having completed the due diligence review regarding the legal, financial and business aspects of the Target Company and being satisfied with the results of such due diligence review;
- (2) the representations, warranties and undertakings made by the parties to the Acquisition Agreement remaining true, accurate and complete and not misleading in all material aspects at and as of the completion of the Acquisition;
- (3) there being no material adverse change in or affecting the business operations, assets, management of the Target Company and no material adverse change in the relevant laws and regulations having occurred since the date of the Acquisition Agreement to the completion of the Acquisition;
- (4) the parties to the Acquisition Agreement having completed all necessary internal procedures, having signed the Acquisition Agreement and documents related to the transactions contemplated under the Acquisition Agreement and having obtained all necessary consents, recordation and/or approvals required to be obtained from relevant authorities and third parties (if any) and the Target Company having opened the foreign exchange capital account; and
- (5) the Company, being the holding company of the Purchaser, having complied with all applicable requirements under the Listing Rules, including but not limited to the making of the announcement, the publication of the circular and the obtaining of the approval from the Shareholders, in each case, in respect of the transactions contemplated under the Acquisition Agreement.

The Purchaser may waive in writing any of the conditions (other than (4) and (5)) as set out above conditionally or unconditionally.

As at the Latest Practicable Date, apart from condition precedent set out in paragraph (1) above, none of the conditions precedent set out above have been satisfied.



## LETTER FROM THE BOARD

In the event that the conditions precedent have not been fulfilled on or before 31 December 2015 (or such other date as may be agreed by the Vendor and the Purchaser), the Purchaser may by notice in writing to the other parties to the Acquisition Agreement to terminate the Acquisition Agreement.

### **Consideration**

The Consideration payable by the Purchaser to the Vendor for the Acquisition is RMB43.76 million (equivalent to approximately HK\$55.47 million) which shall be satisfied by the Purchaser in cash within three months after the change of shareholder of the Target Company from the Vendor to the Purchaser at the business registration department in China is completed.

The Consideration was determined after arm's length commercial negotiations between the Group and the Vendor (i) with reference to the net assets value of the Target Company of approximately RMB47.26 million as at 31 December 2014 based on the unaudited financial statements of the Target Company which are prepared in accordance with the Generally Accepted Accounting Principles in Hong Kong (“**HK GAAP**”) and (ii) according to a preliminary valuation on the Lands by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, that the increased value attributable to the portion of the Lands which are held for development of properties for sale amounted to approximately RMB30.78 million as at 31 December 2014, being the difference of the book value of approximately RMB1,762.58 million and the value of approximately RMB1,793.36 million as at 31 December 2014 with respect to such portion of the Lands. The other portion of the Lands which are held for development of properties to earn rentals are measured and presented at their fair values using the fair value model (based on the valuation on the Lands by Jones Lang LaSalle Corporate Appraisal and Advisory Limited as at 31 December 2014) and gains and losses arising from changes in fair value are included in profit or loss for the period in which they arise.

The Consideration will be funded by the internal resources of the Group.

As confirmed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the valuation amounts under the preliminary valuation and the final valuation are the same.

### **Completion of the Acquisition**

The completion of the Acquisition shall take place when the change of shareholder of the Target Company from the Vendor to the Purchaser at the business registration department in China is completed.

## LETTER FROM THE BOARD

### **Increase of registered capital of the Target Company**

The Purchaser has also, pursuant to the Acquisition Agreement, committed to increase the registered capital of the Target Company by RMB2,450 million (equivalent to approximately HK\$3,105.71 million) after the completion of the Acquisition. The increased portion of the registered capital shall be paid up by the Group within one year after obtaining the business licence in respect of the increase in registered capital.

Upon the completion of the Capital Injection, the registered capital of the Target Company will be increased from RMB50 million to RMB2,500 million and the total investment amount of the Target Company will be RMB5,000 million which is arrived at based on the estimated investment amount of RMB550 million for its residential property project on the Lands and the estimated investment amount of RMB4,450 million for its commercial property project. It is expected that all the proceeds from the Capital Injection will be applied towards the repayment of part of the shareholder's loan. The Group intends to fund the Capital Injection with its internal cash and bank balance or cash and bank balance together with a small amount of bank borrowings by the time it is required to pay up the increased portion of the registered capital.

Please refer to the paragraph headed "Financial information of the Target Company" below for details of the existing registered and paid up capital and the shareholder's loan of the Target Company.

### **INFORMATION ON THE TARGET COMPANY AND THE LANDS**

#### **Nature and business of the Target Company**

The Target Company was incorporated in the PRC on 13 March 2014 with limited liability and is a wholly-owned subsidiary of the Vendor. It is principally engaged in property development and owns the Lands. Upon the completion of the Acquisition, the Target Company will be transformed from a domestic company into a wholly-foreign owned enterprise.

#### **The Lands**

The Lands, which are adjoining lands, are located in Gongshu District, Hangzhou City, the PRC (中國杭州市拱墅區) with a total site area of 75,375 sq.m.. In 2014, the Target Company acquired the Lands at a total consideration (which comprised the land premium and relevant tax paid) of approximately RMB2,778 million and obtained the land use rights certificates for the Lands. The land use rights certificates of the Lands were issued to the Target Company on 21 November 2014. Out of the Lands, one has a site area of 9,473 sq.m. which will be developed into residential properties with a planned gross floor area of no more than 23,682.5 sq.m. and the other one has a site area of 65,902 sq.m. which will be developed into a commercial project under the brand "Joy City (大悅城)" with a planned gross floor area of no more than 283,378.6 sq.m..

## LETTER FROM THE BOARD

To the best knowledge of the Directors, as at the Latest Practicable Date, other than having obtained the land use rights certificates and the construction land planning permits for the Lands, there was no material change of status of the Lands during the time the Lands were owned by the Vendor and no material development had been carried out by the Target Company.

According to the valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, which is set out in Appendix I to this circular, the value of the Lands as at 31 December 2014 was approximately RMB2,954 million in aggregate.

### **Financial information of the Target Company**

The registered capital of the Target Company is RMB50.00 million and its paid up capital is RMB12.50 million. Its unpaid registered capital of RMB37.50 million will be paid up by the Group after the completion of the Acquisition within one year after the obtaining of the new business licence of the Target Company.

Based on the unaudited financial statements of the Target Company for the period ended 31 December 2014 which are prepared in accordance with the HK GAAP, the unaudited total assets and net assets value of the Target Company as at 31 December 2014 were approximately RMB2,956.90 million and RMB47.26 million respectively.

The unaudited total assets of the Target Company as at 31 December 2014 principally comprised cash and cash equivalent of approximately RMB33.16 million, land held for development of properties for sale of approximately RMB1,762.58 million and land held for development of investment properties of approximately RMB1,160.64 million.

As at 31 December 2014, the unaudited total liabilities of the Target Company amounted to approximately RMB2,909.64 million. Such liabilities principally comprised the shareholder's loans from the Vendor of approximately RMB2,887.50 million (details of which are more particularly disclosed in the paragraphs below under the same heading), the deferred tax liability of approximately RMB12.46 million, the interest payable of approximately RMB6.62 million and other payables of approximately RMB3.06 million.

The Target Company has not recorded any revenue since its incorporation in 2014.

## LETTER FROM THE BOARD

The unaudited profit (before and after tax) of the Target Company for the period from the date of incorporation to 31 December 2014 was as follows:

**For the period from the  
date of incorporation to  
31 December 2014**  
*(RMB million)*

Profit before tax	47.22
Profit after tax	34.77

Such profit was mainly resulted from a change in fair value of the Lands which are held for commercial lease purpose.

As at 31 December 2014, the shareholder's loan from the Vendor to the Target Company amounted to approximately RMB2,887.50 million. Such shareholder's loans have been used to fund the acquisition costs of the Lands and the preliminary operating expenses of the Target Company. Such shareholder's loans comprised two short-term loans of term running six months each. One (of a total outstanding principal amount of RMB1,637.50 million as at 31 December 2014) will mature on 21 April 2015 while the other (of a total outstanding principal amount of RMB1,250.00 million) will mature on 3 May 2015. Both loans are unsecured and bear interest at a rate of 7.5% per annum. The Vendor has verbally confirmed to extend the shareholder's loans for an infinite period of time until the Acquisition is completed and the Target Company has sufficient funds to repay them. The Group plans to repay the shareholder's loans, subject to completion of the Acquisition, by utilising the proceeds from the Capital Injection, the proceeds from the sale of the property projects to be constructed on the Lands and/or by bank borrowings.

Given that the shareholder's loans are not secured by any assets of the Group and the Target Company and the terms of the shareholders' loans are on better commercial terms as the interest rates are lower than that offered by financial institutions in the same period for the same type and similar amount of loans, the shareholder's loans after completion of the Acquisition will constitute fully exempt connected transaction under Rule 14A.90 of the Listing Rules.

The Shareholder's loans will be maintained by the Target Company before the completion of the Capital Injection.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE CAPITAL INJECTION**

The Company was incorporated in Bermuda and the Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the Group is principally engaged in the development, operation, sale, leasing and management of mixed-use complexes and commercial properties.

## LETTER FROM THE BOARD

The Group has long-term development strategy and deployment in Yangtze Delta economic circle and Hangzhou is one of the key cities in that region. The Lands, situated in the hub of Hangzhou, are high-quality land parcels in terms of location, radiation population and transportation facilities (being an area covered by the planned subway line), which are limited in supply in that area. The Directors (including the independent non-executive Directors) consider that the Acquisition and the Capital Injection are in the interests of the Company as they allow the Group to further develop the Joy City Project and enhance its brand image in the commercial property market. The Acquisition can also increase the Group's market shares in Hangzhou and are expected to provide the Group with satisfactory return in the future.

The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole, taking into account, among other things, the terms and conditions of the Acquisition Agreement and the quality and size of the Lands.

In addition, the Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition Agreement, which have been reached after arm's length negotiations among the relevant parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **RISKS ASSOCIATED WITH THE ACQUISITION AND THE CAPITAL INJECTION**

Certain conditions precedent as set out in the paragraph headed "Conditions precedent to the completion of the Acquisition and the Capital Injection" above involve decisions by third parties, including the approval by the Independent Shareholders at the SGM. As the fulfillment of these conditions precedent are beyond control of the parties to the Acquisition Agreement, there is no guarantee that these conditions precedent can be fulfilled and/or that the Acquisition and the Capital Injection will be completed as expected.

### **NON-COMPETITION UNDERTAKING BY COFCO CORPORATION**

As disclosed in the circular of the Company dated 30 November 2013 ("**2013 November Circular**"), COFCO Corporation has undertaken in favour of the Company (for itself and on behalf of its subsidiaries) that it shall not, and shall procure that none of its subsidiaries (excluding COFCO Property (Group) Co., Ltd. (中糧地產(集團)股份有限公司) and its subsidiaries) shall, directly or indirectly, carry on or otherwise be interested in any business or company which is directly or indirectly engaged in (i) the development, operation, sale, leasing or management of any property project which is wholly designated for commercial purpose such as offices, retail, shopping malls, hotels, resorts or serviced apartments; and/or (ii) the development, operation, sale, leasing or management of any mixed-use complex project ("**Non-Competition Undertaking**").

The business opportunity regarding the Lands was in fact first made available to the Company. Before the entire equity interest of the Target Company was acquired by COFCO Corporation on 13 October 2014 and 24 November 2014 respectively, the Target Company and its ultimate beneficial owners were independent third parties. To the best knowledge of the Directors, the Target Company

## **LETTER FROM THE BOARD**

then acquired the Lands for its development purpose. However, the Target Company after the signing of the land grant contracts was unable to discharge the payment obligations under such land grant contracts and then offered the business opportunity to develop the Lands to the Company. However, due to the restriction that (i) RMB fund from the settlement of foreign currency capital of a foreign-funded enterprise shall not be used for domestic equity investment which prohibited the Group from indirect acquisition of the Target Company and/or that (ii) no change of direct shareholding of the Target Company was allowed prior to the fulfillment of certain obligations of the Target Company (including the obtaining of the land use rights certificates for the Lands) which prohibited the Group from direct acquisition of the Target Company, the Company was not able to acquire the Target Company and hold the Lands at that time. As such, after obtaining the consent of the members of the Board (including the independent non-executive Directors), the Company decided to give up such business opportunity when such business opportunity was made available to it. Since now the land use rights certificates for the Lands have been obtained, the restriction prohibiting the Company from acquiring the Lands is therefore released. The Company reassessed the opportunity and came to the view that the Acquisition is in the interest of the Company and the Shareholders as a whole. To the best knowledge of the Directors, as at the Latest Practicable Date, other than having obtained the land use rights certificates and the construction land planning permits for the Lands, there was no material change of status of the Lands during the time the Lands were owned by the Vendor.

On such basis, the Directors are of the view that COFCO Corporation was not in breach of the provisions under the Non-Competition Undertaking by acquiring the indirect 100% equity interests of the Target Company.

As confirmed by the Directors, COFCO Corporation is not currently holding any other property projects (other than those exceptions permitted under the Non-Competition Undertaking, details of which are set out in the 2013 November Circular). On such basis, it is considered that there will not be any new competition that will arise between the Group and COFCO Corporation after completion of the Acquisition.

### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios of the Acquisition and the Capital Injection, in aggregate, exceed 5% but are less than 25%, the Acquisition and the Capital Injection constitute a discloseable transaction of the Company under Rule 14.07 of the Listing Rules.

Further, the Vendor is a fellow subsidiary of the Company by virtue of their same indirect ultimate holding company, namely, COFCO Corporation, and thus is a connected person of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios of the Acquisition and the Capital Injection, in aggregate, exceed 5%, the Acquisition and the Capital Injection constitute a connected transaction of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **LETTER FROM THE BOARD**

### **THE SGM**

The SGM will be held at 9:30 a.m. on Tuesday, 24 March 2015 at Gloucester Room II, 3rd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong for the Independent Shareholders to consider and, if thought fit, approve the Acquisition Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Directors has a material interest in the Acquisition Agreement and was required to abstain from voting at the meeting of the Board approving the Acquisition Agreement and the transactions contemplated thereunder.

Achieve Bloom Limited (being a controlling shareholder of the Company and a wholly-owned subsidiary of COFCO Corporation who is also the ultimate holding company of the Vendor), which held approximately 67.03% of the issued share capital of the Company as at the Latest Practicable Date, is considered as materially interested in the Acquisition Agreement. Achieve Bloom Limited is thus required to abstain from voting on the relevant resolution to be proposed at the SGM to approve the Acquisition Agreement and the transactions contemplated thereunder. 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 Acquisition Agreement and the transactions contemplated thereunder at the SGM. In compliance with the Listing Rules, the resolution will be voted on by way of a poll at the SGM.

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.

### **RECOMMENDATION**

Halcyon Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Acquisition Agreement and the transactions contemplated thereunder.

Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on page 15 of this circular and the letter from the Independent Financial Adviser set out on pages 16 to 29 of this circular, which contains, among other matters, its advice to the Independent Board Committee and the Independent Shareholders in connection with the Acquisition Agreement and the transactions contemplated thereunder and the principal factors considered by it in arriving at its recommendation.

## LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the opinion that the terms of the Acquisition Agreement are an normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Acquisition Agreement is for the ordinary and usual course of business of the Group and is in the interests of the Group and the Independent 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 Acquisition Agreement and the transactions contemplated thereunder are in the interests of the Company and the 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.

### ADDITIONAL INFORMATION

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

On behalf of the Board  
**JOY CITY PROPERTY LIMITED**  
**ZHOU Zheng**  
*Chairman*





**JOY CITY PROPERTY LIMITED**

**大悅城地產有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 207)**

6 March 2015

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF THE ENTIRE INTERESTS IN  
THE TARGET COMPANY FOR  
FURTHER DEVELOPMENT OF JOY CITY PROJECT**

This Independent Board Committee has been appointed to advise you on the terms of the Acquisition Agreement, details of which are set out in the letter from the Board contained in the circular to the Shareholders dated 6 March 2015 (“**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

Having considered the terms of the Acquisition Agreement and the advice of the Independent Financial Adviser in relation thereto as set out on pages 16 to 29 of the Circular, we are of the opinion that the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Acquisition Agreement is for the ordinary and usual course of business of the Group and is in the interest of the Group and the Independent Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee of

**Joy City Property Limited**

**Lau Hon Chuen, Ambrose, GBS, JP      Lam Kin Ming, Lawrence      Wu Kwok Cheung, MH**  
*Independent non-executive Directors*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the full text of the letter of advice from Halcyon Capital Limited to the Independent Board Committee and the Independent Shareholders which has been prepared for the purpose of the inclusion in this circular.*



**Halcyon Capital Limited**  
11/F, 8 Wyndham Street  
Central, Hong Kong

6 March 2015

*To the Independent Board Committee and  
the Independent Shareholders*

Dear Sirs,

### **DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE INTERESTS IN THE TARGET COMPANY**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders with respect to the terms of the Acquisition Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of the Company dated 6 March 2015 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same respective meanings as defined in the Circular unless the context otherwise requires.

On 3 February 2015, the Purchaser, an indirect wholly-owned subsidiary of the Company, the Vendor and the Target Company entered into the Acquisition Agreement pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Company at the Consideration of RMB43.76 million (equivalent to approximately HK\$55.47 million).

As at the Latest Practicable Date, the Vendor was a fellow subsidiary of the Company by virtue of their same indirect ultimate holding company, namely, COFCO Corporation, and thus was a connected person of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios of the Acquisition and the Capital Injection in aggregate exceed 5%, the Acquisition and the Capital Injection constitute a connected transaction of the Company which is subject to the reporting, announcement and Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all 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 as to whether the entering into of the Acquisition Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Group and the Independent Shareholders as a whole and how to vote on the resolution in the SGM. In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation in this regard.

### **BASIS OF OUR OPINION**

Other than this appointment as the Independent Financial Adviser, we have no relationships with or interests in the Company and any other parties that could reasonably be regarded as relevant to our independence. We are hence independent from the Company pursuant to Rule 13.84 of the Listing Rules.

In formulating our opinion and recommendation, we have relied on the information, financial information and facts included in the Circular and supplied to us, and the representations expressed by the Directors and/or management of the Group, and have assumed that all such information, financial information, facts and any representations made to us, or referred to in the Circular, for which they are fully responsible, in all material aspects, were true, accurate and complete as at the time they were made and as at the date hereof, have been properly extracted from the relevant underlying accounting records (in the case of financial information) and made after due and careful inquiry by the Directors and/or the management of the Group. The Directors and/or the management of the Group have confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable. We have no reason to doubt the completeness, truth or accuracy of the information and representations provided and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

Our review and analyses were based upon, among others, the information provided by the Group including the Circular, the Acquisition Agreement and certain published information from the public domain.

We have also discussed with the Directors and/or the management of the Group with respect to the terms of and the reasons for the Acquisition and the Capital Injection and considered that we have reviewed sufficient information to reach an informed view and to justify reliance on the information provided and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and supplied to us by the Directors and/or the management of the Group nor have we conducted any form of in-

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

depth investigation into the businesses, affairs, financial position, profitability or prospects of the Group, the Vendor and each of their respective associates, and the parties involved in the Acquisition Agreement.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Acquisition and the Capital Injection, we have considered the following principal factors and reasons:

#### 1. Information on the Group

##### *Recent development of the Group*

The Company (formerly known as COFCO Land Holdings Limited) was incorporated in Bermuda with limited liability and its ordinary shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and through its subsidiaries is principally engaged in investment holding, property investment and development, property management and hotel operations.

According to the interim report of the Company as at 30 June 2014, the Group held a portfolio of 12 property projects in Beijing, Shanghai, Sanya, Chengdu, Nanchang, Suzhou and Hong Kong and those property projects were either located in premium core areas of the first and second-tier cities or luxury vacation destinations in China. As advised by the Directors, the portfolio was diversified in different business areas, including landmark properties such as Beijing COFCO Plaza and Chengdu Joy City, properties located in premium zones of core cities such as Ocean One in Shanghai, The Signature and Princess Palace III in Sanya, as well as a number of international high-end luxury hotels such as St. Regis Sanya Yalong Bay Resort, MGM Grand Sanya and Waldorf Astoria Beijing.

As disclosed in the Company's circular dated 5 November 2014, the Company entered into an acquisition agreement on 12 September 2014 for acquisition of certain property projects and the Group would strengthen its position as a mixed-use complex and commercial property developer with the addition of mixed-use complexes under the flagship brand "Joy City (大悦城)" to its existing property portfolio upon the completion of the acquisition. According to the Company's announcement date 4 December 2014, such acquisition was completed on 4 December 2014. Following completion of such acquisition, the Company changed its English name from "COFCO Land Holdings Limited" to "Joy City Property Limited" for the purpose of providing a better identification of its principal business and position.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Financial performance and position of the Group*

Set out below are the consolidated financial results of the Group for the six months ended 30 June 2014 and each of the two years ended 31 December 2013, as extracted from the Company's interim report for the six months ended 30 June 2014 (the "**2014 Interim Report**") and its annual report for the year ended 31 December 2013 (the "**2013 Annual Report**") respectively:

	<b>For the year ended 31 December</b>		<b>For the six months ended 30 June</b>	
	<b>2012</b>	<b>2013</b>	<b>2013</b>	<b>2014</b>
	(audited)	(audited)	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(restated)		(restated)	
Revenue	4,433,008	3,922,552	1,617,446	1,824,850
— <i>Property and land development</i>	3,228,725	2,517,953	873,750	1,046,086
— <i>Property investment</i>	357,895	389,467	193,160	212,281
— <i>Property management and related services</i>	210,996	203,237	107,473	80,975
— <i>Hotel operations</i>	635,392	811,895	443,063	485,508
Cost of sales and services	<u>(1,871,590)</u>	<u>(1,584,452)</u>	<u>(733,562)</u>	<u>(756,481)</u>
Gross profit	2,561,418	2,338,100	883,884	1,068,369
Profit before tax	2,628,598	4,958,921	3,607,202	740,959
Income tax expense	<u>(962,050)</u>	<u>(1,694,830)</u>	<u>(903,828)</u>	<u>(307,627)</u>
Profit for the year/period	<u><u>1,666,548</u></u>	<u><u>3,264,091</u></u>	<u><u>2,703,374</u></u>	<u><u>433,332</u></u>
<i>Profit for the year/period attributable to:</i>				
— Owners of the Company	918,840	2,007,981	1,707,343	177,463
— Non-controlling interest	747,708	1,256,110	996,031	255,869

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As depicted by the above table, revenue generated from the property and land development has been the main source of income, which represented approximately 72.8%, 64.2% and 57.3% of the Group's total revenue for each of the two years ended 31 December 2013 and for the six months ended 30 June 2014 respectively. The rest of the Group's revenue mainly contributed by property investment, property management and related services and hotel operations.

As disclosed in the 2013 Annual Report, the Group's revenue from property and land development dropped by approximately 22.0% from approximately RMB3,228 million for the year ended 31 December 2012 to approximately RMB2,518 million for the year ended 31 December 2013, which was mainly due to a decrease in area delivered in multi-storey commercial apartments and villa-styled apartments of Princess Palace III and villa-styled apartments of The Signature sold. On the other hand, the Group's revenue from hotel operations, which accounted for about 20.7% of the Group's total revenue for the year ended 31 December 2013, increased by approximately 27.8% from approximately RMB635 million for the year ended 31 December 2012 to approximately RMB811 million for the year ended 31 December 2013, which was mainly attributable to the growth in revenue of MGM Grand Sanya and St. Regis Sanya Yalong Bay Resort. For the year ended 31 December 2013, the Group's overall gross profit margin was approximately 59.6%, which was slightly higher than approximately 57.8% for the year ended 31 December 2012, contributed by the slight growth in gross profit margin in property and land development and property investment segments and the good performance of the two new hotels in Sanya. Net profit of the Group surged from approximately RMB1,667 million for the year ended 31 December 2012 to approximately RMB3,264 million for the year ended 31 December 2013, representing a year-on-year growth of approximately 95.9%, which was mainly resulted from increase in the fair value gain of investment properties by approximately RMB2,397 million.

As set out in the 2014 Interim Report, the Group's revenue from property and land development amounted to approximately RMB1,046 million for the six months ended 30 June 2014, representing an increase of approximately 19.7% as compared with that of the corresponding period of 2013, which was mainly contributed by an increase in the delivered area of Ocean One and The Signature. In addition, the Group's revenue from hotel operations for the six months ended 30 June 2014 amounted to approximately RMB486 million, representing an increase of about 9.6% as compared with that of the corresponding period of 2013, which was mainly attributable to the growth of revenue of MGM Grand Sanya and St. Regis Sanya Yalong Bay Resort. As a result, the Group's revenue increased from approximately RMB1,617 million for the six months ended 30 June 2013 to approximately RMB1,825 million for the six months ended 30 June 2014, representing an increase of approximately 12.8%.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the summary of the consolidated statements of financial position of the group as at 30 June 2014 and as at 31 December 2012 and 2013 as extracted from the 2014 Interim Report and the 2013 Annual Report respectively:

	<b>As at 31 December</b>		<b>As at 30 June</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	(audited)	(audited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(restated)		
<b>Non-current assets</b>			
Investment properties	10,186,577	13,238,730	13,293,807
Property, plant and equipment	3,879,794	3,665,195	4,332,141
Leasehold land and land use rights	1,011,761	589,155	580,588
Properties under development	427,050	1,231,098	691,807
Other non-current assets	<u>1,480,510</u>	<u>558,650</u>	<u>594,361</u>
	<u><u>16,985,692</u></u>	<u><u>19,282,828</u></u>	<u><u>19,492,704</u></u>
<b>Current assets</b>			
Inventories	14,760	13,235	16,742
Properties held for sale	1,529,657	852,781	534,125
Properties under development for sale	38,876	469,356	625,373
Cash and cash equivalents	2,891,403	7,941,122	6,929,051
Other current assets	<u>3,241,120</u>	<u>645,077</u>	<u>612,410</u>
	<u>7,715,816</u>	<u>9,921,571</u>	<u>8,717,701</u>
<b>Total assets</b>	<u><u>24,701,508</u></u>	<u><u>29,204,399</u></u>	<u><u>28,210,405</u></u>
<b>Current liabilities</b>			
Bank and other borrowings	1,380,958	1,860,085	2,191,244
Other current liabilities	<u>9,949,100</u>	<u>4,559,647</u>	<u>3,122,469</u>
	<u>11,330,058</u>	<u>6,419,732</u>	<u>5,313,713</u>

<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b>
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	<b>As at 31 December</b>		<b>As at 30 June</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	(audited)	(audited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(restated)		
<b>Non-current liabilities</b>			
Bank and other borrowings	2,158,360	2,357,073	2,151,092
Other non-current liabilities	<u>1,824,613</u>	<u>2,363,377</u>	<u>2,384,795</u>
	<u>3,982,973</u>	<u>4,720,450</u>	<u>4,535,887</u>
<b>Total liabilities</b>	<u><u>15,313,031</u></u>	<u><u>11,140,182</u></u>	<u><u>9,849,600</u></u>
<b>Total equity</b>			
Equity attributable to owners			
of the Company	5,612,973	13,244,741	13,435,531
Non-controlling interests	<u>3,775,504</u>	<u>4,819,476</u>	<u>4,925,274</u>
	<u><u>9,388,477</u></u>	<u><u>18,064,217</u></u>	<u><u>18,360,805</u></u>

As at 31 December 2013, total assets of the Group amounted to approximately RMB29,204 million and total liabilities amounted to approximately RMB11,140 million. Total assets and total liabilities of the Group as at 31 December 2013 increased and decreased by approximately 18.2% and 27.3% respectively as compared with those as at 31 December 2012. The Group had cash and cash equivalents of approximately RMB7,941 million as at 31 December 2013, representing an increase of approximately 174.6% from 31 December 2012, which was primarily attributable to the revenue from property related operations, proceeds from the recovery of loan owed by related subsidiaries and associated companies and proceeds from the placement of new shares completed on 19 December 2013.

The Group had net current assets of approximately RMB3,502 million as at 31 December 2013. On the other hand, total bank and other borrowings increased by approximately 19.2% from approximately RMB3,539 million as at 31 December 2012 to approximately RMB4,217 million as at 31 December 2013, among which the current portion of bank and other borrowings increased by approximately 34.7% to approximately RMB1,860 million over the same period. Attributable to the Group's enhanced cash position and reduction of current liabilities as detailed above, the Group's current ratio improved from approximately 0.68 as at 31 December 2012 to approximately 1.55 as at 31 December 2013.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Total equity attributable to owners of the Company amounted to approximately RMB13,245 million as at 31 December 2013, representing an increase of approximately 136.0% as compared to approximately RMB5,613 million as at 31 December 2012. Such increase was mainly as a result of the contribution of net profit for the year ended 31 December 2013 and the completion of share placement in late 2013.

As at 30 June 2014, total assets of the Group amounted to approximately RMB28,210 million and total liabilities amounted to approximately RMB9,850 million. Total assets and total liabilities of the Group as at 30 June 2014 went down by approximately 3.4% and 11.6% respectively as compared with those as at 31 December 2013. The Group had cash and cash equivalents of approximately RMB6,929 million as at 30 June 2014, representing a drop of approximately 12.7% from that as of 31 December 2013, which was primarily attributable to purchases of properties, plants and equipment, payment for properties under construction and repayments of loans.

The Group recorded net current assets of approximately RMB3,404 million as at 30 June 2014. Total bank and other borrowings increased from approximately RMB4,217 million as at 31 December 2013 to approximately RMB4,342 million as at 30 June 2014, representing an increase of approximately 3.0%. The current ratio of the Group slightly improved from approximately 1.55 as at 31 December 2013 to approximately 1.64 as at 30 June 2014.

As at 30 June 2014, total equity attributable to owners of the Company amounted to approximately RMB13,436 million. The total equity attributable to owners of the Company as at 30 June 2014 has increased from that of 31 December 2013 as a result of the net profit recorded for the six months ended 30 June 2014.

## **2. Information on the Target Company and the Lands**

### *Nature and business of the Target Company*

As stated in the Board Letter, the Target Company is a company incorporated in 2014 in the PRC with limited liability and a wholly-owned subsidiary of the Vendor. It is principally engaged in property development and owns the Lands. Upon the completion of the Acquisition, the Target Company will be transformed into a wholly-foreign owned enterprise.

### *The Lands*

As disclosed in the Board Letter, the Lands are adjoining lands of which are located in Gongshu District, Hangzhou, the PRC (中國杭州市拱墅區) with a total site area of 75,375 sq. m.. In 2014, the Target Company acquired the Lands at a total consideration (which comprised the land premium and relevant tax paid) of approximately RMB2,778 million and obtained the state-owned land use rights certificate (國有土地使用權證) for the Lands. As advised by the Directors, one of the Lands with a site area of 9,473 sq. m.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

will be developed into residential properties with a planned gross floor area of no more than 23,682.5 sq.m. and the other one with a site area of 65,902 sq. m. will be developed into a commercial project under the brand “Joy City” with a planned gross floor area of no more than 283,378.6 sq.m. and as at the Latest Practicable Date, no material development had been carried out by the Target Company on the Lands.

### *Financial information of the Target Company*

As disclosed in the Board Letter, the registered capital of the Target Company is RMB50.00 million and its paid up capital is RMB12.50 million. Its unpaid registered capital of RMB37.50 million will be paid up by the Group after the completion of the Acquisition within one year after the obtaining of the new business licence of the Target Company.

Based on the unaudited financial statements of the Target Company for the year ended 31 December 2014 which are prepared in accordance with the HK GAAP, the unaudited total assets and net assets value of the Target Company as at 31 December 2014 were approximately RMB2,956.90 million and RMB47.26 million respectively.

The Target Company has not recorded any revenue or profit since its incorporation in 2014.

The unaudited profit (before and after tax) of the Target Company for the period from the date of incorporation to 31 December 2014 was as follows:

**For the period from  
the date of incorporation  
to 31 December 2014**  
*(RMB million)*

Profit before tax	47.22
Profit after tax	34.77

Such profit was mainly resulted from a change in fair value of the Lands which are held for commercial lease purpose.

As at 31 December 2014, the shareholder’s loans from the Vendor to the Target Company amounted to approximately RMB2,887.50 million. Such shareholder’s loans have been used to fund the acquisition costs of the Lands and the preliminary operating expenses of the Target Company. Such shareholder’s loans comprised two short-term loans of term running six months each. One (of a total outstanding principal amount of RMB1,637.50 million as at 31 December 2014) will mature on 21 April 2015 while the other (of a total outstanding principal amount of RMB1,250.00 million) will mature on 3 May 2015. Both loans are unsecured and bear interest at a rate of 7.5% per annum. As advised by the Directors, the Vendor has verbally confirmed to extend the shareholders’

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

loans for an infinite period of time until the Acquisition is completed and the Target Company has sufficient funds to repay them and the Group plans to repay the shareholder's loans, subject to completion of the Acquisition, by utilising the proceeds from the Capital Injection, the proceeds from the sale of the property projects to be constructed on the Lands and/ or bank borrowings. Given that the shareholder's loans are not secured by any assets of the Group and the Target Company and the terms of the shareholder's loans are on better commercial terms (given that those interest rates are lower than that offered by independent financial institutions based on the quotations sourced from them for similar period, type and amount of loans), the shareholder's loans after completion of the Acquisition will constitute fully exempt connected transaction under Rule 14A.90 of the Listing Rules.

### 3. Valuation of the Lands

According to the valuation report (the "**Valuation Report**") of Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the "**Valuer**"), an independent property valuer (the details of which are set out in Appendix I to the Circular), the valuation (the "**Valuation**") of the Lands as at 31 December 2014 was approximately RMB2,954 million in aggregate.

We have reviewed the Valuation Report and discussed with the Valuer in respect of the methodology of, and the bases and assumptions adopted for the Valuation and adjustments made to arrive at the Valuation. We noted that the Valuer has carried out site inspection of the Lands and has adopted the direct comparison approach by marking reference to comparable sales transactions as available in the relevant market, which is considered as common and reasonable approach in valuing such form of property interest and is also consistent with normal market practice. As advised by the Valuer, in the Valuation, it has identified and analysed various sales evidences of similar nature as the Lands in Gongshu District, Hangzhou City, the PRC. We were also given to understand that, in arriving at the unit rates per sq. m. of the Lands, adjustments have been made by the Valuer after considering factors including the differences in location, size, date of transaction, land use period and plot ratio of relevant comparable sales transactions. Based on our discussion with the Valuer as detailed above and our independent research of various sales evidences on the internet, we considered that the Valuation of the Lands, including the assumed unit rates per sq. m. of the Lands, is fair and reasonable.

We have also reviewed and enquired into (i) the terms of engagement of the Valuer (including its independence) with the Company; (ii) the qualification and experience of the Valuer in relation to the valuation of similar property interests in the PRC and the preparation of the Valuation Report; (iii) the steps and works taken by the Valuer in conducting the Valuation; and (iv) the information and representations provided by the Group to the Valuer. From the engagement letter and other relevant information provided by the Valuer and based on our interview with it, we noted that (a) Eddie T.W. Yiu is a Chartered Surveyor who has 21 years' experience in the valuation of properties in Hong Kong and the PRC as well as

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

relevant experience in the Asia-Pacific region and has supervised and reviewed the work of Mr. Edward Yang (who has obtained the bachelor degree in construction management and has 2 years' experience in the valuation of properties in the PRC), which we considered as qualified for the preparation of the Valuation Report; and (b) the scope of work of the Valuer is appropriate to form the opinion required to be given and there is no limitation on the scope of work which might have an adverse impact on the degree of assurance given by the Valuer in the Valuation Report.

Further details of the basis and assumptions of the Valuation are included in the Valuation Report. During our discussion with the Valuer, we have not identified any major factors which cause us to doubt the fairness and reasonableness of the principal basis and assumptions adopted for or the information used in the Valuation. Nevertheless, Shareholders should note that valuation of lands usually involves assumptions and therefore the Valuation may or may not reflect the true market value of the Lands accurately.

#### **4. Reasons for and benefit of the Acquisition and the Capital Injection**

As disclosed in the Board Letter, the Group has long-term development strategy and deployment in Yangtze Delta economic circle and Hangzhou is one of the key cities in that region.

As disclosed in the 2014 Interim Report, the Group held a portfolio of 12 property projects in Beijing, Shanghai, Sanya, Chengdu, Nanchang, Suzhou and Hong Kong. With constant support from COFCO Corporation, its parent company, and relentless efforts made by the experienced management team, the Group would fully capture the emerging opportunities for speedy development in the developing cities of China. As detailed in the paragraph headed "Recent development of the Group" above, in late 2014, the Group completed acquisition of certain property projects in China which would be developed under the flagship brand name "Joy City (大悅城)". As advised by the Directors, the Acquisition would allow the Group to add its footprint in Hangzhou under the flagship brand "Joy City (大悅城)".

In addition to the Acquisition, the Purchaser was committed to increase the registered capital of the Target Company by RMB2,450 million (equivalent to approximately HK\$3,105.71 million) after the completion of the Acquisition. As advised by the Directors, the amount of the Capital Injection is intended to be used for repayment of shareholders' loans of the Target Company.

Having considered the above, we are of the view that the Acquisition and the Capital Injection are in line with the Group's business strategy to strengthen its position as a mixed-use complex and commercial property developer under the flagship brand "Joy City (大悅城)".

**5. Principal terms of the Acquisition Agreement**

On 3 February 2015, the Purchaser, the Vendor and the Target Company entered into the Acquisition Agreement pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Company at the Consideration of RMB43.76 million (equivalent to approximately HK\$55.47 million).

*Assets to be acquired*

The entire equity interest in the Target Company.

*Consideration*

The Consideration payable by the Purchaser to the Vendor for the Acquisition is RMB43.76 million (equivalent to approximately HK\$55.47 million) which shall be satisfied by the Purchaser in cash within three months after the change of shareholder of the Target Company from the Vendor to the Purchaser at the business registration department in China is completed.

As discussed with the Directors, the Consideration was determined after arm's length commercial negotiations between the Group and the Vendor with reference to (i) the net asset value of the Target Company of approximately RMB47.26 million as at 31 December 2014 based on the unaudited financial statements of the Company which are prepared in accordance with the HK GAAP and (ii) the increased value attributable to the portion of the Lands which are held for development of properties for sale of approximately RMB30.78 million (the "**Increased Value**") as at 31 December 2014, being the difference of the book value of approximately RMB1,762.58 million and the valuation of approximately RMB1,793.36 million as at 31 December 2014 with respect to such portion of the Lands based on the preliminary valuation on the Lands by the Valuer. As advised by the Directors, the other portion of the Lands which are held for development of properties to earn rentals are measured and presented at their fair values using the fair value model (based on the valuation on the Lands by the Valuer as at 31 December 2014) and any gains and losses arising from changes in fair value are included in profit or loss for the period in which they arise.

As advised by the Directors, the Consideration will be funded by the internal resources of the Group.

<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b>
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The Consideration represented a discount of approximately 43.9% to the adjusted net asset value of the Target Company (the “Adjusted NAV”) as set out below:

	<i>RMB million</i>
Net assets value as at 31 December 2014	47.26
Increased Value	30.78
Adjusted NAV	78.04
The Consideration	43.76
Discount to the Adjusted NAV	43.9%

The Adjusted NAV was arrived at after taking into account the Valuation of the Lands and based on our review of the Valuation of the Lands as detailed in the section headed “3. Valuation of the Lands” above and the calculation of the Adjusted NAV, we are of the view that the Consideration, representing a discount of approximately 43.9% to the Adjusted NAV as detailed above, is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

*Increase of registered capital of the Target Company*

Pursuant to the Acquisition Agreement, the Purchaser has also committed to increase the registered capital of the Target Company by RMB2,450 million (equivalent to approximately HK\$3,105.71 million) after the completion of the Acquisition. The increased portion of the registered capital shall be paid up by the Group within one year after obtaining the business licence in respect of the increase in registered capital.

Upon the completion of the Capital Injection, the registered capital of the Target Company will be increased from RMB50 million to RMB2,500 million and the total investment amount of the Target Company will be RMB5,000 million.

As advised by the Directors, the Group intends to satisfy the Capital Injection by internal cash and bank balances of the Group or cash and bank balances of the Group together with a small amount of bank borrowings by the time it is required to pay up the Capital Injection.

**6. Possible financial effects of the Acquisition and Capital Injection on the Group**

The Target Company will become indirect wholly-owned subsidiary of the Company upon completion of the Acquisition and the financial results of the Target Company will be fully consolidated into the Group’s consolidated financial statements. As advised by the Directors, the Target Company has not recorded any revenue since its incorporation in 2014

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and the Lands were yet to be developed. The results of the Target Company will be subject to any change in fair value of the Lands which are held for commercial lease purpose, which will be reflected in the Group's consolidated statement of profit or loss.

Since the assets and liabilities of the Target Company would be fully consolidated into the financial statements of the Group upon completion of the Acquisition and the Consideration represented a discount to the net asset value of the Target Company, the net asset value of the Group would be enhanced upon completion of the Acquisition.

Since the Company intends to satisfy the Consideration and the Capital Injection in cash by internal resources and/or small amount of bank borrowings of the Group, the Group's cash and bank balances would be reduced. As advised by the Directors, the Company intends to satisfy the Consideration and the Capital Injection by internal cash and bank balances in full and may supplement by bank borrowings if internal cash and bank balances are in shortfall by the time it is required to pay up the Capital Injection. We concur with the Directors' view that they will have sufficient resources for satisfying the Consideration and the Capital Injection. As advised by the Directors, the Group plans to repay the shareholder's loans of the Target Company, subject to completion of the Acquisition, by utilising the proceeds from the Capital Injection, the proceeds from the sale of the property projects to be constructed on the Lands and/or bank borrowings, which is expected to have no further material impact to the Group's cash and bank balances.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Acquisition and the Capital Injection.

### RECOMMENDATION

Having considered the above principal factors and reasons set out above, we are of the view that the terms of the Acquisition Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Acquisition Agreement is for the ordinary and usual course of business of the Group and is in the interest of the Group and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Halcyon Capital Limited**  
**Terry Chu**  
*Managing Director*

*The following is the text of a letter and a valuation certificate, prepared for the purpose of incorporation in this Circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer and consultant, in connection with its valuation as at 31 December 2014 of the property interest held by Zhejiang Herun Tiancheng Real Estate Company Limited.*



Jones Lang LaSalle Corporate Appraisal and Advisory Limited  
6/F Three Pacific Place 1 Queen's Road East Hong Kong  
tel +852 2846 5000 fax +852 2169 6001  
Licence No.: C-030171

6 March 2015

The Board of Directors  
Joy City Property Limited  
33/F., Top Glory Tower  
262 Gloucester Road  
Causeway Bay  
Hong Kong

Dear Sirs,

On 3 February 2015, Speedy Cosmo Limited (the “Purchaser” or “Speedy Cosmo”), an indirect wholly-owned subsidiary of the Company, Shanghai Wanliang Enterprise Management Consultancy Company Limited (the “Vendor” or Shanghai Wanliang”) and Zhejiang Herun Tiancheng Real Estate Company Limited (the “Target Company” or “Zhejiang Herun Tiancheng”) entered into the Acquisition Agreement pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Company at the Consideration of RMB43.76 million (equivalent to approximately HK\$55.47 million) in accordance with the terms and conditions of the Acquisition Agreement.

In accordance with your instructions to value the property interest held by Zhejiang Herun Tiancheng in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspections, made relevant enquiries and searches 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 interest as at 31 December 2014 (the “valuation date”).

Our valuation is carried out on a market value basis. Market value is defined as “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”.

We have valued the property interest by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.



Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense 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.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Company and Zhejiang Herun Tiancheng and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, and particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates and official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by King & Wood Mallesons, a firm of licensed PRC legal advisers, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

The site inspection was carried out in January 2015 by Mr. Edward Yang who has obtained the bachelor degree in construction management and has 2 years' experience in the valuation of properties in the PRC. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Zhejiang Herun Tiancheng and the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached.

Yours faithfully,

For and on behalf of

**Jones Lang LaSalle Corporate Appraisal and Advisory Limited**

**Eddie T.W. Yiu**

*MRICS MHKIS RPS (GP)*

*Director*

*Note:* Eddie T.W. Yiu is a Chartered Surveyor who has 21 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

## VALUATION CERTIFICATE

## Property interest held for future development by Zhejiang Herun Tiancheng in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2014 RMB
Two parcels of land known as Lot R21-05 and Lot B1/B2/B3-01 Qinglong Danyuan (慶隆單元) located at the western side of Moganshan Road, the northern side of Yuhang Tang River, the eastern side of Yonggu Road and the southern side of Yinxiu Road Gongshu District Hangzhou City Zhejiang Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 75,375 sq.m., which will be developed into a residential/commercial project.	The property is currently vacant.	2,954,000,000
	The property is located at the south-eastern part of Gongshu District. The subject area of the property is well-served by the main road with 20 minutes' driving distance to the city centre of Hangzhou. The locality of the property is a newly-developed residential area with various commercial facilities under construction.		
	As advised, there is no specific development scheme up to the valuation date.		
	The land use rights of the property have been granted for terms of 40 years with the expiry date on 17 November 2054 for commercial use and 70 years with the expiry date on 17 November 2084 for residential use.		

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 17 January 2014 entered into between Hangzhou State-owned Land Resources Administration Bureau and Hebei Tian Cheng Real Estate Development Co., Ltd. ("Hebei Tian Cheng") and a Supplementary Agreement dated 21 March 2014 entered into among Hangzhou State-owned Land Resources Administration Bureau, Hebei Tian Cheng and Zhejiang Herun Tiancheng, the land use rights of a parcel of land of the property were contracted to be granted to Zhejiang Herun Tiancheng with the particulars as follows:

Site Area	:	65,902 sq.m.
Land Use	:	Commercial
Plot Ratio	:	4.3
Land Premium	:	RMB2,270,580,000

2. Pursuant to a State-owned Land Use Rights Grant Contract dated 17 January 2014 entered into between Hangzhou State-owned Land Resources Administration Bureau and Hebei Tian Cheng and a Supplementary Agreement dated 21 March 2014 entered into among Hangzhou State-owned Land Resources Administration Bureau, Hebei Tian Cheng and Zhejiang Herun Tiancheng, the land use rights of the remaining parcel of land of the property were contracted to be granted to Zhejiang Herun Tiancheng with the particulars as follows:
- |              |   |                |
|--------------|---|----------------|
| Site Area    | : | 9,473 sq.m.    |
| Land Use     | : | Residential    |
| Plot Ratio   | : | 2.5            |
| Land Premium | : | RMB424,000,000 |
3. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 330100201400094 in favour of Hebei Tian Cheng, permission towards the planning of the commercial land of the property with a site area of approximately 65,902 sq.m. has been approved.
4. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 330100201400095 in favour of Hebei Tian Cheng, permission towards the planning of the residential land of the property with a site area of approximately 9,473 sq.m. has been approved.
5. Pursuant to a State-owned Land Use Rights Certificate — Hang Gong Guo Yong (2014) Di No. 100114 dated 21 November 2014, the land use rights of a parcel of land of the property with a site area of approximately 65,902 sq.m. were granted to Zhejiang Herun Tiancheng for a term of 40 years with the expiry date on 17 November 2054 for commercial use.
6. Pursuant to a State-owned Land Use Rights Certificate — Hang Gong Guo Yong (2014) Di No. 100113 dated 21 November 2014, the land use rights of the remaining parcel of land of the property with a site area of approximately 9,473 sq.m. were granted to Zhejiang Herun Tiancheng for a term of 70 years with the expiry date on 17 November 2084 for residential use.
7. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The accommodation value of these comparables range from RMB6,400/sq.m. to RMB9,500/sq.m. for commercial land and RMB15,900/sq.m. to RMB17,500/sq.m. for residential land. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of RMB8,930/sq.m. for commercial land and RMB17,900/sq.m. for residential land of the property. In conclusion, the valuation for commercial land and residential land of the property are RMB2,530,000,000 and RMB424,000,000 respectively.
8. We have been provided with a legal opinion regarding the property interest by King & Wood Mallesons, which contains, *inter alia*, the following:
- Zhejiang Herun Tiancheng has obtained the land use rights of the property; and
  - Zhejiang Herun Tiancheng has the rights to occupy, lease, transfer and mortgage the property.

9. A summary of major certificates/approvals obtained by Zhejiang Herun Tiancheng is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Construction Land Planning Permit	Yes
c.	Construction Work Planning Permit	No
d.	Construction Work Commencement Permit	Not available
e.	Pre-sales Permit	Not available
f.	Construction Work Completion and Inspection Certificate/Table	Not available

As advised by Zhejiang Herun Tiancheng, the Construction Work Planning Permits of the commercial land and residential land are scheduled to be obtained in the first quarter of 2016 and July 2015 respectively. The property was in vacant status as at the valuation date. The “Not available” in d to f in note 9 stands for not available corresponding to current development stage of the property.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the 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.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which 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/she 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 for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules (the “Model Code”), to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director/ Chief Executive	Company/ Name of associated corporation	Capacity	Number of Issued ordinary shares held <i>(Note 1)</i>	Number underlying shares held	Approximate percentage of the issued share capital <i>(%)</i>
Ma Jianping	China Foods Limited	Beneficial owner	—	600,000 <i>(Note 2)</i>	0.0214% <i>(Note 4)</i>
Han Shi	China Agri-Industries Holdings Limited	Beneficial owner	153,400	—	0.0029% <i>(Note 5)</i>
Ma Wangjun	China Agri-Industries Holdings Limited	Beneficial owner	—	583,000 <i>(Note 3)</i>	0.0111% <i>(Note 5)</i>
Lam Kin Ming, Lawrence	The Company	Beneficial owner	6,000	—	0.00006% <i>(Note 6)</i>

Notes:

- Long positions in the ordinary shares of the Company or its associated corporations, other than equity derivatives such as share options, warrants or convertible bonds.
- 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 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 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 to five decimal places) was calculated based on the total number of ordinary shares of the Company in issue as at the Latest Practicable Date, i.e. 9,487,416,572 ordinary shares.

Save as 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/she 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 Limited (“**Achieve Bloom**”) was interested in 6,359,043,360 Shares and 1,095,300,778 non-redeemable convertible preference shares of HK\$0.10 each in the share capital of the Company (“**CPS**”) (both held by it directly as beneficial owner), representing approximately 67.03% of the total number of Shares in issue and 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 Divisions 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, Mr. Ma Wangjun, Mr. Zhou Zheng and Mr. Han Shi 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 which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

### 3. INTERESTS IN ASSETS OR CONTRACT 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 2013, 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.

#### **4. MATERIAL ADVERSE CHANGE**

As disclosed in the profit warning announcement issued by the Company dated 23 January 2015, the Group was expected to record an approximately 45% to 50% decrease in the consolidated profit for the year ended 31 December 2014, as compared to that recorded in the unaudited pro forma consolidated financial information of the Company for the year ended 31 December 2013. As disclosed in such announcement, based on the information available to the Company, the Board believed that the decrease in the consolidated profit was due to following reasons: (a) primarily, approximately 90% of the expected decrease in profit was attributable to the expected lesser increase in the fair value of the Group's investment properties for the year ended 31 December 2014 as compared to that recorded in the unaudited pro forma consolidated financial information of the Company for the year ended 31 December 2013. The lesser increase in the fair value of the Group's investment properties for the six months ended 30 June 2014 has resulted in a significant decline in the profit for the relevant period. For the second half of 2014, according to the preliminary assessment of the Board, there was no significant change in the increase in the fair value of the Group's investment properties as compared to that for the same period of 2013; and (b) to a lesser extent, the expected decrease in profit was also attributable to (i) the increased operating costs and expenses in relation to the opening of three new property projects (W Beijing — Chang'an, Waldorf Astoria Beijing and Yantai Joy City) of the Group in 2014; (ii) these three newly-opened projects had not yet started to generate any significant revenue or profit at their initial operating stage during the relevant period to cover such operating costs and expenses; and (iii) the decrease in revenue from the sales of the properties during the year 2014 which was due to the decrease in the total gross floor area sold and delivered by the Group.

As also disclosed in the profit warning announcement issued by the Company dated 25 June 2014, the Group was expected to record a significant decline in profit for the six months ended 30 June 2014 as compared to that for the corresponding period in the previous year mainly due to the expected lesser increase in the fair value of the Group's investment properties at the relevant time.

The Directors confirm that, save as disclosed above, 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 2013, being the date to which the latest audited consolidated financial statements of the Group were made up.

#### **5. 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)).



## 6. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates were materially 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.

## 7. EXPERTS AND CONSENT

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

<b>Name</b>	<b>Qualification</b>
Halcyon Capital Limited	Independent Financial Adviser
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer
King & Wood Mallesons	PRC legal adviser

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

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 2013 (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.

## 8. LEGAL PROCEEDINGS OF THE ENLARGED GROUP

As at the Latest Practicable Date, none of the members of the Enlarged Group was engaged in any litigations, 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 Enlarged Group.

**9. 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., Top Glory 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 26 Burnaby Street, Hamilton HM 11, 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.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copy of the Acquisition Agreement and the consents of the experts referred to in the paragraph headed "Experts and Consent" in this appendix above is 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, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong from the date of this circular up to and including the date of the SGM.

**11. MISCELLANEOUS**

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

NOTICE OF THE SGM



**JOY CITY PROPERTY LIMITED**

**大悅城地產有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 207)**

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of Joy City Property Limited (the “**Company**”) will be held at 9:30 a.m. on Tuesday, 24 March 2015 at Gloucester Room II, 3rd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong 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 6 March 2015 issued by the Company (the “**Circular**”) shall have the same meanings when used herein unless otherwise specified.

**ORDINARY RESOLUTION**

**“THAT:**

- (a) the Acquisition Agreement and the transactions contemplated thereunder 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 this resolution.”

On behalf of the Board  
**JOY CITY PROPERTY LIMITED**  
**ZHOU Zheng**  
*Chairman*

PRC, 6 March 2015

## NOTICE OF THE SGM

*Notes:*

1. The register of members of the Company will be closed for registration of transfer of Shares from Friday, 20 March 2015 to Tuesday, 24 March 2015, both days inclusive to determine the entitlement to attend and vote at the SGM. In order to qualify for attending and voting at the SGM, all transfer documents should be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, on or before 4:30 p.m., Thursday, 19 March 2015.
2. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. 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 to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. Where there are joint registered holders of any share, any one of such persons may vote at the SGM, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share, shall alone be entitled to vote in respect thereof.
4. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the SGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. The resolution at the SGM will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
6. As at the date of this notice, the Board comprises Mr. ZHOU Zheng (Chairman) and Mr. HAN Shi as executive Directors; Mr. SHI Zhuowei, Mr. MA Jianping, Mr. MA Wangjun and Ms. JIANG Hua 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.