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Jinmao Hotel

金茂酒店

*(As constituted pursuant to a deed of trust on 13 June 2014 under the laws of Hong Kong,
the trustee of which is Jinmao (China) Investments Manager Limited)*

and

Jinmao (China) Hotel Investments and Management Limited

金茂(中國)酒店投資管理有限公司

(Registered in the Cayman Islands with limited liability)

(Stock Code: 06139)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE SECOND COMMERCIAL PROPERTY
MANAGEMENT AGREEMENTS**

Reference is made to (a) the prospectus of the Company dated 19 June 2014 in relation to, among others, the Original Commercial Property Management Agreement entered into between China Jin Mao (Group) and China Jinmao (Shanghai) on 13 June 2014; and (b) the announcement by the Company and the Trustee-Manager on 7 December 2016 in relation to the First Shanghai Commercial Property Management Agreement and the First Lijiang Commercial Property Management Agreement entered into between China Jinmao (Shanghai) and China Jin Mao (Group) and Jinmao (Li Jiang) respectively on 7 December 2016. Due to internal business restructuring of China Jinmao, effective from 1 July 2017, China Jinmao (Shanghai) transferred all its rights and obligations under the First Commercial Property Management Agreements to Jinmao Commercial (Shanghai).

On 13 December 2019, China Jin Mao (Group) entered into the Second Shanghai Commercial Property Management Agreement with Jinmao Commercial (Shanghai) for a period of three years with effect from 1 January 2020 pursuant to which the China Jinmao Group has agreed to provide certain property management services in relation to Shanghai J-Life to the Group. On the same date, Jinmao (Li Jiang) also entered into the Second Lijiang Commercial Property Management Agreement with Jinmao Commercial (Shanghai) for a period of three years with effect from 1 January 2020 pursuant to which the China Jinmao Group has agreed to provide certain property management services in relation to Lijiang J-Life to the Group. The transactions under the Second Commercial Property Management Agreements are in the ordinary and usual course of business of the Group.

Jinmao Commercial (Shanghai) is an indirect wholly-owned subsidiary of China Jinmao, which is the controlling holder of the Share Stapled Units, and is therefore a connected person of the Trust Group under Rule 14A.07(1) of the Listing Rules. Accordingly, the Second Commercial Property Management Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Trust Group under Chapter 14A of the Listing Rules.

As the transactions under the Second Commercial Property Management Agreements are related to the same connected person, they will be aggregated in accordance with Rule 14A.83 of the Listing Rules. As the highest of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the transactions under the Second Commercial Property Management Agreements will, on an annual basis, be more than 0.1% but less than 5%, these transactions will constitute continuing connected transactions that are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

1. INTRODUCTION

The Original Commercial Property Management Agreement was entered into for a period of three years with effect from 2 July 2014. On 7 December 2016, China Jin Mao (Group) entered into the First Shanghai Commercial Property Management Agreement with China Jinmao (Shanghai) for a period of three years with effect from 1 January 2017 and Jinmao (Li Jiang) entered into the First Lijiang Commercial Property Management Agreement with China Jinmao (Shanghai) for a period of three years with effect from 1 January 2017. The First Commercial Property Management Agreements may be renewed thereafter, subject to the parties complying with the applicable provisions of the Listing Rules in respect of any such renewal.

Due to internal business restructuring of China Jinmao, effective from 1 July 2017, China Jinmao (Shanghai) transferred all its rights and obligations under the First Commercial Property Management Agreements to Jinmao Commercial (Shanghai).

On 13 December 2019, China Jin Mao (Group) entered into the Second Shanghai Commercial Property Management Agreement with Jinmao Commercial (Shanghai) for a period of three years with effect from 1 January 2020 and Jinmao (Li Jiang) entered into the Second Lijiang Commercial Property Management Agreement with Jinmao Commercial (Shanghai) for a period of three years with effect from 1 January 2020. The First Commercial Property Management Agreements will be terminated on 31 December 2019 and the Second Commercial Property Management Agreements will be effective from 1 January 2020.

The principal terms of the Second Commercial Property Management Agreements are set out below.

2. THE SECOND SHANGHAI COMMERCIAL PROPERTY MANAGEMENT AGREEMENT

Date	13 December 2019
Parties	(a) China Jin Mao (Group); and (b) Jinmao Commercial (Shanghai).
Subject matter	The Second Shanghai Commercial Property Management Agreement was entered into for a period of three years with effect from 1 January 2020. Save for the duration and the change in counterparty from China Jinmao (Shanghai) to Jinmao Commercial (Shanghai), all other principal terms are substantially the same as those in the First Shanghai Commercial Property Management Agreement.

Under the Second Shanghai Commercial Property Management Agreement, Jinmao Commercial (Shanghai) will provide certain property management services in relation to Shanghai J-Life. The property management services mainly include: (a) leasing management; (b) marketing services; (c) project management; and (d) other relevant services as may be reasonably required by China Jin Mao (Group) in relation to Shanghai J-Life. The transactions under the Second Shanghai Commercial Property Management Agreement are in the ordinary and usual course of business of the Group.

Term From 1 January 2020 to 31 December 2022.

Payment terms The annual property management fees to be paid to Jinmao Commercial (Shanghai) will comprise 3% of the annual rental income from Shanghai J-Life.

3. THE SECOND LIJIANG COMMERCIAL PROPERTY MANAGEMENT AGREEMENT

Date 13 December 2019

Parties (a) Jinmao (Li Jiang); and
(b) Jinmao Commercial (Shanghai).

Subject matter The Second Lijiang Commercial Property Management Agreement was entered into on 13 December 2019 for a period of three years with effect from 1 January 2020. Save for the duration and the change in counterparty from China Jinmao (Shanghai) to Jinmao Commercial (Shanghai), all other principal terms are substantially the same as those in the First Lijiang Commercial Property Management Agreement.

Under the Second Lijiang Commercial Property Management Agreement, Jinmao Commercial (Shanghai) will provide certain property management services in relation to Lijiang J-Life. The property management services mainly include: (a) leasing management; (b) marketing services; (c) project management; and (d) other relevant services as may be reasonably required by Jinmao (Li Jiang) in relation to Lijiang J-Life. The transactions under the Second Lijiang Commercial Property Management Agreement are in the ordinary and usual course of business of the Group.

Term From 1 January 2020 to 31 December 2022.

Payment terms The annual property management fees to be paid to Jinmao Commercial (Shanghai) will comprise 3% of the annual rental income from Lijiang J-Life.

4. ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

Aggregate Annual Caps for the First Commercial Property Management Agreements

The aggregate annual caps for transactions under the First Commercial Property Management Agreements for each of the three years ended 31 December 2017, 2018 and 2019 are set out below:

	2017	2018	2019
Annual caps	RMB3.90 million	RMB6.30 million	RMB9.00 million

Historical Transaction Amounts for the First Commercial Property Management Agreements

The historical transaction amounts for transactions under the First Commercial Property Management Agreements for each of the two years ended 31 December 2017 and 2018 and the six months ended 30 June 2019 are set out below:

	Year ended 31 December		Six months ended
	2017	2018	30 June
			2019
Transaction amount	RMB1.27 million	RMB1.54 million	RMB0.81 million

Annual Caps for the Second Shanghai Commercial Property Management Agreement

The annual caps for the transactions contemplated under the Second Shanghai Commercial Property Management Agreement for the three years ending 31 December 2020, 2021 and 2022 are set out below:

	2020	2021	2022
Annual caps	RMB3.00 million	RMB4.50 million	RMB6.00 million

The annual caps in respect of the Second Shanghai Commercial Property Management Agreement are estimated with reference to (a) estimated rental income from Shanghai J-Life; (b) the historical transaction amounts under the First Shanghai Commercial Property Management Agreement; and (c) similar commercial property management agreements entered into by other listed hospitality business trusts and real estate investment trusts which invest in commercial assets.

Annual Caps for the Second Lijiang Commercial Property Management Agreement

The annual caps for the transactions contemplated under the Second Lijiang Commercial Property Management Agreement for the three years ending 31 December 2020, 2021 and 2022 are set out below:

	2020	2021	2022
Annual caps	RMB0.90 million	RMB1.80 million	RMB3.00 million

The annual caps in respect of the Second Lijiang Commercial Property Management Agreement are estimated with reference to (a) the estimated annual rental income from Lijiang J-Life; (b) the historical transaction amounts under the First Lijiang Commercial Property Management Agreement; and (c) similar commercial property management agreements entered into by other listed hospitality business trusts and real estate investment trusts which invest in commercial assets.

5. INFORMATION IN RELATION TO THE GROUP, CHINA JIN MAO (GROUP), JINMAO (LI JIANG) AND JINMAO COMMERCIAL (SHANGHAI)

The Group

Jinmao Hotel is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. The Group primarily owns and invests in a portfolio of hotels with diversified revenue sources and customer mix from a portfolio of high quality hotels and commercial properties, comprising eight hotels and Jin Mao Tower, a mixed-use development. The properties are all located in prime, strategic locations in top-tier cities or tourist hot spots in the PRC and comprise high quality hotels and commercial property.

The ultimate controlling holder of the Share Stapled Units is Sinochem Group.

China Jin Mao (Group)

China Jin Mao (Group) is an indirect wholly-owned subsidiary of the Company and primarily owns and invests in a portfolio of hotels.

Jinmao (Li Jiang)

Jinmao (Lijiang) is an indirect wholly-owned subsidiary of the Company and primarily owns and invests in the Lijiang Jinmao Hotels.

Jinmao Commercial (Shanghai)

Jinmao Commercial (Shanghai) is a wholly-owned subsidiary of China Jinmao and primarily engages in the provision of commercial property management services.

The ultimate beneficial owner of Jinmao Commercial (Shanghai) is Sinochem Group.

6. REASONS FOR, AND BENEFITS OF, THE SECOND COMMERCIAL PROPERTY MANAGEMENT AGREEMENTS

The entry into the Second Commercial Property Management Agreements will facilitate the management and operations of Shanghai J-Life and Lijiang J-Life, which will potentially create value to the adjacent hotels owned by the Group.

7. LISTING RULES IMPLICATIONS

Jinmao Commercial (Shanghai) is a wholly-owned subsidiary of China Jinmao, which is the controlling holder of the Share Stapled Units, and is therefore a connected person of the Trust Group under Rule 14A.07(1) of the Listing Rules. Accordingly, the Second Commercial Property Management Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Trust Group under Chapter 14A of the Listing Rules.

As the transactions under the Second Commercial Property Management Agreements are related to the same connected person, they will be aggregated in accordance with Rule 14A.83 of the Listing Rules. As the highest of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the transactions under the Second Commercial Property Management Agreements will, on an annual basis, be more than 0.1% but less than 5%, these transactions will constitute continuing connected transactions that are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

8. DIRECTORS' CONFIRMATION

The Directors (including the independent non-executive Directors) are of the view that the Second Commercial Property Management Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group, and that the terms of the Second Commercial Property Management Agreements are fair and reasonable and in the interests of the Company and the holders of the Share Stapled Units as a whole.

Mr. Li Congrui, Mr. Zhang Hui and Mr. Jiang Nan had declared their interests in the transactions under the Second Commercial Property Management Agreements by virtue of their relationship with China Jinmao, and each of them has abstained from voting on the relevant resolutions of the respective Boards in respect of the Second Commercial Property Management Agreements and the annual caps for the years ending 31 December 2020, 2021 and 2022. Save as disclosed above, none of the Directors had a material interest in the Second Commercial Property Management Agreements and the transactions contemplated thereunder, and therefore no other Director has abstained from voting on the relevant resolutions of the respective Boards in respect of the Second Commercial Property Management Agreements and the annual caps for the years ending 31 December 2020, 2021 and 2022.

9. DEFINITIONS

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

“Boards”	the boards of directors of the Trustee-Manager and the Company
“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 whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 00817) and a controlling holder of the Share Stapled Units, and therefore a connected person of the Trust Group
“China Jinmao Group”	China Jinmao and its subsidiaries
“China Jin Mao (Group)”	China Jin Mao (Group) Company Limited (中國金茂(集團)有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Company”	Jinmao (China) Hotel Investments and Management Limited (金茂(中國)酒店投資管理有限公司), a company incorporated in the Cayman Islands
“China Jinmao (Shanghai)”	Jinmao Investment Management (Shanghai) Co., Ltd. (金茂投資管理(上海)有限公司), a company incorporated in the PRC with limited liability on 15 November 2007 and a wholly-owned subsidiary of China Jinmao, and therefore a connected person of the Trust Group
“Directors”	the directors of the Company and the Trustee-Manager
“First Commercial Property Management Agreements”	the First Shanghai Commercial Property Management Agreement and the First Lijiang Commercial Property Management Agreement
“First Lijiang Commercial Property Management Agreement”	the commercial property management agreement entered into between Jinmao (Li Jiang) and China Jinmao (Shanghai) on 7 December 2016, pursuant to which China Jinmao (Shanghai) agreed to provide certain property management services in relation to Lijiang J-Life

“First Shanghai Commercial Property Management Agreement”	the commercial property management agreement entered into between China Jin Mao (Group) and China Jinmao (Shanghai) on 7 December 2016, pursuant to which China Jinmao (Shanghai) agreed to provide certain property management services in relation to Shanghai J-Life
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jinmao Commercial (Shanghai)”	Jinmao Commercial Real Estate (Shanghai) Company Limited (金茂商業房地產(上海)有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of China Jinmao, and therefore a connected person of the Trust Group
“Jinmao Hotel”	Jinmao Hotel (金茂酒店), as constituted pursuant to the Trust Deed
“Jinmao (Li Jiang)”	Jinmao (Li Jiang) Hotel Investment Limited Company (金茂(麗江)酒店投資有限公司), a company incorporated in the PRC with limited liability on 12 March 2008 and an indirect wholly-owned subsidiary of the Company
“Lijiang J-Life”	the “J-Life” commercial portions in the Lijiang Jinmao Hotels
“Lijiang Jinmao Hotels”	Lijiang Jinmao Hotel • The Unbound Collection by Hyatt and Jinmao Purelax Mountain Hotel, Lijiang (formerly known as Grand Hyatt Lijiang)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Original Commercial Property Management Agreement”	the commercial property management agreement entered into between China Jin Mao (Group) and China Jinmao (Shanghai) dated 13 June 2014 pursuant to which China Jinmao Group would provide certain commercial property management services to the Group in relation to Shanghai J-Life and Sanya J-Life
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Sanya J-Life”	the “J-Life” commercial portion in The Ritz-Carlton Sanya, Yalong Bay
“Second Commercial Property Management Agreements”	the Second Shanghai Commercial Property Management Agreement and the Second Lijiang Commercial Property Management Agreement
“Second Lijiang Commercial Property Management Agreement”	the commercial property management agreement entered into between Jinmao (Li Jiang) and Jinmao Commercial (Shanghai) on 13 December 2019, pursuant to which Jinmao Commercial (Shanghai) agreed to provide certain property management services in relation to Lijiang J-Life
“Second Shanghai Commercial Property Management Agreement”	the commercial property management agreement entered into between China Jin Mao (Group) and Jinmao Commercial (Shanghai) on 13 December 2019, pursuant to which Jinmao Commercial (Shanghai) agreed to provide certain property management services in relation to Shanghai J-Life
“Shanghai J-Life”	the “J-Life” commercial portion in Jin Mao Tower
“Share Stapled Units”	the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others:
	<ul style="list-style-type: none"> (a) a Unit; (b) the beneficial interest in a specifically identified ordinary share of the Company linked to the Unit and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of Jinmao Hotel); and (c) a specifically identified preference share of the Company stapled to the Unit
“Sinochem Group”	Sinochem Group Co., Limited (中國中化集團有限公司), a state-owned enterprise established in the PRC on 11 August 1981 and the ultimate controlling holder of the Share Stapled Units and the ultimate beneficial owner of Jinmao Commercial (Shanghai)

“Trust Deed”	the trust deed dated 13 June 2014 constituting Jinmao Hotel and entered into between the Trustee-Manager and the Company, as amended from time to time
“Trust Group”	Jinmao Hotel and the Group
“Trustee-Manager”	Jinmao (China) Investments Manager Limited (金茂(中國)投資管理人有限公司), the trustee-manager of Jinmao Hotel
“Unit”	a unit in Jinmao Hotel which confers the rights set out in the Trust Deed

By Order of the Boards
Jinmao (China) Investments Manager Limited
and
Jinmao (China) Hotel Investments and Management Limited
LI Congrui
Chairman

Hong Kong, 13 December 2019

As at the date of this announcement, the directors of the Trustee-Manager and the Company are Mr. LI Congrui (Chairman), Mr. ZHANG Hui and Mr. JIANG Nan as Non-executive Directors; Mr. TANG Yong as Executive Director and Chief Executive Officer; and Dr. CHUNG Shui Ming Timpson, Dr. CHEN Jieping and Dr. XIN Tao as Independent Non-executive Directors.