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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)**

**CONTINUING CONNECTED TRANSACTIONS UNDER THE NEW  
FRAMEWORK LEASE AGREEMENT**

Reference is made to the announcement of the Company dated 28 December 2021 in relation to the Existing Framework Lease Agreement entered into between the Company (on behalf of the Group, as the lessor) and Sinochem Holdings (for itself and on behalf of its associates, as the lessees) on the same date. The Existing Framework Lease Agreement will expire on 31 December 2024.

The Board hereby announces that on 7 May 2024, the Company entered into the New Framework Lease Agreement with Sinochem Holdings to extend the lease term to 31 December 2033, and to set annual caps for the three years ending 31 December 2026 under the New Framework Lease Agreement. The Existing Framework Lease Agreement will be terminated and replaced by the New Framework Lease Agreement upon the New Framework Lease Agreement coming into effect.

**IMPLICATIONS UNDER THE LISTING RULES**

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 38.40% of the total number of issued shares of the Company, and hence a connected person of the Company. Accordingly, the transactions under the New Framework Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the annual caps for the continuing connected transactions under the New Framework Lease Agreement exceeds 5%, the transactions under the New Framework Lease Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the New Framework Lease Agreement and the transactions contemplated thereunder (including the annual caps). Red Sun Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard, and in accordance with Rule 14A.52 of the Listing Rules, to explain why the New Framework Lease Agreement requires a period of longer than three years and to confirm that it is normal business practice for agreements of such type to be of such duration.

The Company will convene the EGM for approval by the Independent Shareholders in respect of the New Framework Lease Agreement and the transactions contemplated thereunder (including the annual caps). The Company will dispatch a circular containing the details of the New Framework Lease Agreement, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser and a notice of the EGM to the Shareholders on or before 31 May 2024 as the Company requires additional time to prepare and finalise certain information to be set out in the circular.

## **BACKGROUND**

Reference is made to the announcement of the Company dated 28 December 2021 in relation to the Existing Framework Lease Agreement entered into between the Company (on behalf of the Group, as the lessor) and Sinochem Holdings (for itself and on behalf of its associates, as the lessees) on the same date. The Existing Framework Lease Agreement will expire on 31 December 2024.

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## **PRINCIPAL TERMS OF THE NEW FRAMEWORK LEASE AGREEMENT**

- Date: 7 May 2024
- Parties: (a) The Company (on behalf of the Group, as the lessor)  
(b) Sinochem Holdings (for itself and on behalf of its associates, as the lessees)
- Leased Properties: The relevant units of Xicheng Jinmao Centre, Chemsunny World Trade Centre, Royal International Mansion, Shanghai Jin Mao Tower, Changsha Jin Mao Tower and Nanjing International Centre, as well as other buildings or properties legally owned or to be owned by the Group for leasing.
- The lessees may, according to their future needs, increase, decrease or adjust the leased area and location of the Leased Properties during the term of the New Framework Lease Agreement.
- Term: From the date of approval by the Independent Shareholders at the EGM to 31 December 2033. The Existing Framework Lease Agreement will be terminated and replaced by the New Framework Lease Agreement upon the New Framework Lease Agreement coming into effect.

For the avoidance of doubt, if the New Framework Lease Agreement is not approved by the Independent Shareholders, the parties will continue to conduct transactions in accordance with the Existing Framework Lease Agreement and within the original annual cap for 2024 thereunder.

Rentals, Property Management Fees and Other Fees: The rentals, property management fees of the relevant units and other fees being various sundry charges actually incurred (including but not limited to parking space rentals, car-park management fees, parking fees, water, electricity and gas charges, telephone tariffs, overtime air-conditioning fees, maintenance and catering fees, etc., where applicable) shall be set out in the relevant individual lease agreements and shall be paid by the lessees according to the provisions of the individual lease agreements.

Usage: Office premises

### PRICING BASIS

The rentals, property management fees and other fees of the relevant units of the Leased Properties will be determined through arm's length negotiations between the Group and Sinochem Holdings and its associates based on the prevailing market rates and on normal commercial terms. When determining the prevailing market rates, the relevant subsidiaries of the Company will make reference to the historical fees paid by the lessees for the relevant leases and the market rentals, property management fees and other fees of similar types of properties in the surrounding areas.

### HISTORICAL FIGURES

The total rentals, property management fees and other fees received by the Group from Sinochem Holdings and its associates for the two years ended 31 December 2023 and the three months ended 31 March 2024 were as follows:

	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2023</b>	<b>For the three months ended 31 March 2024</b>
	<i>Approx.</i>	<i>Approx.</i>	<i>Approx.</i>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Rentals, property management fees and other fees received by the Group	416.61	409.31	105.19

## ANNUAL CAPS

The Company estimates the annual caps for the rentals, property management fees and other fees to be received by the Group in respect of the Leased Properties under the New Framework Lease Agreement for the three years ending 31 December 2026 as follows:

	<b>For the year ending 31 December 2024 (RMB million)</b>	<b>For the year ending 31 December 2025 (RMB million)</b>	<b>For the year ending 31 December 2026 (RMB million)</b>
Estimated annual caps	529.04	593.85	662.62

The Directors have taken into account the following principal factors in estimating the above annual caps:

- (a) Leased Properties include buildings or properties legally owned or to be owned by the Group for leasing. As at the date of the New Framework Lease Agreement, the details of the properties available for leasing by the Group to Sinochem Holdings and its associates are as follows:

<b>Properties available for leasing</b>	<b>Addresses</b>	<b>Gross floor area (square meters)</b>
Xicheng Jinmao Centre	A2 Fuxingmenwai Avenue, Xicheng District, Beijing, the PRC	49,066
Chemsunny World Trade Centre	28 Fuxingmennei Avenue, Xicheng District, Beijing, the PRC	194,530
Royal International Mansion	Building 17, No. 2 Xitieying Middle Road, Fengtai District, Beijing, the PRC	50,638
Shanghai Jin Mao Tower	88 Century Avenue, Pudong New Area, Shanghai, the PRC	292,475
Changsha Jin Mao Tower	392 Meixi Lake Road, Yuelu District, Changsha, Hunan Province, the PRC	149,523
Nanjing International Centre	South Tower, 201 Central Road, Gulou District, Nanjing, Jiangsu Province, the PRC	186,100

- (b) As at 31 March 2024, the total leased gross floor area under all existing individual lease agreements is approximately 88,314 square meters. Pursuant to the New Framework Lease Agreement, the lessees may, according to their future needs, increase, decrease or adjust the leased area of the Leased Properties during the term of the New Framework Lease Agreement. Along with the business development of Sinochem Holdings and its associates, their demand for office space may further increase. It is expected that Sinochem Holdings and its associates will increase the leased gross floor area of the Leased Properties by up to 3% for each of the three years from 2024 to 2026;
- (c) Taking into consideration the previous market rental adjustments of commercial properties of the same or similar quality in the proximity of the Leased Properties, and assuming that all individual lease agreements will be renewed based on the prevailing market rates upon expiration, the Directors estimate that there will be an annual upward adjustment of not more than 10% to the rentals of the relevant units of the Leased Properties for each of the three years from 2024 to 2026;

- (d) In view of the fact that the relevant property management entities may adjust the property management fees due to cost increase and taking into account the rate of increase in property management cost in recent years, the Directors estimate that there will be an annual upward adjustment of 12% to the property management fees for each of the three years from 2024 to 2026;
- (e) The other fees are various sundry charges actually incurred under the individual lease agreements. The Directors estimate that there will be an annual upward adjustment of 8% to the other fees for each of the three years from 2024 to 2026 based on the previous market price adjustments and the changing needs of the lessees; and
- (f) The Directors, after making the above adjustments, make an additional buffer of an annual increase of 15% of the estimated amount of the rentals, property management fees and other fees.

## **INTERNAL CONTROL PROCEDURES**

The Company has adopted adequate internal control procedures to ensure that the terms of the Group's transactions with Sinochem Holdings and its associates under the New Framework Lease Agreement are fair and reasonable and not prejudicial to the interests of the Company and the Independent Shareholders, including:

- Prior to entering into any individual lease agreement, the assets management department of the relevant subsidiary of the Company will collect information on the historical fees paid by Sinochem Holdings and its associates in respect of the Leased Properties and the market rentals, property management fees and other fees of similar types of properties in the surrounding areas, and conduct cross-checks against the prices offered by the Group to independent third parties for the Leased Properties of similar location, view, size or floor level, to ensure that the prices offered to Sinochem Holdings and its associates are no less favorable to the Group than those offered to independent third parties for similar Leased Properties;
- Having obtained various reference prices, the general manager of the relevant subsidiary of the Company will determine the rentals and fees for the relevant units, which will then be reported to the general manager of the assets management department of the Company;
- The assets management department of the Company will regularly monitor the implementation of the continuing connected transactions contemplated under the New Framework Lease Agreement and keep track of the aggregate transaction amounts under the New Framework Lease Agreement on a monthly basis, to ensure that the pricing principles and annual caps contained therein are complied with;
- The independent non-executive Directors of the Company will conduct an annual review of the continuing connected transactions under the New Framework Lease Agreement and provide an annual confirmation as to whether these transactions are conducted on normal commercial terms or better, and according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- The external auditors of the Company will also conduct an annual review of the continuing connected transactions under the New Framework Lease Agreement, including the pricing policies and the annual caps.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE NEW FRAMEWORK LEASE AGREEMENT**

The Company is of the view that the lease of the Leased Properties to Sinochem Holdings and its associates at the prevailing market rates can secure long-term tenants and bring stable income to the Group. By managing all existing and future individual leasing relationship in respect of the Leased Properties under one framework agreement, regardless of the location of the Leased Properties, the Group can streamline and optimize the regulation and control of the leasing relationship with Sinochem Holdings and its associates.

The Directors (excluding the independent non-executive Directors whose opinions will be set out in the letter from the Independent Board Committee to be included in the circular) consider that the New Framework Lease Agreement is entered into after arm's length negotiations and on normal commercial terms, and the terms of the transactions under the New Framework Lease Agreement and the relevant annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. As Mr. CHENG Yong and Ms. CHEN Aihua are employees of Sinochem Holdings, they are regarded as having material interests in the transactions under the New Framework Lease Agreement and have abstained from voting on the Board resolution to approve the transactions under the New Framework Lease Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

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## 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 in the development of real estate business. The Company is principally engaged in city operations, property development, services and building technology, commercial leasing, retail operations and hotel operations.

Sinochem Holdings is the ultimate controlling shareholder of the Company. It is a large-scale chemical enterprise which 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 the Sinochem Holdings is the SASAC.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and approving the New Framework Lease Agreement and the transactions contemplated thereunder (including the annual caps)
“Existing Framework Lease Agreement”	the framework lease agreement dated 28 December 2021 entered into between the Company and Sinochem Holdings
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent committee of the Board comprising all independent non-executive Directors, namely Mr. SU Xijia, Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei, formed to advise the Independent Shareholders in respect of the New Framework Lease Agreement and the transactions contemplated thereunder (including the annual caps)
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM, i.e. the Shareholders other than Sinochem Holdings and its associates for the purpose of approving the New Framework Lease Agreement and the transactions contemplated thereunder (including the annual caps)
“Independent Financial Adviser” or “Red Sun Capital”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Framework Lease Agreement and the transactions contemplated thereunder (including the annual caps)
“Leased Properties”	properties leased by the Group to Sinochem Holdings and its associates under the New Framework Lease Agreement, including the relevant units of Xicheng Jinmao Centre, Chemsunny World Trade Centre, Royal International Mansion, Shanghai Jin Mao Tower, Changsha Jin Mao Tower and Nanjing International Centre, as well as other buildings or properties legally owned or to be owned by the Group for leasing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Framework Lease Agreement”	the framework lease agreement dated 7 May 2024 for the leasing of the Leased Properties entered into between the Company and Sinochem Holdings
“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
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC



“Shareholder(s)”	holder(s) of ordinary share(s) of the Company
“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 wholly owned by the SASAC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

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

Hong Kong, 7 May 2024

*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.*