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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)

ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
DEEMED DISPOSAL OF EQUITY INTERESTS IN XI'AN RUNMAO

The Board announces that, on 28 December 2023, the Company and Jinmao Huadong (a wholly-owned subsidiary of the Company) entered into the Capital Increase Agreement with Hangzhou Mancheng and Shenzhen Yulu, pursuant to which, Jinmao Huadong, Hangzhou Mancheng and Shenzhen Yulu agreed to contribute RMB500 million, RMB400 million and RMB90 million to Xi'an Runmao, respectively. Upon completion of the Runmao Capital Increase, the registered capital of Xi'an Runmao will be increased from RMB10 million to RMB1,000 million. The Group, Hangzhou Mancheng and Shenzhen Yulu will hold 51%, 40% and 9% equity interests in Xi'an Runmao, respectively, and jointly develop the Shanghai Land Parcel through Xi'an Runmao and its wholly-owned subsidiary, Shanghai Xiaomao. Xi'an Runmao and Shanghai Xiaomao remain as non-wholly owned subsidiaries of the Company.

According to the Listing Rules, the Transaction in which Hangzhou Mancheng and Shenzhen Yulu contribute a total of RMB490 million to Xi'an Runmao and acquire 49% equity interests in Xi'an Runmao constitutes the deemed disposal of the Company's equity interests in Xi'an Runmao. As the highest applicable percentage ratio in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

The Board announces that, on 28 December 2023, the Company and Jinmao Huadong (a wholly-owned subsidiary of the Company) entered into the Capital Increase Agreement with Hangzhou Mancheng and Shenzhen Yulu, pursuant to which, Jinmao Huadong, Hangzhou Mancheng and Shenzhen Yulu agreed to contribute RMB500 million, RMB400 million and RMB90 million to Xi'an Runmao, respectively. Upon completion of the Runmao Capital Increase, the registered capital of Xi'an Runmao will increase from RMB10 million to RMB1,000 million. The Group, Hangzhou Mancheng and Shenzhen Yulu will hold 51%, 40% and 9% equity interests in Xi'an Runmao, respectively, and jointly develop the Shanghai Land Parcel through Xi'an Runmao and its wholly-owned subsidiary, Shanghai Xiaomao. The cooperation intention funds in an aggregate amount of RMB1,617 million previously provided to Xi'an Runmao by Hangzhou Mancheng and Shenzhen Yulu, will be converted into a shareholders' loan to Xi'an Runmao. Xi'an Runmao and Shanghai Xiaomao remain as non-wholly owned subsidiaries of the Company.

PRINCIPAL TERMS OF THE CAPITAL INCREASE AGREEMENT

Date

28 December 2023

Parties

- the Company;
- Jinmao Huadong;
- Hangzhou Mancheng;
- Shenzhen Yulu; and
- Xi'an Runmao

The Runmao Capital Increase

The registered capital of Xi'an Runmao will be increased from RMB10 million to RMB1,000 million. The additional registered capital of RMB500 million, RMB400 million and RMB90 million will be subscribed for by Jinmao Huadong, Hangzhou Mancheng and Shenzhen Yulu, respectively, and shall be paid in full within five working days after the signing of the Capital Increase Agreement. Upon completion of the capital increase, Xi'an Runmao will be held as to 1%, 50%, 40% and 9% equity interests by the Company, Jinmao Huadong, Hangzhou Mancheng and Shenzhen Yulu, respectively.

The additional capital will be used for the daily operation of Xi'an Runmao and the investment and development of the Shanghai Land Parcel.

The additional registered capital to be subscribed for and paid by Jinmao Huadong would be funded by the internal resources of the Group.

The consideration for the Runmao Capital Increase was arrived at through the listing-for-sale process organized by the Beijing Equity Exchange, and was the minimum price set forth in the listing-for-sale document. The minimum price was arrived at based on the appraised value of the net assets of Xi'an Runmao as of 31 July 2023 (i.e., approximately RMB-68,200), taking into account the amount of existing registered capital of Xi'an Runmao. The valuation was conducted by an independent valuation institution, Shanghai Cairui Asset Valuation Company Limited (上海財瑞資產評估有限公司) with the use of asset-based approach, mainly taking into account the asset appreciation of the Shanghai Land Parcel.

Corporate Governance

Upon completion of the Runmao Capital Increase, the board of directors of Xi'an Runmao consists of five directors, of whom three shall be appointed by Jinmao Huadong, one shall be appointed by Hangzhou Mancheng and one shall be appointed by Shenzhen Yulu. The chairman of the board of directors shall be a director appointed by Jinmao Huadong and shall serve as the legal representative of Xi'an Runmao. Xi'an Runmao shall have two supervisors, with each being appointed by Hangzhou Mancheng and Shenzhen Yulu, respectively.

The general manager of Xi'an Runmao shall be appointed by Jinmao Huadong and responsible for the daily operation and management of Xi'an Runmao and the overall operation as well as project development and construction. The financial controller shall be appointed by Jinmao Huadong, and Hangzhou Mancheng and Shenzhen Yulu shall each appoint a financial officer.

The scopes of responsibilities of the shareholders' meeting, the board of directors, the supervisors and the general manager of Shanghai Xiaomao are consistent with the terms of reference of the shareholders' meeting, the board of directors, the supervisors and the general manager of Xi'an Runmao. The voting rules of Shanghai Xiaomao are also consistent with those of Xi'an Runmao.

INFORMATION ABOUT THE SHANGHAI LAND PARCEL AND XI'AN RUNMAO

On 13 July 2023, Xi'an Runmao acquired the state-owned land use rights of the Shanghai Land Parcel at a consideration of RMB3,124.96 million through the public tender process. Located in Baoshan District, Shanghai, the Shanghai Land Parcel is a residential land with a site area of approximately 34,434.9 square meters, the aboveground construction plot ratio of 2.5 and a plot ratio-based gross floor area of approximately 86,087.25 square meters.

Xi'an Runmao was established in June 2021, and is a wholly-owned subsidiary of the Company as of the date of this announcement. Based on the financial statements of Xi'an Runmao prepared in accordance with the China Accounting Standards for Business Enterprises, the audited total assets and audited net assets of Xi'an Runmao as of 31 July 2023 were approximately RMB1,564.28 million and RMB-0.15 million, respectively.

The profit of Xi'an Runmao for the two years ended 31 December 2022 are as follows:

	For the year ended 31 December 2021	For the year ended 31 December 2022
	<i>(Approximately RMB million) (audited)</i>	<i>(Approximately RMB million) (audited)</i>
Profit before tax	0.0034	0.63
Profit after tax	0.0025	0.47

REASONS FOR AND BENEFITS OF THE TRANSACTION

By introducing cooperative partners to increase capital, the Group can make full use of market resources and diversify capital risks, which is in line with the Group's strategy and the development direction of the real estate development business.

The Directors consider that the Transaction is conducted on normal commercial terms, fair and reasonable, and in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

According to the Listing Rules, the Transaction in which Hangzhou Mancheng and Shenzhen Yulu contribute a total of RMB490 million to Xi'an Runmao and acquire 49% equity interests in Xi'an Runmao constitutes the deemed disposal of the Company's equity interests in Xi'an Runmao. As the highest applicable percentage ratio in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

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

Jinmao Huadong is an indirect wholly-owned subsidiary of the Company, and is principally engaged in corporate management, industrial investment and corporate management consulting in the PRC.

Shanghai Xiaomao is a project company established by Xi'an Runmao for the development of the Shanghai Land Parcel.

Hangzhou Mancheng is principally engaged in equity investment business in the PRC. Its ultimate beneficial owner is Hangzhou Municipal People's Government.

Shenzhen Yulu is principally engaged in corporate management consulting business in the PRC. Its ultimate beneficial owners are LI Fangjing, FANG Weihua and MA Wenhui.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hangzhou Mancheng, Shenzhen Yulu and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors of the Company
“Capital Increase Agreement”	the Capital Increase Agreement entered into by the Company, Jinmao Huadong, Hangzhou Mancheng, Shenzhen Yulu and Xi’an Runmao in relation to the Runmao Capital Increase on 28 December 2023
“Company”	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, whose shares are listed on The Stock Exchange of Hong Kong Limited
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hangzhou Mancheng”	Hangzhou Mancheng Equity Investment Partnership (杭州漫呈股權投資合夥企業), a limited partnership established under the laws of the PRC, and an independent third party
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jinmao Huadong”	Jinmao Huadong Enterprises Management Co., Ltd., a company incorporated under the laws of the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Runmao Capital Increase”	the increase in the registered capital of Xi’an Runmao by RMB990 million
“Shanghai Land Parcel”	the land parcel located at 35-03, Unit W12-1301, Dachang Town, Baoshan District, Shanghai, the PRC

“Shanghai Xiaomao”	Shanghai Xiaomao Real Estate Co., Ltd. (上海霄茂置業有限公司), an indirect wholly-owned subsidiary of the Company as of the date of this announcement
“Shenzhen Yulu”	Shenzhen Yulu Enterprise Management Co., Ltd. (深圳市豫祿企業管理有限公司), a company established under the laws of the PRC with limited liability, and an independent third party
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Transaction”	the transaction in which Hangzhou Mancheng and Shenzhen Yulu will partially subscribe for the Runmao Capital Increase pursuant to the Capital Increase Agreement
“Xi’an Runmao”	Xi’an Runmao Real Estate Co., Ltd. (西安潤茂置業有限公司), a company established under the laws of the PRC with limited liability, a wholly-owned subsidiary of the Company as of the date of this announcement

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

Hong Kong, 28 December 2023

As at the date of this announcement, the Directors of the Company are 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.