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**China Jinmao Holdings Group
Limited**

中國金茂控股集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00817)



**JINMAO PROPERTY SERVICES
CO., LIMITED**

金茂物業服務發展股份有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00816)

**JOINT ANNOUNCEMENT
CONNECTED TRANSACTION
PROPERTY LEASE AGREEMENT**

The board of directors announces that Jinmao Services has recently successfully obtained, by way of competitive bidding, ChemChina's leasing project located at Zhonghaojiayuan Community in Haidian District, Beijing, the PRC. Jinmao Services will lease 82 residential properties, and may then lease them out to employees of Sinochem Holdings or other third parties and carry out community value-added services and other businesses after necessary renovation and maintenance are made. Accordingly, on 13 December 2023, Jinmao PM, a wholly-owned subsidiary of Jinmao Services, entered into a lease agreement with ChemChina, pursuant to which Jinmao PM (as the lessee) will lease the Properties located in Haidian District, Beijing, the PRC from ChemChina (as the lessor) for a term of five years from 31 January 2024 to 30 January 2029.

IMPLICATIONS OF THE LISTING RULES

As at the date of this joint announcement, Sinochem Holdings is the ultimate controlling shareholder of China Jinmao and Jinmao Services, indirectly interested in approximately 37.09% and 74.76% of the total number of issued shares of China Jinmao and Jinmao Services, respectively; and Jinmao Services is a non-wholly owned subsidiary of China Jinmao. ChemChina is a wholly-owned subsidiary of Sinochem Holdings and is therefore a connected person of China Jinmao and Jinmao Services.

In accordance with HKFRS 16 "Leases", the rentals to be paid by Jinmao PM under the Lease Agreement will be recognised as a right-of-use asset and will be regarded as an acquisition of assets by the China Jinmao Group/Jinmao Services Group for the purpose of the Listing Rules. Therefore, the transaction under the Lease Agreement constitutes a connected transaction of China Jinmao and Jinmao Services, respectively, under Chapter 14A of the Listing Rules.

With regard to China Jinmao and Jinmao Services, given that the relevant applicable percentage ratios in respect of the total value of the right-of-use asset to be recognised under the Lease Agreement are more than 0.1% but less than 5%, the transaction contemplated under the Lease Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. BACKGROUND

The board of directors announces that Jinmao Services has recently successfully obtained, by way of competitive bidding, ChemChina's leasing project located at Zhonghaojiayuan Community in Haidian District, Beijing, the PRC. Jinmao Services will lease 82 residential properties, and may then lease them out to employees of Sinochem Holdings or other third parties after necessary renovation and maintenance are made. Accordingly, on 13 December 2023, Jinmao PM, a wholly-owned subsidiary of Jinmao Services, entered into a lease agreement with ChemChina, pursuant to which Jinmao PM (as the lessee) will lease the Properties from ChemChina (as the lessor) for a term of five years from 31 January 2024 to 30 January 2029.

2. PRINCIPAL TERMS OF THE LEASE AGREEMENT

Date : 13 December 2023

Parties : Jinmao PM (lessee)
ChemChina (lessor)

Lease term : Five years from 31 January 2024 to 30 January 2029

Properties : 82 vacant housing units located at Zhonghaojiayuan, No. 19, Fushi Road, Haidian District, Beijing, the PRC, with a gross floor area of approximately 8,429 square metres

Rentals : During the lease term, the average monthly rental is RMB42/square metre, and the total rental (tax inclusive) is approximately RMB21.24 million, payable on a quarterly basis, and except for the first rental installment, each rental installment shall be paid within ten days before the expiration of each lease term.

The rentals of the Properties were determined through an arm's length negotiation between Jinmao Services Group and ChemChina on normal commercial terms. In determining the rentals, Jinmao Services Group has made reference to the rates of similar types of properties in the surrounding areas and the general conditions of the Properties (such as location, year of construction, renovation condition, potential tenants, etc.).

Purpose : For leasing operations and carrying out community value-added services, etc.

3. RIGHT-OF-USE ASSET

In accordance with HKFRS 16 “Leases”, each of China Jinmao and Jinmao Services will recognise right-of-use assets in their respective consolidated statement of financial position in connection with the Lease Agreement. The estimated value of the right-of-use assets to be recognised by China Jinmao and Jinmao Services under the Lease Agreement is approximately RMB18.16 million, which is calculated based on the present value of lease payment and estimated restoration costs in accordance with HKFRS 16. A discount rate of 4.2% per annum is adopted in calculating the present value of the lease payment. Please note that the above figures are unaudited and subject to future adjustment.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

The Properties are situated in Haidian District, Beijing, the PRC, with convenient transportation, nearby amenities such as schools, hospitals, malls, etc., and well-developed surrounding ancillary facilities and a relatively dense population. By entering into the Lease Agreement, Jinmao Services will obtain the leasehold right of the Properties for a term of five years to conduct leasing operations and carry out community value-added services, etc. Jinmao Services anticipates that employees of Sinochem Holdings will have the priority to rent the Properties, so that it is expected to achieve a higher occupancy rate for the Properties. Jinmao Services can freely lease vacant areas to other third parties in the event that the Properties are not fully occupied. After deducting the rentals and costs paid by Jinmao Services for leasing and renovating the Properties, it will bring stable revenue and profit to Jinmao Services Group and further facilitate the diversified business development of Jinmao Services Group.

As Jinmao Services is a subsidiary of China Jinmao, China Jinmao will benefit from any potential upside in the business of the Jinmao Services Group as a result of its entering into of the transaction contemplated under the Lease Agreement, through consolidation of the accounts of the Jinmao Services Group and receipt of dividend income from the Jinmao Services Group.

The directors of China Jinmao (including the independent non-executive directors of China Jinmao) and the directors of Jinmao Services (including the independent non-executive directors of Jinmao Services) are of the view that the transaction contemplated under the Lease Agreement is conducted on normal commercial terms and entered into in the ordinary and usual course of business, is fair and reasonable and in the interests of each of China Jinmao and Jinmao Services and their respective shareholders as a whole.

As Mr. CHENG Yong and Ms. CHEN Aihua, being directors of China Jinmao, are also employees of Sinochem Holdings, they have abstained from voting on the relevant board resolution of China Jinmao to approve the transaction contemplated under the Lease Agreement.

None of the directors of Jinmao Services is regarded as having a material interest in the transaction contemplated under the Lease Agreement, and hence none of them has abstained from voting on the relevant board resolution of Jinmao Services to approve the transaction contemplated under the Lease Agreement.

5. IMPLICATIONS OF THE LISTING RULES

As at the date of this joint announcement, Sinochem Holdings is the ultimate controlling shareholder of China Jinmao and Jinmao Services, indirectly interested in approximately 37.09% and 74.76% of the total number of issued shares of China Jinmao and Jinmao Services, respectively; and Jinmao Services is a non-wholly owned subsidiary of China Jinmao. ChemChina is a wholly-owned subsidiary of Sinochem Holdings and is therefore a connected person of China Jinmao and Jinmao Services.

In accordance with HKFRS 16 “Leases”, the rentals to be paid by Jinmao PM under the Lease Agreement will be recognised as a right-of-use asset and will be regarded as an acquisition of assets by the China Jinmao Group/Jinmao Services Group for the purpose of the Listing Rules. Therefore, the transaction under the Lease Agreement constitutes a connected transaction of China Jinmao and Jinmao Services, respectively, under Chapter 14A of the Listing Rules.

With regard to China Jinmao and Jinmao Services, given that the relevant applicable percentage ratios in respect of the total value of the right-of-use asset to be recognised under the Lease Agreement are more than 0.1% but less than 5%, the transaction contemplated under the Lease Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

6. GENERAL INFORMATION

The Jinmao Services Group is a fast-growing upscale property management and city operation service provider in the PRC, and is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services.

China Jinmao is a large-scale developer and operator of quality real estate projects in the PRC, and the platform enterprise of Sinochem Holdings in the development of real estate business. China Jinmao is principally engaged in city operations, property development, commercial leasing, retail operations, hotel operations, as well as technology and services.

Sinochem Holdings is a large-scale chemical conglomerate, and operates in eight business sectors covering life science, materials science, basic chemicals, environmental science, rubber and tire, machinery and equipment, city operations, and industrial finance. The sole shareholder of Sinochem Holdings is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

As a wholly-owned subsidiary of Sinochem Holdings, ChemChina has six business segments, namely new chemical materials and specialty chemicals, agrochemicals, oil processing and refined products, tire & rubber products, chemical equipment, and research and development design.

7. DEFINITIONS

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

“China Jinmao”	China Jinmao Holdings Group Limited (中國金茂控股集團有限公司), a company incorporated in Hong Kong with limited liability and the immediate controlling shareholder of Jinmao Services, the shares of which are listed on the Stock Exchange (stock code: 00817)
“China Jinmao Group”	China Jinmao and its subsidiaries
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jinmao PM”	Sinochem Jinmao Property Management (Beijing) Co., Ltd. (中化金茂物業管理(北京)有限公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Jinmao Services
“Jinmao Services”	Jinmao Property Services Co., Limited (金茂物業服務發展股份有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 00816)
“Jinmao Services Group”	Jinmao Services and its subsidiaries
“Lease Agreement”	the Vacant Housing Lease Agreement entered into between Jinmao PM and ChemChina on 13 December 2023 for the lease of the Properties
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this joint announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan

“Properties”	82 vacant housing units located at Zhonghaojiayuan, No. 19, Fushi Road, Haidian District, Beijing, the PRC, with a gross floor area of 8,429 square metres
“RMB”	Renminbi, the lawful currency of the PRC
“Sinochem Holdings”	Sinochem Holdings Corporation Ltd. (中國中化控股有限責任公司), a state-owned enterprise incorporated in the PRC, which is the ultimate controlling shareholder of China Jinmao
“ChemChina”	China National Chemical Corporation (中國化工集團有限公司), a state-owned enterprise incorporated in the PRC, and a wholly-owned subsidiary of Sinochem Holdings
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“%”	per cent

By order of the board of directors
China Jinmao Holdings Group Limited
ZHANG Zenggen
Chairman

By order of the board of directors
Jinmao Property Services Co., Limited
SONG Liuyi
Chairman

Hong Kong, 13 December 2023

As at the date of this joint announcement, the board of directors of China Jinmao comprises Mr. ZHANG Zenggen (Chairman), Mr. TAO Tianhai, Mr. ZHANG Hui and Ms. QIAO Xiaojie as executive directors; Mr. CHENG Yong, Ms. CHEN Aihua, Mr. AN Hongjun and Ms. WANG Wei as non-executive directors; and Mr. SU Xijia, Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei as independent non-executive directors.

As at the date of this joint announcement, the board of directors of Jinmao Services comprises Mr. SONG Liuyi (Chairman), Mr. XIE Wei and Ms. ZHOU Liye as executive directors; Ms. QIAO Xiaojie and Mr. GAN Yong as non-executive directors; and Dr. CHEN Jieping, Dr. Han Jian and Mr. Sincere WONG as independent non-executive directors.