
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in 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 **China Jinmao Holdings Group Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**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)****CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION
ACQUISITION OF EQUITY INTEREST IN WUHAN HUAZI**

*Independent financial adviser to the Independent Board Committee
and the Independent Shareholders*

**SOMERLEY CAPITAL LIMITED**

A letter from the Board is set out on pages 6 to 20 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 21 of this circular. A letter from Somerley, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 43 of this circular.

A notice convening the EGM to be held at Lounge, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Friday, 24 April 2020 at 2:00 p.m. is set out on pages 67 to 68 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend and vote at the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE EGM

Please see page 1 of this circular for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the EGM, including:

- **compulsory body temperature checks and health declarations**
- **wearing of surgical face masks**
- **no distribution of corporate gift or refreshment**

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the EGM venue. The Company encourages attendees to wear surgical face masks and reminds Shareholders that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM as an alternative to attending the EGM in person.

31 March 2020

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PRECAUTIONARY MEASURES FOR THE EGM

The health of our Shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the EGM to protect attending Shareholders, staff and stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at each entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the EGM venue or be required to leave the EGM venue.
- (ii) The Company encourages each attendee to wear a surgical face mask throughout the EGM and inside the EGM venue, and to maintain a safe distance between seats.
- (iii) No refreshment will be served, and there will be no corporate gift.
- (iv) Each attendee may be asked whether (a) he/she travels outside of Hong Kong within the 14-day period immediately before the EGM; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the EGM venue or be required to leave the EGM venue.

In the interest of all stakeholders' health and safety and in accordance with recent guidelines for prevention and control of the spread of COVID-19, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM instead of attending the EGM in person, by completing and returning the form of proxy attached to this circular.

If any Shareholder chooses not to attend the EGM in person but has any question about any resolution or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing to our registered office or to our email chinajinmao_IR@sinochem.com.

If any Shareholder has any question relating to the EGM, please contact Computershare Hong Kong Investor Services Limited, the Company's share registrar as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong
Email: hkinfo@computershare.com.hk
Tel: 2862 8555
Fax: 2865 0990

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the meanings respectively set opposite to them:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of RMB6,850,000,000 for the Transaction
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Cushman & Wakefield”	Cushman & Wakefield Limited, an independent property valuer
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Lounge, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Friday, 24 April 2020 at 2:00 p.m.
“Equity Transfer Agreement”	the equity transfer agreement dated 12 March 2020 entered into between Yicheng Properties and Sinochem Asset in connection with the Transaction
“Five Land Parcels Project in China-Europe International City”	Nos. G-2019-011, G-2019-012, G-2019-013, G-2019-014 and G-2019-022 land parcels described in the announcement on the assignment of use right of state-owned construction land (Qing Zi Ran Zi Gui Gao Zi (2019) No. 413), located in High-tech Zone, Qingdao City, the use of which is for urban residential and industrial purposes
“Group”	the Company and its subsidiaries

DEFINITIONS

“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. LAU Hon Chuen, Ambrose, Mr. SU Xijia and Mr. GAO Shibin
“Independent Shareholders”	Shareholders other than Sinochem Group and its associates
“Latest Practicable Date”	27 March 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-compete Undertaking”	the non-compete undertaking given by Sinochem Group to the Company pursuant to a non-compete agreement entered into between Sinochem Group and the Company on 26 July 2007
“Ping An”	Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), a company established in the PRC with limited liability, which indirectly holds approximately 15.18% of the total number of issued Shares, and whose A shares (stock code: 601318) and H shares (stock code: 2318) are listed on the Shanghai Stock Exchange and the Stock Exchange, respectively
“Ping An Real Estate”	Ping An Real Estate Co., Ltd. (平安不動產有限公司), a company established in the PRC with limited liability and a subsidiary of Ping An
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Projects”	the Yangsi Port Project, the Xiaowang Village Project and the Five Land Parcels Project in China-Europe International City
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)
“Sinochem Asset”	Sinochem Asset Management Co., Ltd. (中化資產管理有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sinochem Group
“Sinochem Group”	Sinochem Group Co., Ltd. (中國中化集團有限公司), a state-owned enterprise incorporated in the PRC, the ultimate controlling shareholder of the Company, which indirectly holds approximately 35.05% of the total number of issued shares of the Company
“Somerley”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Transaction”	the acquisition of 100% equity interests in Wuhan Huazi by Yicheng Properties from Sinochem Asset pursuant to the Equity Transfer Agreement
“Wuhan Huazi”	Wuhan Huazi Enterprise Management Consulting Co., Ltd. (武漢化資企業管理諮詢有限公司), a company incorporated under the laws of the PRC with limited liability, which is wholly owned by Sinochem Asset as at the Latest Practicable Date

DEFINITIONS

“Xiaowang Village Project”	Jin Dong Li Cheng (Gua) No. 2017-092 land parcel described in the announcement on the assignment of use right of state-owned construction land, located at the south side of Chengxin Road and the west side of Dieshan Road in Dongli District, Tianjin City, the use of which is for urban residential and commercial service purposes
“Yangsi Port Project”	No. P(2016)118 land parcel described in the announcement on the assignment of use right of state-owned construction land (Wu Gao Zi (2016) No. 18), located in the land lots F, G, J and K at the New Port Yangtze River City, Yangsi Port Area, Hanyang District, Wuhan City, the use of which is for residential, commercial service, park and greening purposes
“Yicheng Properties”	Beijing Franshion Yicheng Properties Company Limited (北京方興亦城置業有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

LETTER FROM THE BOARD



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)

Non-executive Directors

Mr. NING Gaoning (*Chairman*)
Mr. YANG Lin
Mr. AN Hongjun

Executive Directors

Mr. LI Congrui (*Chief Executive Officer*)
Mr. JIANG Nan (*Chief Financial Officer*)
Mr. SONG Liuyi (*Senior Vice President*)

Independent Non-executive Directors

Mr. LAU Hon Chuen, Ambrose
Mr. SU Xijia
Mr. GAO Shibin

Registered Office

Rooms 4702-03, 47th Floor
Office Tower
Convention Plaza
No. 1 Harbour Road
Wanchai
Hong Kong

31 March 2020

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION
ACQUISITION OF EQUITY INTEREST IN WUHAN HUAZI

INTRODUCTION

Reference is made to the announcement of the Company dated 12 March 2020 in relation to proposed acquisition of 100% equity interests in Wuhan Huazi by Yicheng Properties, an indirect wholly-owned subsidiary of the Company, from Sinochem Asset, which constitutes a connected transaction and discloseable transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) further information on the details of the Equity Transfer Agreement and the Transaction contemplated thereunder; (ii) the letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter from Somerley to the Independent Board Committee and the Independent Shareholders; (iv) the property valuation report issued by Cushman & Wakefield in relation to the property interests held by Wuhan Huazi; and (v) other information as required under the Listing Rules.

CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION

Background

Reference is made to (i) the announcement of the Company dated 24 March 2017 in relation to the grant of an option by Wuhan Huazi to the Company whereby the Company may acquire 20% interests held by Wuhan Huazi in the Yangsi Port Project; (ii) the announcement of the Company dated 1 August 2017 in relation to the grant of an option by Wuhan Huazi to the Company whereby the Company may acquire 100% interests held by Wuhan Huazi in the Xiaowang Village Project; and (iii) the grant of an option by Wuhan Huazi to the Company on 25 October 2019 whereby the Company may acquire 100% interests held by Wuhan Huazi in the Five Land Parcels Project in China-Europe International City.

The Projects are new business opportunities obtained by Sinochem Group. Sinochem Group informed the Company of the new business opportunities by written notices pursuant to the Non-compete Undertaking. Upon receipt of the written notices from Sinochem Group, the Company conducted feasibility studies on the Projects. Despite the prime and/or unique location of the Projects, the Company decided not to participate in the public tender of the Projects after taking into account its then financial position and resources. Thereafter, Wuhan Huazi acquired the Projects and granted the above three options to the Company pursuant to the Non-compete Undertaking whereby the Company may exercise the options at any time as it deems appropriate to acquire the interests held by Wuhan Huazi in the Projects at fair prices.

The Company proposes to exercise the above three options. As Wuhan Huazi is not engaged in any business other than its investment in the Projects, the Company proposes to exercise the above three options by acquiring, through Yicheng Properties, an indirect wholly-owned subsidiary of the Company, 100% equity interests in Wuhan Huazi from Sinochem Asset, the shareholder of Wuhan Huazi. As such, on 12 March 2020, Yicheng Properties and Sinochem Asset entered into the Equity Transfer Agreement, pursuant to which Yicheng Properties has agreed to acquire 100% equity interests in Wuhan Huazi from Sinochem Asset at the Consideration of RMB6,850,000,000.

Upon completion of the Transaction, Wuhan Huazi will become an indirect wholly-owned subsidiary of the Company. Wuhan Huazi holds the entire interests in the Five Land Parcels Project in China-Europe International City through three wholly-owned subsidiaries, the entire interests in the Xiaowang Village Project through one wholly-owned subsidiary, and 20% interests in the Yangsi Port Project through one company with equity participation.

LETTER FROM THE BOARD

In making the decision on when to exercise the options, the Company has taken into account its financial positions and resources at different times. In particular, the bank facilities available for withdrawal by the Group as at 31 December 2016 was approximately RMB27,400 million. Accepting the new business opportunities of the Yangsi Port Project and the Xiaowang Village Project at that time around when the new business opportunities arose would increase the financial pressure of the Group. On the other hand, as at 31 December 2019, the bank facilities available for withdrawal by the Group increased to approximately RMB87,400 million, which would provide the Group with more sufficient financial resources. Moreover, the Yangsi Port Project and the Xiaowang Village Project are projects under construction that have now met the pre-sale conditions. As such, exercising the options at this time would enable the Group to enjoy the cash flow brought by the Yangsi Port Project and the Xiaowang Village Project, shorten the Group's capital utilisation cycle and enhance its capital utilisation efficiency. With respect to the Five Land Parcels Project in China-Europe International City, the government's requirement on the industry background of the bidders posed high uncertainty to the Company in winning the bid (as further described in the section headed "Information of Wuhan Huazi – The Five Land Parcels Project in China-Europe International City" below), the Company therefore did not participate in the public tender held in October 2019. The Company considers that the overall conditions of the Five Land Parcels Project in China-Europe International City are satisfactory with appreciation potentials. The valuation premium of the Five Land Parcels Project in China-Europe International City as at 31 December 2019 also shows the market recognition of its value. The Company therefore decided to exercise the option to capture the investment opportunity.

Principal Terms of the Equity Transfer Agreement

Date

12 March 2020

Parties

Vendor: Sinochem Asset

Purchaser: Yicheng Properties

Interests to be acquired

Pursuant to the Equity Transfer Agreement, Sinochem Asset has agreed to dispose of and Yicheng Properties has agreed to acquire 100% equity interests in Wuhan Huazi. Upon completion of the Transaction, Wuhan Huazi will become an indirect wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

Consideration and payment

The Consideration is RMB6,850,000,000, which was determined after arm's length negotiation between the parties of the Equity Transfer Agreement with reference to the adjusted net assets value of Wuhan Huazi. As at 31 December 2019, the adjusted net assets value of Wuhan Huazi was approximately RMB7,609 million. The Consideration represents a discount of approximately 10% to the adjusted net assets value of Wuhan Huazi.

The adjusted net assets value of Wuhan Huazi was arrived at based on the unaudited consolidated net assets value of Wuhan Huazi as at 31 December 2019 and the adjustments as set out in the table below, which include the revaluation surplus arising from the valuation of the property interests held by Wuhan Huazi, net of estimated deferred tax:

		<i>RMB million</i>
Unaudited consolidated net assets value of Wuhan Huazi attributable to its equity holders as at 31 December 2019		6,578
Adjustments:		
– Revaluation surplus arising from the valuations of the Xiaowang Village Project and the Five Land Parcels Project in China-Europe International City attributable to Wuhan Huazi as at 31 December 2019 (<i>Note 1</i>)	– Valuation of the Xiaowang Village Project attributable to Wuhan Huazi as at 31 December 2019 – Valuation of the Five Land Parcels Project in China-Europe International City attributable to Wuhan Huazi as at 31 December 2019 – Less: Book value of the Xiaowang Village Project and the Five Land Parcels Project in China-Europe International City attributable to Wuhan Huazi as at 31 December 2019	3,654 2,891 (5,388)
– Net deferred tax on attributable revaluation surplus (<i>Note 2</i>)		(397)
– Appreciation in share of net assets of the Yangsi Port Project arising from its valuation attributable to Wuhan Huazi as at 31 December 2019 (<i>Note 3</i>)	– Valuation of the Yangsi Port Project attributable to Wuhan Huazi as at 31 December 2019 – Less: Book value of the Yangsi Port Project attributable to Wuhan Huazi as at 31 December 2019 – Less: Net deferred tax on attributable revaluation surplus	3,370 (3,002) (97)
Adjusted net assets value		7,609

LETTER FROM THE BOARD

Notes:

1. This represents the revaluation surplus arising from the excess of the market values of the Xiaowang Village Project and the Five Land Parcels Project in China-Europe International City as valued by Cushman & Wakefield as at 31 December 2019 over their corresponding book values on the same date.
2. This represents the potential PRC corporate income tax and land appreciation tax attributable to the revaluation surplus on the Xiaowang Village Project and the Five Land Parcels Project in China-Europe International City with an intention of future sale that would be crystallised for Wuhan Huazi upon disposal of these properties at the valuation prices as set out in the property valuation report in Appendix I to this circular.
3. This represents the appreciation in share of net assets of the Yangsi Port Project arising from the excess of the market value of the Yangsi Port Project as valued by Cushman & Wakefield as at 31 December 2019 over its corresponding book value on the same date, net of the potential PRC corporate income tax and land appreciation tax after adjusting for relevant interests not attributable to Wuhan Huazi.

Within 30 working days after obtaining the approval for the Transaction from the Independent Shareholders of the Company, Yicheng Properties shall pay the Consideration in one lump sum to the bank account designated by Sinochem Asset. The Consideration will be financed by internal resources of the Group.

Validity

The Equity Transfer Agreement shall take effect upon obtaining the approval from the Independent Shareholders.

Pre-completion obligations

Under the Equity Transfer Agreement, Sinochem Asset has undertaken that:

- (a) from the date of signing of the Equity Transfer Agreement to the date of completion of the Transaction, Wuhan Huazi and its subsidiaries shall operate their business in a legitimate and compliant manner consistent with previous practices to maintain completeness and continuity in finance, operations, assets, business and personnel;
- (b) from the date of signing of the Equity Transfer Agreement to the date of completion of the Transaction, save for the liabilities incurred in their ordinary and usual course of business, Wuhan Huazi and its subsidiaries shall not, without the prior written consent from Yicheng Properties, incur any new liabilities or contingent liabilities including borrowings or guarantees, make profit distribution, dispose of or purchase material assets including equity interests or real estates, or do any act that may have material adverse impacts on their operating or financial conditions; and

LETTER FROM THE BOARD

- (c) save for the liabilities and contingent liabilities of Wuhan Huazi and its subsidiaries already disclosed to Yicheng Properties (including (i) interest-bearing bank borrowings of approximately RMB536 million, (ii) pledge of certain properties under development and land use right with an aggregate amount of approximately RMB1,807 million to secure the bank loans granted in relation to the Xiaowang Village Project, and (iii) total amount due to a shareholder and a related party of approximately RMB1,162 million, as at 31 December 2019) and the new liabilities and contingent liabilities incurred during the period from the date of signing of the Equity Transfer Agreement to the date of completion of the Transaction that are pre-approved by Yicheng Properties in writing, any liabilities and contingent liabilities of Wuhan Huazi and its subsidiaries incurred as a result of the matters or reasons occurred prior to the date of completion of the Transaction shall be borne by Sinochem Asset; Sinochem Asset shall take full responsibility for any third party claim against Wuhan Huazi and/or its subsidiaries with respect to the matters or reasons occurred prior to the date of completion of the Transaction.

If Sinochem Asset breaches its undertakings under the Equity Transfer Agreement which may, in the reasonable judgement of Yicheng Properties, have an adverse impact on the Transaction, Yicheng Properties shall have the right to terminate the Equity Transfer Agreement.

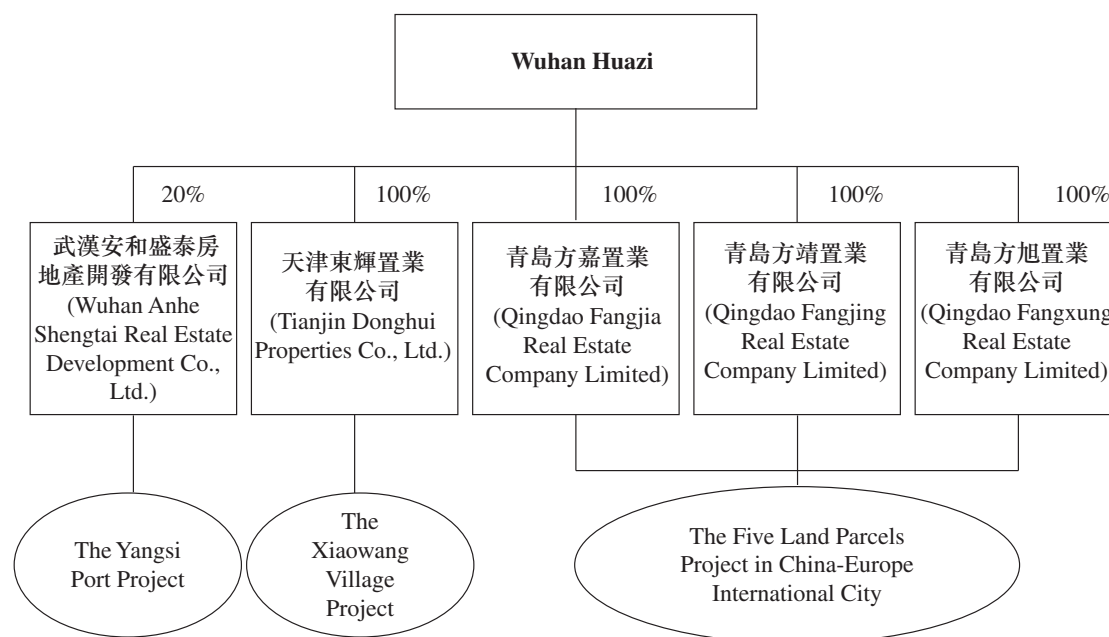
Completion

Sinochem Asset and Yicheng Properties shall use their best endeavours to procure Wuhan Huazi to complete the formalities in relation to the change of registration with the authority in charge of industrial and commercial administration for the Transaction within 30 working days from the date of payment of the Consideration by Yicheng Properties. Completion of the Transaction shall take place on the date when the change of registration with the authority in charge of industrial and commercial administration is completed.

LETTER FROM THE BOARD

Information of Wuhan Huazi

Wuhan Huazi was established in November 2016 with a registered capital of RMB6,520 million. It is principally engaged in real estate information consulting and investment in the PRC. Wuhan Huazi is a wholly-owned subsidiary of Sinochem Asset as at the Latest Practicable Date and will become an indirect wholly-owned subsidiary of the Company upon completion of the Transaction. Wuhan Huazi holds the entire interests in the Five Land Parcels Project in China-Europe International City through three wholly-owned subsidiaries, the entire interests in the Xiaowang Village Project through one wholly-owned subsidiary, and 20% interests in the Yangsi Port Project through one company with equity participation. A group chart of Wuhan Huazi as at the Latest Practicable Date is set out below:



The Yangsi Port Project

The Yangsi Port Project was won by Ping An Real Estate through public tender on 22 November 2016 at a total consideration of RMB11,065 million. Wuhan Huazi acquired 20% interests in the Yangsi Port Project through its capital injection of RMB20 million and provision of shareholder's loan of approximately RMB2,220 million to the relevant project company pursuant to a joint development agreement entered into by Wuhan Huazi with the above successful bidder (i.e. Ping An Real Estate) and other parties. The remaining 80% equity interest in the project company of the Yangsi Port Project are held by four entities, of which two entities holding an aggregate equity interest of 35% are subsidiaries of Ping An Real Estate, and the other two entities (including 武漢中建越秀港投開發有限公司¹ (Wuhan CSC

¹ Wuhan CSC Yuexiu Port Investment Development Co., Ltd. is ultimately owned as to 35% by Yuexiu Property Company Limited (a company listed on the Stock Exchange, stock code: 00123), 35% by China State Construction Engineering Corporation Limited (a company listed on the Shanghai Stock Exchange, stock code: 601668), and 30% by 武漢港航發展集團有限公司 (Wuhan Port and Shipping Development Group Co., Ltd., a state-owned enterprise incorporated in the PRC).

LETTER FROM THE BOARD

Yuexiu Port Investment Development Co., Ltd.) and 武漢旭景房地產投資有限公司² (Wuhan Xujing Real Estate Investment Co., Ltd.) holding 35% and 10% equity interests, respectively) and their ultimate beneficial owners are third parties independent of the Company and its connected persons. Ping An Real Estate was also a third party independent of the Company and its connected persons at the time of the public tender, but became a connected person of the Company on 6 August 2019 following completion of a top-up placing of the Company whereby its parent company Ping An, through a subsidiary, became a substantial shareholder of the Company. The Group currently has no intention to acquire the remaining 80% interests in the Yangsi Port Project.

The Yangsi Port Project is located in Hanyang District, Wuhan City and within the New Port Yangtze River City segment under planning. It has a site area of approximately 182,900 square metres and a planned gross floor area of approximately 814,300 square metres. It is developed for residential and community-oriented commercial purposes, comprising mainly super high-rise and high-rise residence. The construction of the Yangsi Port Project commenced in May 2017 and is carried out in phases with the construction of the whole project to be completed in November 2023. The total investment in the Yangsi Port Project is expected to be approximately RMB18,989 million, which will be financed by bank loans and sale proceeds.

As to the timetable for the pre-sale and delivery of the Yangsi Port Project, it is expected that the pre-sale of the land lot J will commence in the second quarter of 2020 and the delivery thereof will be completed in the fourth quarter of 2021; the pre-sale of the land lot K will commence in the second quarter of 2021 and the delivery thereof will be completed in the fourth quarter of 2023; the pre-sale of the land lot F will commence in the first quarter of 2022 and the delivery thereof will be completed in the second quarter of 2022; and the pre-sale of the land lot G will commence in the fourth quarter of 2022 and the delivery thereof will be completed in the second quarter of 2023.

Based on current timetable, the coming pre-sale activity is scheduled to take place during the second quarter of 2020 in respect of approximately 24,900 square metres of residential units (or approximately 4% of total project saleable area of approximately 676,900 square metres), followed by a pre-sale of a further 19,400 square metres of residential units (or approximately 3% of total project saleable area), 2,000 square metres of commercial units, as well as approximately 600 car parking spaces during the fourth quarter of 2020. There is no other pre-sale activity scheduled in 2020.

The Xiaowang Village Project

The Xiaowang Village Project was won by Wuhan Huazi through public tender on 31 July 2017 at a total consideration of RMB3,150 million. The Xiaowang Village Project is located in Dongli District, Tianjin City. It has a site area of approximately 59,628 square metres and

² Wuhan Xujing Real Estate Investment Co., Ltd. is ultimately owned by Longfor Group Holdings Limited (a company listed on the Stock Exchange, stock code: 960).

LETTER FROM THE BOARD

a planned gross floor area of approximately 119,300 square metres. It is developed for residential and community-oriented commercial purposes, comprising mainly small high-rise and townhouse residence. The construction of the Xiaowang Village Project commenced in February 2018 and is carried out in phases with the construction of the whole project to be completed in September 2023. The total investment in the Xiaowang Village Project is expected to be approximately RMB4,350 million, which will be financed by bank loans and sale proceeds.

As to the timetable for the pre-sale and delivery of the Xiaowang Village Project, it is expected that the pre-sale of Phase I will commence in the third quarter of 2020 and the delivery thereof will be completed in the second quarter of 2021; the pre-sale of Phase II will commence in the third quarter of 2020 and the delivery thereof will be completed in the third quarter of 2024; and the pre-sale of Phase III will commence in the fourth quarter of 2021 and the delivery thereof will be completed in the third quarter of 2024.

Based on current timetable, the coming pre-sale activity is scheduled to take place during the third quarter of 2020 in respect of approximately 13,200 square metres of residential units (or approximately 12% of total project saleable area of approximately 114,200 square metres), followed by a pre-sale of a further approximately 17,900 square metres of residential units (or approximately 16% of total project saleable area) during the fourth quarter of 2020. There is no other pre-sale activity scheduled in 2020.

The Five Land Parcels Project in China-Europe International City

The Five Land Parcels Project in China-Europe International City was won by Wuhan Huazi through public tender on 25 October 2019 at a total consideration of RMB1,773 million. The government's requirement on the industry background of the bidders for the Five Land Parcels Project in China-Europe International City posed high uncertainty to the Company in winning the bid. As such, the Company did not participate in the public tender. On the other hand, Sinochem Group, with diversified business segments and abundant industry resources, had strong advantages in participating in the public tender, was able to accommodate the government's requirement of strategic or emerging industry integration, and therefore acquired the lands at attractive prices. The Company considers that the overall conditions of the Five Land Parcels Project in China-Europe International City are satisfactory with appreciation potentials, and has therefore decided to exercise the option.

The Five Land Parcels Project in China-Europe International City is located in High-tech Zone, Qingdao City with a site area of approximately 278,900 square metres. It is developed for urban residential and industrial purposes, comprising mainly high-rise residence. The planned gross floor area of the residential portion is approximately 448,900 square metres. The construction of the Five Land Parcels Project in China-Europe International City is expected to commence in June 2020 and will be carried out in phases with the construction of the whole project to be completed in March 2024. The total investment in the Five Land Parcels Project in China-Europe International City is expected to be approximately RMB5,416 million, which will be financed by bank loans and sale proceeds.

LETTER FROM THE BOARD

As to the timetable for the pre-sale and delivery of the Five Land Parcels Project in China-Europe International City, it is expected that the pre-sale of the land lot B4 will commence in the fourth quarter of 2020 and the delivery thereof will be completed in the third quarter of 2022; the pre-sale of the land lot B6 will commence in the first quarter of 2022 and the delivery thereof will be completed in second quarter of 2024; and the pre-sale of the land lot D11 will commence in the second quarter of 2022 and the delivery thereof will be completed in the second quarter of 2024.

Based on current timetable, the coming pre-sale activity is scheduled to take place during the fourth quarter of 2020 in respect of approximately 38,600 square metres of planned residential units (or approximately 9% of total project saleable area of approximately 433,800 square metres), and there is no other pre-sale activity scheduled in 2020.

Based on the consolidated financial statements of Wuhan Huazi prepared under the China Accounting Standards for Business Enterprises, its audited total assets and audited net assets as at 31 December 2019 were approximately RMB8,745 million and RMB6,578 million, respectively. For the two years ended 31 December 2019, the audited profits of Wuhan Huazi were as follows:

	For the year ended 31 December 2018	For the year ended 31 December 2019
	<i>(approximate RMB million)</i>	<i>(approximate RMB million)</i>
Audited profit before tax	114	22
Audited profit after tax	75	16

Reasons for and Benefits of the Transaction

The Transaction is conducive to quickly expanding the land reserve of the Group in the three major cities, namely Qingdao, Tianjin and Wuhan, by leveraging on the strengths of the resources previously acquired by the controlling shareholder of the Company, which enables the Group to expand its market share in these cities, facilitates the overall advancement of the Group's city operation projects, and provides strong support to the saleable value of the Group for the year. In addition, the Yangsi Port Project and the Xiaowang Village Project are projects under construction that have met the pre-sale conditions. Through the Transaction, the Group is able to enjoy the cash flow brought by the Yangsi Port Project and the Xiaowang Village Project, shorten the Group's capital utilisation cycle and enhance its capital utilisation efficiency.

The Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement and the Transaction contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interest of the Company and its Shareholders as a whole. As Mr. NING Gaoning and Mr. YANG Lin are director and employee

LETTER FROM THE BOARD

of Sinochem Group, respectively, they are deemed to have material interests in the Transaction. Accordingly, they have abstained from voting on the Board resolution approving the Equity Transfer Agreement and the Transaction contemplated thereunder.

Risk Factor of COVID-19

There has been an outbreak of COVID-19 (the “**Epidemic**”) in Wuhan, Hubei since December 2019. As at the Latest Practicable Date, the virus has been found in a number of countries around the world. The Epidemic has caused a global health emergency and travel disruptions within the PRC and around the world, and will inevitably, unfavorably affect commercial and industrial activities in the short term.

Following the outbreak of the Epidemic, the Company has conducted a prudent assessment on the impacts of the Epidemic on the Projects (especially the Yangsi Port Project in Wuhan) in aspects of construction and pre-sale progress, cost and cash flow. The period before and after the Chinese New Year is traditionally a low season for property development and sale in the PRC. Although the resumption of construction of the Projects after the Chinese New Year of 2020 was delayed as a result of the Epidemic, arrangements in the form of onsite working and remote working are being implemented to promote the resumption of construction of the Projects. The construction of the Xiaowang Village Project and the preparation for construction of the Five Land Parcels Project in China-Europe International City have been resumed since the beginning of March 2020, while the construction of the Yangsi Port Project is expected to resume in the second quarter of 2020, subject to approval by the local government of the work resumption plan. Moreover, as Wuhan Huazi has no pre-sale and completion plans for the Yangsi Port Project and the Xiaowang Village Project for the first quarter of 2020 and the construction of the Five Land Parcels Project in China-Europe International City has not yet commenced, the Company expects that the Epidemic will not have any material impact on the timetable of the pre-sale and delivery of the Projects.

The impacts of the Epidemic on the contracted sales of the Projects largely depend on the development of the Epidemic in the PRC in the coming months, the counter measures adopted by the PRC government, the time when local residents resume their normal activities, as well as the time of the pre-sale of the Projects. It is currently intended that the pre-sale of the Yangsi Port Project, the Xiaowang Village Project and the Five Land Parcels Project in China-Europe International City will commence in the second quarter, the third quarter and the fourth quarter of 2020, respectively. The relevant project companies have been actively marketing and promoting the Projects. As a result of the marketing efforts in various online channels such as WeChat Mini Program and real estate portals, the Yangsi Port Project has ranked first among Wuhan’s property improvement projects in terms of live streaming viewing time on the mainstream real estate portals. In addition, the local government has proposed to accelerate the urban redevelopment of the old town where the Yangsi Port Project is located in 2020, which is expected to bring in more potential home buyers to the Yangsi Port Project. The project company of the Xiaowang Village Project is also actively marketing the project through a combination of online media and offline sales team, as a result of which the Xiaowang Village Project has been well recognized by potential home buyers with rigid housing demand.

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Through the marketing and promotion of the Projects by various means and with the gradual control of the Epidemic in the PRC, the Company expects that the Epidemic will not have a material adverse impact on the contracted sales of the Projects at the time when the pre-sale of the Projects is launched. If the situation changes, the Group may also adjust the time scheduled for the pre-sale based on the then market conditions, so as to mitigate any impacts of the Epidemic on the contracted sales of the Project to the greatest extent. Furthermore, as disclosed in the section headed “Information of Wuhan Huazi” above, only a small number of residential units are scheduled to be pre-sold this year, which represents less than 10% of the total saleable area of the Projects. As a sensitivity analysis, the Company expects that despite all pre-sale activities of the Projects in the second and third quarters of 2020 being delayed to the fourth quarter of 2020, the internal rate of return of the respective Projects will not be materially changed.

Despite the fact that the construction costs of the Projects are likely to increase in the near term due to the Epidemic, the Company intends to reasonably balance the construction progress and payment progress by capitalising on the means of payment in the supply chain. Furthermore, the governments in various regions of the PRC have successively promulgated preferential policies since February 2020, including deduction and exemption of taxation and expenses, as well as provision of subsidies. Based on the above, the Company considers that the Epidemic will not have a material adverse impact on the cash flow of the Projects.

The development of the Epidemic in the PRC is being contained and the ratio of resumption of work is gradually increasing. Recently, governments in many provinces and cities, including Xi’an, Wuxi, Shanghai, Nanchang, Hangzhou, Nanjing, Tianjin, Zhongshan, Suzhou, Yunnan and Dongguan, have successively introduced real estate front-end supportive policies under the framework of tailored policies according to the cities, including allowing postponement of payment for land grant fees or payment by instalment, reducing the percentage of security deposits for land bidding, deferring tax payments, moderately relaxing pre-sale conditions, postponing the construction commencement and completion time, promoting online approval services and providing credit support, so as to alleviate the liquidity pressure of property developers in the near term and safeguard the stability of the real estate market and economy. Based on the above, the Company considers that the Epidemic will not have a long-term and material impact on the real estate market in the PRC.

Listing Rules Implications

Sinochem Asset is a wholly-owned subsidiary of Sinochem Group, the ultimate controlling shareholder of the Company, and is therefore a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the Transaction constitutes a connected transaction of the Company. As the applicable percentage ratios of the Transaction are more than 5%, the Transaction is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. In addition, as the applicable percentage ratios of the Transaction are more than 5% but less than 25%, the Transaction also constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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Information of the Parties

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 Group 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 finance and services.

Yicheng Properties is an indirect wholly-owned subsidiary of the Company, and is principally engaged in real estate development and sales, project investment and property management in the PRC.

Sinochem Group is one of the central state-owned enterprises in the PRC with the approval of the SASAC to develop, invest in and manage real estate projects as one of its core businesses. The sole shareholder of Sinochem Group is the SASAC.

Sinochem Asset is a wholly-owned subsidiary of the Sinochem Group, and is principally engaged in asset management, investment management and real estate information consulting in the PRC.

EGM

A notice convening the EGM to be held at Lounge, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Friday, 24 April 2020 at 2:00 p.m. is set out on pages 67 to 68 of this circular. At the EGM, an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Equity Transfer Agreement and the Transaction contemplated thereunder.

In accordance with the requirements of the Listing Rules, any votes of Shareholders at any general meeting shall be taken by way of poll. Accordingly, the chairman of the meeting will at the EGM demand, pursuant to Article 58(1) of the articles of association of the Company, that votes on the ordinary resolution set out in the Notice of the EGM be taken by way of poll.

In view of Sinochem Group's interests in the Transaction, Sinochem Group and its associates are required to abstain and shall abstain from voting on the ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the Transaction contemplated thereunder.

Ping An Real Estate is an indirect shareholder of the project company of the Yangsi Port Project, indirectly holding 35% interest in the Yangsi Port Project as described in the section headed "Information of Wuhan Huazi" above. Ping An Real Estate is a subsidiary of Ping An, which is in turn an indirect substantial shareholder of the Company holding approximately 15.18% of the total number of issued Shares as at the Latest Practicable Date. Given that (i) neither Ping An nor any of its associates (including Ping An Real Estate) is a party to the

LETTER FROM THE BOARD

Transaction, or involved in the negotiation of the Transaction, (ii) neither Ping An nor any of its associates will receive any payment or benefit of any kind from the Group in the Transaction, and the Transaction will not confer upon Ping An or any of its associates a benefit not available to the other Shareholders, and (iii) to the best knowledge of the Company, there is no business or financial arrangement between Sinochem Group and Ping An (including their respective associates) in connection with the Transaction, and the Company considers Ping An not a party acting in concert with Sinochem Group as defined under the Hong Kong Code on Takeovers and Mergers, the Company is of the view that neither Ping An nor any of its associates has a material interest in the Transaction, and therefore Ping An and its associates will not abstain from voting on the Transaction at the EGM.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best knowledge, information and belief of the Directors, there exists no discrepancy between any Shareholder's beneficial shareholding interest in the Company and the number of Shares in the Company in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not the Shareholders are able to attend at the EGM, they are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the Transaction is entered into after arm's length negotiations and on normal commercial terms, and the terms of the Equity Transfer Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the Transaction contemplated thereunder.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

The Independent Board Committee, comprising all independent non-executive Directors, namely, Mr. Lau Hon Chuen, Ambrose, Mr. Su Xijia and Mr. Gao Shibin, has been formed to advise the Independent Shareholders as to whether the Equity Transfer Agreement and the Transaction contemplated thereunder are entered into by the Company in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 21 of this circular which contains its recommendation to the Independent Shareholders regarding the Transaction; (ii) the letter from Somerley set out on pages 22 to 43 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders and the principal factors and reasons taken into account as regards to the Transaction; and (iii) the additional information set out in the Appendices to this circular.

Yours faithfully,

For and on behalf of the Board of
China Jinmao Holdings Group Limited
NING Gaoning
Chairman



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)

31 March 2020

To: the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION
ACQUISITION OF EQUITY INTEREST IN WUHAN HUAZI**

We refer to the circular of the Company dated 31 March 2020 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

In compliance with the Listing Rules, we have been appointed to advise the Independent Shareholders as to whether the Equity Transfer Agreement and the Transaction contemplated thereunder are entered into by the Company in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of, and the reasons for, the Transaction are contained in the letter from the Board set out on pages 6 to 20 of the Circular.

Having considered the terms of the Equity Transfer Agreement and the advice of Somerley, the independent financial adviser to us and the Independent Shareholders, we consider that the Equity Transfer Agreement and the Transaction contemplated thereunder are entered into by the Company in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the Transaction contemplated thereunder.

Yours faithfully,
the Independent Board Committee of
China Jinmao Holdings Group Limited
LAU Hon Chuen, Ambrose,
SU Xijia
GAO Shibin
Independent Non-executive Directors

LETTER FROM SOMERLEY

The following is the text of the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

31 March 2020

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION ACQUISITION OF 100% EQUITY INTERESTS IN WUHAN HUAZI

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to the acquisition of 100% equity interests in Wuhan Huazi, which in turn indirectly holds certain interests in property projects located in Qingdao, Tianjin and Wuhan, the PRC (being the Transaction), details of which are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 31 March 2020 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 12 March 2020, Yicheng Properties, an indirect wholly-owned subsidiary of the Company, and Sinochem Asset, a wholly-owned subsidiary of Sinochem Group, entered into the Equity Transfer Agreement, pursuant to which Yicheng Properties agreed to acquire 100% equity interests in Wuhan Huazi from Sinochem Asset at the consideration of RMB6,850 million, which will be financed by internal resources of the Group.

As at the Latest Practicable Date, Sinochem Asset is a wholly-owned subsidiary of Sinochem Group, the ultimate controlling shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Pursuant to Chapter 14A of the Listing Rules, the Transaction constitutes a connected transaction of the Company. As the applicable percentage ratios in respect of the Transaction are more than 5%, the Transaction is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, as the applicable percentage ratios in

LETTER FROM SOMERLEY

respect of the Transaction are more than 5% but less than 25%, the Transaction also constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company will convene an extraordinary general meeting (“**EGM**”) to seek the approval from the Independent Shareholders with respect to the Transaction by way of a resolution taken by a poll. In view of Sinochem Group’s interests in the Transaction, Sinochem Group and its associates are required to abstain and shall abstain from voting on the ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the Transaction contemplated thereunder.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. LAU Hon Chuen, Ambrose, Mr. SU Xijia and Mr. GAO Shibin, has been established to advise the Independent Shareholders on the Transaction. We, Somerley, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the past two years, there was no engagement between the Company and Somerley. As at the Latest Practicable Date, there were no relationships or interests between (a) Somerley and (b) the Group, Sinochem Group, Sinochem Asset, and their respective subsidiaries and associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser.

In formulating our opinion and recommendation, we have reviewed, among other things, the Equity Transfer Agreement, the annual report of the Company for the year ended 31 December 2018, the annual results announcement of the Company for year ended 31 December 2019, and the independent property valuation report on the Projects as at 31 December 2019, as set out in Appendix I to the Circular (the “**Valuation Report**”). We have been provided with the latest development proposals of the Projects. We have discussed the Valuation Report, including the basis and assumptions used, with Cushman & Wakefield Limited, an independent property valuer (the “**Valuer**”). Further information is set out in the section headed “Valuation of the Projects”.

We have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group and have assumed that they are true, accurate and complete in all material aspects and will remain so up to the time of the EGM. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, or to doubt the truth, accuracy or completeness of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have, however, not conducted any independent investigation into the business and affairs of the Group, Sinochem Group, Sinochem Asset or any of their respective subsidiaries or associates, nor have we carried out any independent verification of the information supplied.

LETTER FROM SOMERLEY

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the Transaction, we have taken the following principal factors and reasons into consideration:

1. Background of the parties

The Group

The Group engages principally in the city operations, property development, commercial leasing, retail operations and hotel operations. It is the platform enterprise of Sinochem Group in the development of real estate business. The Group develops and invests in large-scale real estate projects in the PRC. As set out in the announcement of the Company dated 7 January 2020, for the twelve months ended 31 December 2019, the Group recorded an accumulative contracted sales amount of approximately RMB160.8 billion, with the accumulative contracted sales gross floor area of approximately 7.5 million square meters.

Shares of the Company have been listed on the Stock Exchange since 2007. As at the Latest Practicable Date, the Company had a market capitalisation of approximately HK\$59.9 billion.

Yicheng Properties, an indirect wholly-owned subsidiary of the Company, is principally engaged in real estate development and sales, project investment and property management in the PRC.

Set out below is a summary of the consolidated financial performance of the Group for the three years ended 31 December 2017, 2018 and 2019, as extracted and summarised from the Company's 2019 annual results announcement and 2018 annual report:

	For the year ended 31 December		
	2019	2018	2017
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenues	43,356	38,733	31,075
Gross profit	12,765	14,538	10,041
Fair value gains on investment properties (net of deferred tax)	337	127	73
Profit for the period/year	8,629	7,377	5,150
Profit attributable to the Shareholders	6,452	5,211	3,978
Profit attributable to owners of the parent			
– net of fair value gains on investment properties (net of deferred tax)	6,115	5,084	3,905

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Revenues of the Group are mainly derived from (a) the city operations and property development, which develops city complexes, properties and lands, (b) commercial leasing and retail operations, which leases office and retail commercial premises, and (c) hotel operations, which provide hotel accommodation services, food and beverages.

The city operations and property development is the largest business segment of the Group, accounted for over 80% of the Group's revenue during the above periods. On the other hand, each of the commercial leasing and retail operations and the hotel operations contributed about 3% to 7% revenues to the Group during the above periods presented.

During the above review period, the Group recorded fair value gains from its portfolio of investment properties under commercial leasing and retail operations during the above periods, which mainly arose from the appreciation of existing investment properties.

In recent years, the Group reported an increasing level of profit attributable to the Shareholders. It grew by approximately 31.0% from approximately RMB4.0 billion in 2017 to approximately RMB5.2 billion in 2018 and further grew by approximately 23.8% to approximately RMB6.5 billion in 2019. Such rising trend is still visible after excluding the effect of fair value gains on investment properties (net of deferred tax).

Set out below is a summary of the consolidated financial position of the Group as at 31 December 2018 and 2019, as extracted and summarised from the Company's 2019 annual results announcement and 2018 annual report:

	As at 31 December	
	2019	2018
	<i>RMB million</i>	<i>RMB million</i>
	<i>(audited)</i>	<i>(audited)</i>
Properties and land under development	138,820	111,270
Investment properties	31,261	29,206
Long-term time deposit	3,300	–
Properties held for sale	11,784	8,991
Restricted bank balances	7,487	4,458
Cash and cash equivalents	17,195	21,324
Other assets	116,302	96,389
Total assets	326,149	271,638
Interest-bearing bank and other borrowings	96,036	87,973
Other liabilities	144,254	105,400
Total liabilities	240,290	193,373
Equity attributable to the Shareholders	39,372	35,797

LETTER FROM SOMERLEY

As shown in the above table, the scale of the Group's businesses continued to grow in recent years. As at 31 December 2019, the Group recorded total assets of approximately RMB326.1 billion, which mainly included (i) properties and land under development (representing the property projects presold or intended for sale) of approximately RMB138.8 billion, (ii) cash and bank balances of approximately RMB28.0 billion (representing the sum of long-term time deposit, restricted bank balances, and cash and cash equivalents), (iii) investment properties of approximately RMB31.3 billion, and (iv) properties held for sales (representing completed properties yet to be delivered) of approximately RMB11.8 billion.

As at 31 December 2019, the Group recorded total liabilities of approximately RMB240.3 billion, of which approximately RMB96.0 billion or 40.0% represented interest-bearing bank and other borrowings. As at 31 December 2019, the Group's gearing ratio, calculated as net debt (being total interest-bearing bank and other borrowings less restricted bank balances, cash and cash equivalents and certain other financial assets under current assets) divided by adjusted capital (being total equity and the amounts due to the immediate holding company), of approximately 74%, which the Group considers to be a reasonable level.

Equity attributable to the Shareholders as at 31 December 2019 stood at approximately RMB39.4 billion.

Sinochem Group

Sinochem Group, a Fortune Global 500 Company, is one of the central state-owned enterprises in the PRC with the approval of the SASAC to develop, invest in and manage real estate projects as one of its core business. The sole shareholder of Sinochem Group is the SASAC.

Sinochem Asset, a wholly-owned subsidiary of the Sinochem Group, is principally engaged in asset management, investment management and real estate information consulting in the PRC.

2. Background to, reasons for and benefits of the Transaction

Background to the Transaction

Pursuant to the Non-compete Undertaking dated 26 July 2007, Sinochem Group has undertaken in favour of the Company that during the term of the Non-compete Undertaking, subject to certain exceptions, it shall not, and shall procure that its subsidiaries (other than the Group and Sinofert Holdings Limited and its subsidiaries) shall not own, invest in, participate in, develop, operate or engage in any business or company which directly or indirectly competes with the businesses carried on by the Group in the PRC (the "**Restricted Business**"), and that it should provide the Group with a right of first refusal in respect of new opportunities offered to it relating to the Restricted Business.

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As confirmed by the management of the Group, Sinochem Group fulfilled its obligations pursuant to the Non-compete Undertaking, and issued written notices to the Group regarding the Yangsi Port Project, the Xiaowang Village Project and the Five Land Parcels Project in China-Europe International City before its participation in the public tender and/or investment in the Projects. An independent board committee of the Company was established at that time to consider a feasibility study conducted on each of the Projects. Having taking into account the then financial position and resources available to the Group, and for the Five Land Parcels Project in China-Europe International City, the specific requirements on the bidders' industry background imposed by the Qingdao government as detailed in the letter from the Board, the independent board committee of the Company decided at that time not to participate in the public tender and/or the investment in the Projects. Subsequently, Sinochem Group acquired the Projects through Wuhan Huazi, and options were granted to the Company pursuant to the Non-compete Undertaking, whereby the Company may exercise the options to acquire the interests in the Projects held by Wuhan Huazi.

We have conducted independent research and note that Qingdao, Tianjin and Wuhan ranked among top 20 cities in the PRC, in terms of gross domestic product in the first three quarters of 2019, and that each of the Projects is located in an urban area in the relevant city, predominated by residential developments with commercial and communal facilities, and is conveniently connected to other parts of the relevant city, including airport and/or railway station, through several major roads and/or expressways. On this basis, we concur with the Company's view that the Projects are located at a favourable geographical location and/or prime location. As set out in the letter from the Board, the Group is optimistic about the future development surrounding the Projects, and the financial strength of the Group has significantly enhanced since the time when the Group was first offered with the Yangsi Port Project and the Xiaowang Village Project. In particular, available banking facilities of the Group increased to approximately RMB87.4 billion as at 31 December 2019 compared to that of approximately RMB27.4 billion as at 31 December 2016 and the cash and bank balances of the Group increased to approximately RMB28.0 billion as at 31 December 2019 compared to that of approximately RMB20.4 billion as at 31 December 2016. The Company therefore decided to exercise the options to capture the investment opportunity.

Reasons for and benefits of the Transaction

In recent years, the Group has been expanding the land reserves for its property development. Since 2019, the Group acquired 60 new property projects, and penetrated into 9 new cities, adding to a total of 49 cities across the PRC, covering the first- and second-tier cities (including Beijing, Shanghai, Changsha, Tianjin, Qingdao, Wuhan). As set out in the Company's 2019 annual results announcement, the Group will continue to solidify its positioning of a city operator, and continue to push ahead the implementation of strategy execution system, so as to accelerate the realisation of the goal of becoming the first-tier team in the industry in terms of overall strength.

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As advised by the management of the Group, currently the Group has eleven, five and six commercial and residential property projects in Qingdao, Tianjin and Wuhan respectively. In addition, the Group considers these three cities to be the key second-tier cities, and has therefore been committed to invest in these cities over the past years, and the Transaction is in line with the Group's overall capital investment strategy in new property projects.

Having considered the above, we concur with the Directors' view that, the Group will be able to quickly expand its land reserve in the three PRC cities through the Transaction, enabling the Group to expand its market shares in these cities and facilitating the overall advancement of the Group's city operations projects, and that the Transaction provides a strong support to the saleable value of the Group's property development for the coming years. As set out in the letter from the Board, as the Yangsi Port Project and the Xiaowang Village Project have met the pre-sale conditions, the Group will be able to enjoy the cash inflows derived from these two projects, shorten its capital utilisation cycle, and enhance its capital utilisation efficiency.

3. Principal terms of the Equity Transfer Agreement

Set out below is a summary of the principal terms of the Equity Transfer Agreement. For further details, please refer to the section headed "Principal terms of the Equity Transfer Agreement" in the letter from the Board.

Acquisition of 100% equity interests

Pursuant to the Equity Transfer Agreement, Sinochem Asset agreed to dispose of, and Yicheng Properties agreed to acquire, 100% equity interests in Wuhan Huazi. The Equity Transfer Agreement shall take effect upon obtaining the approval from the Independent Shareholders. Upon completion of the Transaction, Wuhan Huazi will become an indirect wholly-owned subsidiary of the Company.

Consideration and payment

The consideration for the Transaction (the "**Consideration**") is RMB6,850 million, which was determined after arm's length negotiation between the parties, with reference to the adjusted net assets of Wuhan Huazi of RMB7,609 million as at 31 December 2019. For our assessment on the reasonableness of the Consideration, please refer to below section headed "Evaluation of the Consideration".

Within 30 working days after obtaining the Independent Shareholders' approval for the Transaction, Yicheng Properties shall pay the Consideration in one lump sum to the bank account designated by Sinochem Asset. The Consideration will be financed by internal resources of the Group.

LETTER FROM SOMERLEY

Completion

Sinochem Asset and Yicheng Properties shall use their best endeavours to procure Wuhan Huazi to complete the formalities in relation to the change of registration with the authority in charge of industrial and commercial administration for the Transaction within 30 working days from the date of payment of the Consideration by Yicheng Properties. Completion of the Transaction (the “**Completion**”) shall take place on the date when change of registration with the authority in charge of industrial and commercial administration is completed (the “**Completion Date**”).

Pre-completion obligations

Under the Equity Transfer Agreement, Sinochem Asset has undertaken to Yicheng Properties that:

- (a) from the date of the Equity Transfer Agreement to the Completion Date, Wuhan Huazi and its subsidiaries shall operate their business in a legitimate and compliant manner consistent with previous practices to maintain completeness and continuity in finance, operations, assets, business and personnel;
- (b) from the date of the Equity Transfer Agreement to the Completion Date, save for the liabilities incurred in their ordinary and usual course of business, Wuhan Huazi and its subsidiaries shall not, without the prior written consent from Yicheng Properties, incur any new liabilities or contingent liabilities (including borrowings or guarantees), make profit distribution, dispose of or purchase material assets (including equity interests or real estates), or do any act that may have material adverse impacts on their operating or financial conditions; and
- (c) save for the liabilities and contingent liabilities of Wuhan Huazi and its subsidiaries already disclosed to Yicheng Properties (including (i) interest-bearing bank borrowings of approximately RMB536 million, (ii) pledge of certain properties under development and land use right with an aggregate amount of approximately RMB1,807 million to secure the bank loans granted in relation to the Xiaowang Village Project, and (iii) total amounts due to a shareholder and a related party of approximately RMB1,162 million, as at 31 December 2019) and the new liabilities and contingent liabilities incurred during the period from the date of the Equity Transfer Agreement to the Completion Date that are pre-approved by Yicheng Properties in writing, any liabilities and contingent liabilities of Wuhan Huazi and its subsidiaries incurred as a result of the matters or reasons occurred prior to the Completion Date shall be borne by Sinochem Asset, and Sinochem Asset shall take full responsibility for any third party claim against Wuhan Huazi and/or its subsidiaries with respect to the matters and reasons occurred prior to the Completion Date.

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Termination

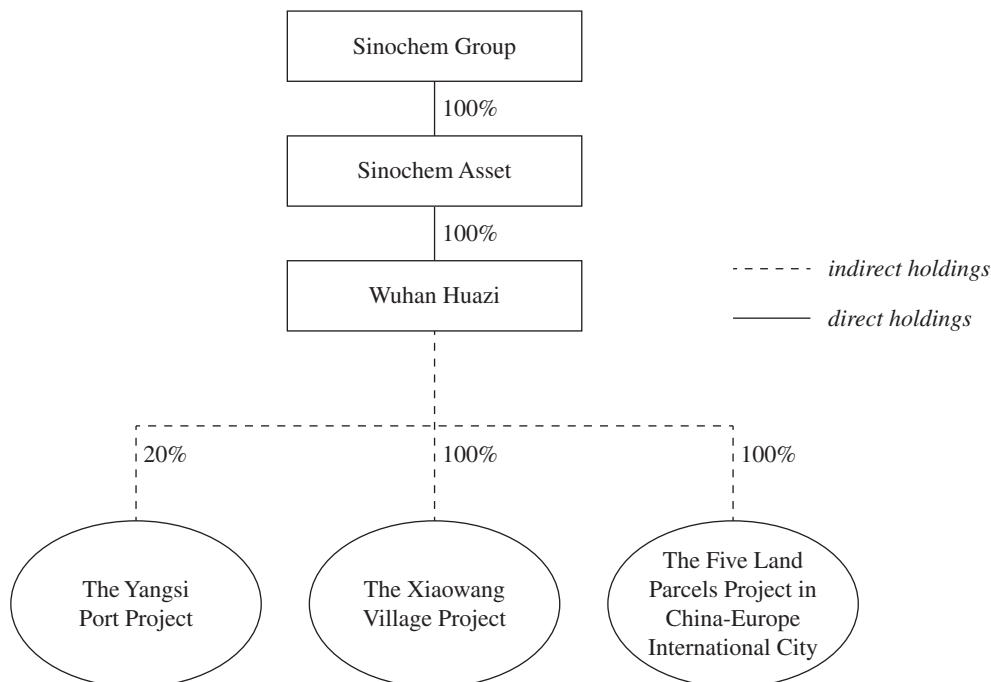
If Sinochem Asset breaches its undertakings under the Equity Transfer Agreement which may, in the reasonable judgement of Yicheng Properties, have an adverse impact on the Transaction, Yicheng Properties shall have the right to terminate the Equity Transfer Agreement.

4. Information on Wuhan Huazi and the Projects

Wuhan Huazi

Wuhan Huazi is a company incorporated in November 2016 under the laws of the PRC with limited liability, with a registered capital of RMB6,520 million. It is principally engaged in real estate information consulting and investment in the PRC. Wuhan Huazi, together with its subsidiaries (the “**Target Group**”), has 100% interests in the Five Land Parcels Project in China-Europe International City and the Xiaowang Village Project, as well as 20% interests in the Yangsi Port Project. As confirmed by the management of the Group, the above three Projects are the sole assets and investments of the Target Group.

Set out below is the simplified shareholding structure of the Target Group as at the Latest Practicable Date:



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Set out below is a summary of the consolidated financial information of Wuhan Huazi for the two years ended 31 December 2019, prepared under the China Accounting Standards for Business Enterprises, as extracted and summarised from Wuhan Huazi's audited consolidated financial statements:

	For the year ended	
	31 December	
	2019	2018
	<i>RMB million</i>	<i>RMB million</i>
	<i>(audited)</i>	<i>(audited)</i>
Revenues	–	–
Net profit before tax	22	114
Net profit after tax	16	75

As the Projects are currently in the course of construction or at planning stage, the Target Group did not generate any revenue. During the years ended 31 December 2018 and 2019, the Target Group recorded net profits of approximately RMB75 million and RMB16 million respectively, which mainly arose from interest income generated from loan to a joint venture and income generated from other investments, partly offset by the sharing of loss from the Yangsi Port Project, selling expenses and other operating expenses incurred in relation to the Projects.

	As at 31 December	
	2019	2018
	<i>RMB million</i>	<i>RMB million</i>
	<i>(audited)</i>	<i>(audited)</i>
Properties under development	5,388	3,425
Loan to a joint venture	2,509	2,690
Cash and cash equivalents	775	997
Other assets	73	78
Total assets	8,745	7,190
Receipts in advance	217	239
Interest-bearing bank borrowings	536	137
Amount due to Sinochem Group	59	–
Amount due to a related party	1,102	–
Other liabilities	253	192
Total liabilities	2,167	568
Net asset value	6,578	6,622

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As at 31 December 2019, the Target Group recorded total assets of approximately RMB8,745 million, which mainly included (i) properties under development of approximately RMB5,388 million, representing the land and development costs incurred in relation to the Xiaowang Village Project and the Five Land Parcels Project in China-Europe International City, (ii) provision of shareholder's loan to a joint venture (including accrued interests) of approximately RMB2,509 million, which in turn holds the Yangsi Port Project. As advised by the management of the Group, the above loan has been provided for the Yangsi Port Project in proportion to Wuhan Huazi's shareholding interest in the project, and this is a common way to finance property developments in the PRC on top of share capital injection, and (iii) cash and cash equivalents of approximately RMB775 million.

As at 31 December 2019, the Group recorded total liabilities of approximately RMB2,167 million, of which (i) approximately RMB1,102 million represented an amount due to a related party (namely 重慶瓏茂裡企業管理有限公司), a company controlled by a joint venture established by the Group and an independent third party, bearing an annual interest rate of 8.69% with no maturity term, (ii) approximately RMB536 million represented interest-bearing bank borrowings, bearing an annual interest rate of 4.9875% and maturing on 19 July 2023, (iii) approximately RMB59 million represented an amount due to Sinochem Group, bearing an annual interest rate of 3.15% and maturing on 18 October 2020, and (iv) approximately RMB217 million represented receipts in advance in relation to the pre-sold residential units of the Xiaowang Village Project. As confirmed by the management of the Group, all the above lenders have no intention to require immediate repayment from the Target Group of the abovementioned borrowings as a result of the Transaction, and it is expected that all borrowings will continue to be put in place.

Net asset value of the Target Group as at 31 December 2019 was approximately RMB6,578 million. Please refer to the section below headed "Evaluation of the Consideration" for our assessment of the Consideration against the Target Group's adjusted net assets.

The Five Land Parcels Project in China-Europe International City

The bidding of the Five Land Parcels Project in China-Europe International City was won by Wuhan Huazi through public tender on 25 October 2019 at a total consideration of RMB1,773 million. The Five Land Parcels Project in China-Europe International City is located in Hightech Zone, Qingdao City, which is close to the Group's development project in Qingdao, namely the Qingdao China-Europe International City. The project has a site area of approximately 278,900 square metres and is being developed for urban residential and industrial purposes, comprising mainly high-rise residence. The planned gross floor area of the residential portion is approximately 448,900 square metres. As advised by the management of the Group, (i) the Five Land Parcels Project in China-Europe International City is still at planning stage as at the Latest Practicable Date, (ii) the construction of the Five Land Parcels Project in China-Europe International City is expected to commence in June 2020, and will be carried out in phases with the construction of the whole project expected to be completed in 2024, and (iii) based on current project timetable, the coming pre-sale activity is scheduled to take place during the fourth quarter of 2020 in respect of approximately 38,600 square metres

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of planned residential units (or approximately 9% of total project saleable area of approximately 433,800 square metres), and there is no other pre-sale activity scheduled in 2020. For further details on the timetable for the pre-sale and delivery of the Five Land Parcels Project in China-Europe International City, please refer to the section headed “Information of Wuhan Huazi – The Five Land Parcels Project in China-Europe International City” in the letter from Board.

Management of the Group informed us that the estimated total investment amount for the Five Land Parcels Project in China-Europe International City is approximately RMB5,416 million, and the amount incurred as at 31 December 2019 was approximately RMB1,851 million. The remaining amount of approximately RMB3,565 million will be funded by multiple financing channels, such as construction loans from financial institutions and proceeds from properties launched for pre-sale.

The Xiaowang Village Project

The bidding of the Xiaowang Village Project was won by Wuhan Huazi through public tender on 31 July 2017 at a total consideration of RMB3,150 million. The Xiaowang Village Project is located in Dongli District, Tianjin City, a district where the Group is currently constructing another residential project, Tianjin Shangdong • Jinmao Palace Project. The project has a site area of approximately 59,600 square metres and the total planned gross floor area of the residential and commercial portions is approximately 119,300 square metres. It is being developed for residential and community oriented commercial purposes, comprising mainly small high-rise and townhouse residence. As advised by the management of the Group (i) the construction of the Xiaowang Village Project commenced in February 2018 and it is being carried out in phases with the construction of the whole project expected to be completed in 2023, (ii) based on current project timetable, the coming pre-sale activity is scheduled to take place during the third quarter of 2020 in respect of approximately 13,200 square metres of residential units (or approximately 12% of total project saleable area of approximately 114,200 square metres), followed by a pre-sale of a further approximately 17,900 square metres of residential units (or approximately 16% of total project saleable area) during the fourth quarter of 2020, and (iii) there is no other pre-sale activity scheduled in 2020. For further details on the timetable for the pre-sale and delivery of the Xiaowang Village Project, please refer to the section headed “Information of Wuhan Huazi – The Xiaowang Village Project” in the letter from Board.

Management of the Group informed us that the estimated total investment amount for the Xiaowang Village Project is approximately RMB4,350 million, and the amount incurred as at 31 December 2019 was approximately RMB3,526 million. The remaining amount of approximately RMB823 million will be funded by multiple financing channels, such as construction loans from financial institutions and proceeds from properties launched for pre-sale.

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The Yangsi Port Project

The bidding of the Yangsi Port Project was won by Ping An Real Estate through public tender on 22 November 2016 at a total consideration of RMB11,065 million. Wuhan Huazi acquired 20% interests in the Yangsi Port Project through its capital injection of RMB20 million and provision of shareholder's loan of approximately RMB2,220 million to the relevant project company pursuant to a joint development agreement entered into by Wuhan Huazi with the above successful bidder and other parties. According to the management of the Group, the other parties are third parties independent from Sinochem Group and the Group at the time of the public tender. They are mainly engaged in, among others, investment and development of the PRC real estate business, and will be jointly responsible for the development of the Yangsi Port Project. The Group currently has no intention to acquire the remaining 80% interests in the Yangsi Port Project.

The Yangsi Port Project is located in Hanyang District, Wuhan City and within the New Port Yangtze River City segment under planning. The project has a site area of approximately 182,900 square metres and the planned gross floor area of approximately 814,300 square metres. It is being developed for residential and community-oriented commercial purposes, comprising mainly super high-rise and high-rise residence. As advised by the management of the Group, (i) the construction of the Yangsi Port Project commenced in May 2017 and it is being carried out in phases with the construction of the whole project expected to be completed in 2023, and (ii) based on current project timetable, the coming pre-sale activity is scheduled to take place during the second quarter of 2020 in respect of approximately 24,900 square metres of residential units (or approximately 4% of total project saleable area of approximately 676,900 square metres), followed by a pre-sale of a further 19,400 square metres of residential units (or approximately 3% of total project saleable area), 2,000 square metres of commercial units, as well as approximately 600 car parking spaces during the fourth quarter of 2020, and (iii) there is no other pre-sale activity scheduled in 2020.

For further details on the timetable for the pre-sale and delivery of the Yangsi Port Project, please refer to the section headed "Information of Wuhan Huazi – The Yangsi Port Project" in the letter from Board.

Management of the Group informed us that the estimated total investment amount for the Yangsi Port Project is approximately RMB18,989 million, and the amount incurred as at 31 December 2019 was approximately RMB13,190 million. The remaining amount of approximately RMB5,799 million will be funded by multiple financing channels, such as construction loans from financial institutions, proceeds from properties launched for pre-sale.

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Prospects

Based on the latest data published in the website of the National Bureau of Statistics of China, the gross domestic product of Wuhan, Tianjin and Qingdao cities exhibited a growing trend in recent years. The gross domestic product of Wuhan and Qingdao cities for the first three quarters of 2019 were approximately RMB1.2 trillion and RMB1.0 trillion, representing an increase of approximately 7.8% and 6.4% respectively, compared to the corresponding period in 2018, while the gross domestic product of Tianjin city in 2019 was approximately RMB1.41 billion, representing an increase of approximately 4.8% compared to 2018, according to the latest statistics released by local government authorities. As set out in the same sources, residents' per capita disposable income in Wuhan and Qingdao for the first three quarter of 2019 grew to approximately RMB33,800 and RMB34,600 while residents' per capita disposable income in Tianjin in 2019 grew to approximately RMB42,400, each being substantially higher than the national average in the corresponding period in 2019 (being approximately RMB22,900 and RMB30,700 respectively, for the first three quarters of 2019 and for the year 2019). The above statistics suggest that Wuhan, Tianjin and Qingdao cities exhibit growth potential, and have high demand for premium commercial and residential properties. In addition, investments in real estate development in Wuhan, Tianjin and Qingdao cities also increased over the past years, with a growth rate ranging from approximately 8% to 20% during the first three quarters of 2019 and the year 2019 (as applicable), according to the same sources.

As set out in the Company's 2019 annual results announcement, "homes are for living in, not for speculation" remains the leading principle for the real estate industry control measures upheld by the PRC central government, with a focus on the aim to "stabilise land prices, housing prices and market expectations". The implementation of regulating measures were tailored to different cities to ensure stable market development in the long run, while the real estate market in the PRC was growing even more competitive. In the short term, the emerging policies to stabilise the economy in a range of cities, financial and fiscal policies to support land supply, and reasonable housing demand will bring new opportunities for the PRC real estate industry.

Outbreak of COVID-19

We observe that since the outbreak of novel coronavirus pneumonia ("COVID-19") in December 2019 or January 2020, the PRC economy has been facing increasing pressure and the overall economic activities has slowed down, as evidenced by the plummeting China's manufacturing purchasing managers index to a record low of 35.7 points in February 2020 as released by the National Bureau of Statistics of China. In this connection, the China's central bank has been introducing measures to ramp up economic activities and counter the negative impact caused by COVID-19.

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Based on our discussions with the management of the Group, the resumption of construction in relation to the Projects after the 2020 Chinese New Year holidays have been delayed as a result of COVID-19. To cope with this situation, special work arrangements have been implemented for the Projects, such as remote working, to promote the resumption of construction of the Projects. We are further advised by the management of the Group that the preparation for construction in relation to the Five Land Parcels Project in China-Europe International City and the construction work in relation to the Xiaowang Village Project have been resumed since the beginning of March 2020, while the construction work in relation to the Yangsi Port Project is expected to resume in the second quarter of 2020, subject to approval by the local government authorities of the work resumption plan. Moreover, as the Target Group has no pre-sale programme or completion plan for the Yangsi Port Project and Xiaowang Village Project in the first quarter of 2020, the pre-sale programs of the Projects in the second quarter of 2020 do not represent significant portion of the respective Projects (as further elaborated in the sub-sections above) and the construction for the Five Land Parcels Project in China-Europe International City has not yet commenced, the Company expects that COVID-19 will not have any material impact on the timetable of the pre-sale and delivery of the Projects.

Since February 2020, the PRC government has introduced various real estate front-end supportive policies (such as moderately relaxing pre-sale conditions, postponing the construction commencement and completion time, promoting online approval services and providing credit support) in different cities, in order to alleviate the liquidity pressures faced by property developers in the near term, and to ensure the stability of the real estate market and economy in the PRC. Based on the above, the Company is of the view that COVID-19 will not have a material and adverse effect on the cash flows of the Projects, and it will not have a long-term material impact on the real estate market in the PRC.

We note from the data released by the National Health Commission of the PRC that the number of new COVID-19 infection cases have been decreasing gradually as compared to those reported earlier this year, with less than 100 new cases across the PRC and minimal new cases in Wuhan, Tianjin and Qingdao reported on the Latest Practicable Date, suggesting that the PRC government has the ability to bring the spreading of COVID-19 in the PRC under control, and the economic activities are expected to gradually resume in the near future.

In addition, we have discussed with the management of the Group in respect of the impact arising from COVID-19 on the pre-sale timetable of the Projects. As disclosed in the sub-sections above relating to each of the Projects, a small number of residential units are scheduled to be pre-sold this year, which represents less than 10% of total saleable area of the Projects. As a sensitivity analysis, the Company expects that despite all pre-sale activities of the Projects in the second and third quarters of 2020 being delayed to the fourth quarter of 2020, the internal rate of return of the respective Projects will not be materially changed. Based on the above, and on the assumption that the COVID-19 will cause short-term impact to the PRC real estate market and will be contained within the year, the Company is of the view, and we concur, that the pre-sale activities and accordingly cash inflow of the Projects will not be materially impacted by COVID-19.

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We have also discussed the same with the Valuer, which has stated its view in the confirmation letter (the “**Confirmation Letter**”) that adverse impact on the PRC economy, including the residential property markets, would be occurred in the short term, but such adverse impact may not last for a long time, greatly depending on the movement of the disease. Having considered the above, we consider that while the general outlook of the PRC property market is uncertain in near future, we concur with the Directors’ view that COVID-19 will not have a long-term material impact on the real estate market in the PRC.

5. Valuation of the Projects

The valuations for each of the Projects held by the Target Group as at 31 December 2019 have been conducted by the Valuer, the full text of which is set out in Appendix I to the Circular. According to the Valuation report, the market value in existing state attributable to the Target Group as at 31 December 2019 is approximately RMB9,914.5 million (the “**Valuations**”), and the breakdown by property project is as follows:

	Market value in existing state as at 31 December 2019 <i>RMB million</i>	Interest attributable to the Target Group	Market value in existing state attributable to the Target Group as at 31 December 2019 <i>RMB million</i>
<u>Properties under development in the PRC</u>			
The Yangsi Port Project	16,849.0	20%	3,369.8
The Xiaowang Village Project	3,654.0	100%	3,654.0
	20,503.0		7,023.8
<u>Property for future development in the PRC</u>			
The Five Land Parcels Project in China-Europe International City	2,890.7	100%	2,890.7
	23,393.7		9,914.5

We have performed work as required under note (1)(d) to Rule 13.80 of the Listing Rules in relation to the Valuer and its work as regards the Valuations. In particular, we have interviewed the Valuer regarding its expertise and understand that the Valuer is an established independent property valuer with a large number of completed assignments acting for listed companies with property interests in the PRC. We note that both preparer and valuer-in-charge of the Valuation Report have over 26 years of experience in the valuation of properties in the PRC.

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We have reviewed the Valuer's terms of engagement and the Valuation Report and discussed with the Valuer the methodology of, and bases and assumptions adopted for, the Valuations and the due diligence work performed by them, including comparable sales evidences used and the adjustments made as discussed below. The Valuer has inspected each of the Projects and made relevant enquiries in the context of the Valuations. In arriving at the Valuations, we note that the Valuer has adopted the direct comparison approach, pursuant to which the Projects are valued by referencing to (i) the comparable sales evidence of land parcels as available in the relevant market that the Valuer has identified in the vicinity, (ii) the development cost and related finance cost incurred as of the date of the Valuations, (iii) a reasonable level of developer's profit. In respect of the item (i) above, the Valuer has taken into account adjustment factors to reflect the differences, including locations, sizes, accessibility and transaction timing between the comparable sales evidences and the relevant Projects. It is also assumed that the relevant Projects will be developed and completed in accordance with the latest development proposals provided by the Group. As confirmed by the Valuer, the direct comparison approach referencing the comparable transactions of land parcels is a common valuation approach in assessing the market value of property projects at early stages. Having considered the above, we consider that the direct comparison approach adopted by the Valuer are reasonable and acceptable in establishing the open market value of the Projects.

In respect of the Five Land Parcels Project in China-Europe International City, we observe that Wuhan Huazi acquired the project at a total consideration of RMB1,773 million in October 2019, while the market value of such project as at 31 December 2019 assessed by the Valuer is approximately RMB2,890.7 million, an increase of approximately 63.0% compared to the land parcels bidding price. We discussed with the management of the Group and understand that (i) given Sinochem Group's diversified business segments and abundant industry resources, it has strong comparative advantages to win the public tender in relation to the Five Land Parcels Project in China-Europe International City, and there may be higher uncertainties involved had the Company participated the public tender, and (ii) the local government intended to encourage state-backed conglomerate to undertake the project to promote the subject district, and therefore the bidders were being offered a discounted price, which may not reflect the market valuation of the project. For the purpose of forming our opinion on the Transaction, we consider the independent valuation as assessed by the Valuer (i.e. RMB2,890.7 million for the Five Land Parcels Project in China-Europe International City) to be more relevant.

Discussion on outbreak of coronavirus disease

In view of the recent outbreak of coronavirus disease in the PRC and in particular Wuhan, as further described in the section above headed "Prospects", we have discussed with the Valuer the potential impacts on the valuation of the Projects. As set out in the Confirmation Letter, the Valuer has checked the property market movement in the cities of Wuhan, Tianjin and Qingdao through the publication of "China 100 City Price Index Report" released in February 2020 by China Index Academy, an independent property research organisation, and

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note that there was no material change of residential property price in the above-mentioned cities, with changes ranging from an increase of 0.13% to a decrease of 0.52% in the first two months of 2020, indicating that the residential property prices in the three cities remain stable.

The Valuer further considers that adverse impact on the economy of the PRC, including the residential property markets, would be occurred in the short term but may not be long and greatly depending on the movement of the disease. Given that the PRC Government and the People's Bank of China have initiated economy stimulation measures since February 2020, and having considered the impact on China's economy brought by the severe acute respiratory syndrome ("SARS") epidemic in 2003, the Valuer is of the view that in short term, there is inevitably certain impact of the pneumonia epidemic on the economy, the epidemic will have impact on consumption, and the slowdown in the growth of total retail sales of consumer goods will have an impact on the overall economy, while in the long run, referring to the previous experience of SARS, the economy will return to normal levels with short-term effects.

The Valuer concluded in its Confirmation Letter that although the Valuer cannot accurately predict the future progress of the pneumonia epidemic and any adverse impact to the relevant residential property markets in the subject three cities, the Valuer, based on the previous experience of the SARS epidemic, consider that the property value as at the Latest Practicable Date would not be materially different from the respective valuations of the Projects as at 31 December 2019 and the difference would be within 5%.

In this respect, we have reviewed the "Sales Prices of Residential Buildings in 70 Medium and Large-sized Cities" as released by the National Bureau of Statistics of China in February 2020. We note that the February 2020 index for Wuhan, Tianjin and Qingdao remained substantially the same when compared to that of December 2019. On this basis, and having considered the PRC central government's long term measures in stabilising the land prices, property prices and market expectations and the reduced number of COVID-19 infection cases as discussed under the section headed "Outbreak of COVID-19", we consider that the residential property prices in the PRC are expected to remain stable in the long run, and the Valuer's conclusion in the Confirmation Letter is justifiable, provided that there have been no material downward change in the residential property price in Wuhan, Tianjin and Qingdao up to February 2020, as stated above.

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6. Evaluation of the Consideration

As mentioned in the above section headed “Information on Wuhan Huazi and the Projects”, the sole assets and investments of the Target Group are the Projects, meaning that the Target Group is an asset-based group, and therefore emphasis should be placed on evaluating the Consideration against the net asset backing of the Target Group. In this respect, we have reviewed the adjusted unaudited consolidated net assets value (“NAV”) of the Target Group (the “Adjusted NAV”), based on the unaudited consolidated NAV of the Target Group as at 31 December 2019 and the adjustments as set out in the table below, which include the revaluation surplus arising from the Valuations, net of estimated deferred tax:

	<i>RMB million</i>
Unaudited consolidated NAV of the Target Group attributable to its equity holders as at 31 December 2019	6,578
Adjustments:	
– Revaluation surplus arising from the valuations of the Xiaowang Village Project and the Five Land Parcels Project in China-Europe International City attributable to the Target Group as at 31 December 2019 (<i>Note 1</i>)	1,157
– Net deferred tax on attributable revaluation surplus (<i>Note 2</i>)	(397)
– Appreciation in share of net assets of the Yangsi Port Project arising from its valuation attributable to the Target Group as at 31 December 2019 (<i>Note 3</i>)	271
	<hr/>
Adjusted NAV	7,609

Notes:

1. This represents the revaluation surplus arising from the excess of the market values of the Xiaowang Village Project and the Five Land Parcels Project in China-Europe International City as valued by the Valuer as at 31 December 2019 over their corresponding book values on the same date
2. This represents the potential PRC corporate income tax and land appreciation tax attributable to the revaluation surplus on the Xiaowang Village Project and the Five Land Parcels Project in China-Europe International City with an intention of future sale that would be crystallised for the Target Group upon disposal of these properties at the valuation prices as set out in the Valuation Report
3. This represents the appreciation in share of net assets of the Yangsi Port Project arising from the excess of the market value of the Yangsi Port Project as valued by the Valuer as at 31 December 2019 over its corresponding book value on the same date, net of the potential PRC corporate income tax and land appreciation tax, after adjusting for relevant interests not attributable to the Target Group

As shown in the above table, the Adjusted NAV of the Target Group is approximately RMB7,609 million. The Consideration of RMB6,850 million represents a discount of approximately 10.0% to the Adjusted NAV.

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As stated in the Confirmation Letter from the Valuer, the property value as at the Latest Practicable Date would not be materially different from the respective valuations of the Projects as at 31 December 2019 and the difference would be within 5%. The above 10% discount to the Adjusted NAV is sufficient to cover the possibility of such maximum downward adjustment of the Projects' valuation by 5%. On the basis of the above, and having considered that the valuations of the Projects being reasonable and acceptable as discussed in the above section headed "Valuation of the Projects", we consider the Consideration to be fair and reasonable.

7. Financial effects on the Group

Upon Completion, Wuhan Huazi will become an indirect wholly-owned subsidiary of the Company and accordingly, all the operating performance and the financial position of the Target Group will be consolidated into the financial statements of the Group. In other words, the Group will have controls over the Xiaowang Village Project and the Five Land Parcels Project in China-Europe International City, and the Group will be able to participate in and share the economic benefits from the Yangsi Port Project.

Set out below are our analyses of the financial effects arising from the Transaction on the Group. The actual financial effects on the Group may differ and are subject to change, as the carrying values of the identifiable assets and liabilities of the Target Group as of the date on which Completion takes place may vary.

NAV

As advised by the management of the Group, since the Target Group has been under the common control by Sinochem Group before and after the Transaction, the Transaction will be accounted for using merger accounting for common control combinations method. Accordingly, the assets, liabilities and equity of the Target Group will be consolidated using the existing book values from the controlling party's perspective. There is no recognition of any additional goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination to the extent of the continuation of the controlling party's interests.

For illustrative purpose only, assuming Completion took place on 31 December 2019, and based on the Consideration of RMB6,850 million and net asset value of the Target Group of approximately RMB6,578 million as at 31 December 2019, total equity of the Group would slightly decrease by approximately RMB272 million, which we consider to be insignificant compared to the Group's total equity of approximately RMB85.9 billion as at 31 December 2019. Shareholders should note that the fair market values of the Projects attributable to the Target Group have not yet been reflected in the Target Group's financial statements. Should they be adjusted in the same manner as the Adjusted NAV as detailed in the section headed "Evaluation of the Consideration", NAV of the Group would increase.

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Revenues and earnings

As mentioned in the previous sections headed “Information on Wuhan Huazi and the Projects”, the Projects are currently in the course of construction or under planning stage, and the construction of which are expected to complete in phases with the construction of the whole projects expected to be completed in 2023 or 2024. The Target Group is not expected to contribute any meaningful amount of revenues or earnings to the Group until the construction of the relevant Projects are completed and the relevant properties are either delivered to the buyers or leased for rental income. As such, it is expected that the Transaction will not bring immediate impact to the financial performance of the Group immediately following Completion, but will bring an additional revenue stream to the Group in the longer term.

Working capital and gearing

The Consideration of RMB6,850 million will be satisfied by internal resources of the Group, and it represents less than 25% and 3% of the Group’s cash and bank balances (being approximately RMB28.0 billion) and total assets (being approximately RMB326.1 billion) as at 31 December 2019. The Target Group is expected to incur further estimated development costs of approximately RMB5,548 million to complete the Projects, which is expected to be financed by way of external borrowings and proceeds from properties launched for pre-sale. On the basis of the above, it is expected that the Transaction will not have any material adverse impact on the working capital of the Group immediately following Completion.

The gearing ratio of the Group as at 31 December 2019 was approximately 74%. Following Completion, all the assets and liabilities of the Target Group will be consolidated into those of the Group. For illustratively purpose only, based on the financial position of the Target Group as at 31 December 2019, as set out in the section headed “Information on Wuhan Huazi and the Projects”, the cash and bank balances of the Group would be decreased by approximately RMB6,075 million (being the Consideration of RMB6,850 million minus cash and cash equivalents of the Target Group of approximately RMB775 million as at 31 December 2019), while the borrowings of the Group would be increased by approximately RMB1,697 million. Accordingly, the gearing ratio of the Group is expected to increase. As confirmed by the management of the Group, the increase in gearing ratio is considered acceptable, and the Group will still be in a healthy financial position after Completion and possess sufficient financial resources for the ongoing business operations and development.

LETTER FROM SOMERLEY

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Transaction is on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. We also consider that the terms of the Transaction are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the Transaction contemplated thereunder.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
John Wong
Director

Mr. John Wong is a licensed person registered with the SFC and a responsible officer of Somerley, which is licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

The following is the text of a letter, summary of valuations and valuation reports prepared for the purpose of incorporation in the Circular, received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the property interest to be acquired by the Group as at 31 December 2019.



16/F
Jardine House
1 Connaught Place
Central
Hong Kong

31 March 2020

The Directors
China Jinmao Holdings Group Limited
Room Nos. 4702 to 03, 47/F
Office Tower, Convention Plaza
1 Harbour Road, Wanchai
Hong Kong

Dear Sirs,

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with your instructions for us to value the properties to be acquired by China Jinmao Holdings Group Limited (referred to as the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) in the People’s Republic of China (the “PRC”) (as more particularly described in the valuation reports), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary to provide you with our opinion of the value of such properties as at 31 December 2019 (the “valuation date”).

DEFINITION OF MARKET VALUE

Our valuation of each of the property represents its Market Value which in accordance with the HKIS Valuation Standards 2017 published by The Hong Kong Institute of Surveyors 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”.

VALUATION BASIS AND ASSUMPTIONS

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2017.

In the course of our valuation of the properties in the PRC, with reference to the PRC legal opinion dated 11 March 2020 of the Company's legal advisor, Dentons Law Offices, we have prepared our valuation on the basis that transferable land use rights of the properties for their specific term at nominal annual land use fees have been granted and that any premium payable has already been fully paid.

We have relied on the information provided by the Group and the PRC legal opinion, regarding the title to the properties and the interest of the Group in the properties. In valuing the properties, we have prepared our valuation on the basis that the owner of the properties has an enforceable title to the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the unexpired land use term as granted.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates approvals and licenses, in accordance with the information provided by the Group are set out in the notes of the valuation reports.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their value.

METHOD OF VALUATION

For properties in Groups I to II we have valued the properties on the basis that they will be developed and completed in accordance with the latest development proposal (if any) provided to us. In arriving at our opinion of value, we have adopted direct comparison approach by making reference to comparable sales evidence of land parcels as available in the relevant market and we have also taken into account the construction costs incurred as at the valuation date, the finance costs arising from the payment of land premium and construction costs as at the valuation date and a reasonable level of developer's profits.

SOURCE OF INFORMATION

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group in respect of the properties in the PRC and have accepted advice given by the Group on such matters as planning approvals or statutory notices, identification of land and buildings, development schedule, construction cost, site and floor areas, interest attributable to be acquired by the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation reports are based on information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided.

TITLE INVESTIGATION

We have been provided with extracts of documents relating to the titles of the properties in the PRC but no searches have been made in respect of the properties. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Group and the PRC legal opinion prepared by the Company's legal advisor regarding the Group's interests in the PRC properties.

SITE INSPECTION

We have inspected the exterior and, whenever possible, the interior of the properties in December 2019. However, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no unexpected costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the area shown on the documents handed to us are correct.

Our valuer, Mr. Elvis Xia who has undertaken inspection of the properties in Wuhan, has about 10 years' experience in property valuation in the PRC. Our valuer, Ms. Kris Wu who has undertaken inspection of the properties in Tianjin, has about 11 years' experience in property valuation in the PRC. Our valuer, Ms. Hannah Sun who has undertaken inspection of the properties in Qingdao, has about 8 years' experience in property valuation in the PRC.

CURRENCY

Unless otherwise stated, all money amounts indicated herein our valuation are in Renminbi (RMB), official currency of the PRC.

We enclose herewith our summary of valuations and valuation reports.

Yours faithfully,
for and on behalf of
Cushman & Wakefield Limited
Philip C Y Tsang

Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MRICS, MHKIS
Director
Valuation & Advisory Services

Note: Mr. Philip C.Y. Tsang is a Registered Professional Surveyor who has over 26 years of experience in the valuation of properties in the PRC.

This valuation reports are prepared by Mr. Peter W. C. Loi, MRICS, MHKIS, RPS (General Practice) who has over 26 years of experience in the valuation of properties in the PRC, under the supervision of Philip C. Y. Tsang.

SUMMARY OF VALUATIONS

Property	Market value in existing state as at 31 December 2019 <i>RMB</i>	Interest to be acquired by the Group %	Market value in existing state to be attributable to the Group as at 31 December 2019 <i>RMB</i>
Group I – Properties to be acquired by the Group under development in the PRC			
1. The under construction residential and commercial development known as Yangsi Port Project situated at Site Nos. F, G, J and K of Yangsigang Xingangzhangjiang City, Hanyang District, Wuhan, Hubei Province, the PRC 中國湖北省武漢市漢陽區楊泗港新港長江城F, G, J和K地塊的商住楊泗港項目在建工程	16,849,000,000	20	3,369,800,000
2. The under construction residential and commercial development known as Xiaowang Village Project situated on the south side of Chengxin Road and west side of Dieshan Road, Dongli District, Tianjin, the PRC 中國天津市東麗區程新道南側、迭山路西側的商住小王莊項目在建工程	3,654,000,000	100	3,654,000,000
Sub-total	<u>20,503,000,000</u>		<u>7,023,800,000</u>

Property	Market value in existing state as at 31 December 2019 <i>RMB</i>	Interest to be acquired by the Group <i>%</i>	Market value in existing state to be attributable to the Group as at 31 December 2019 <i>RMB</i>
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Group II – Property to be acquired by the Group for future development in the PRC

3. Five Land Parcels Project in China-Europe International City situated at High-tech Zone, Qingdao, Shandong Province, the PRC

中國山東省青島市高新區座落在中歐國際城的五塊待建土地	2,890,700,000	100	2,890,700,000
Sub-total	2,890,700,000		2,890,700,000
Grand total of Groups I to II	23,393,700,000		9,914,500,000

VALUATION REPORT

Group I – Properties to be acquired by the Group under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2019
1. The under construction residential and commercial development known as Yangsi Port Project situated at Site Nos. F, G, J and K of Yangsigang Xingangzhangjiang City, Hanyang District, Wuhan, Hubei Province, the PRC	<p>Upon completion, Yangsigang Xingangzhangjiang City is a large scale residential and commercial developments located in Hanyang District of Wuhan.</p> <p>The property comprises the under construction residential and commercial developments situated at Site Nos. F, G, J and K of Yangsigang Xingangzhangjiang City developed on land with a total site area of approximately 182,908.75 sq m.</p>	As at the valuation date, the property was under construction.	RMB16,849,000,000
中國湖北省武漢市漢陽區楊泗港新港長江城F, G, J和K地塊的商住楊泗港項目在建工程	As advised by the Group, the proposed developments is scheduled to be completed in 2023 and have a total planned above and underground gross floor area of approximately 1,133,694.92 sq m. with details as follows.		(RENMINBI SIXTEEN BILLION EIGHT HUNDRED FORTY NINE MILLION) (20% interest to be attributable to the Group: RMB3,369,800,000)
		GFA (sq m)	
	Above ground	864,907.27	
	Underground	<u>268,787.65</u>	
	Total	<u><u>1,133,694.92</u></u>	
	The immediate locality of the property is an urban area in Wuhan where are predominated by residential developments with commercial and communal facilities.		
	The property is held with land use rights for town residential use. For details, please see Note (1) below.		

Notes:–

- (1) According to four State-owned Land Use Rights Certificates issued by 武漢市不動產登記局 (Wuhan Real Estate Registration Bureau), the land use rights of the property, comprising a total site area of 182,908.75 sq m, have been vested in 武漢安和盛泰房地產開發有限公司 (Wuhan Anhe Shengtai Real Estate Development Co., Ltd.) for town residential use with terms due to expire on 20 June 2087 for residential use, due to expire on 20 June 2057 for commercial use and due to expire on 20 June 2067 for landscape use with details as follows.

Certificate No.	Issue Date	Location	Site Area (sq m)
(2017) 0000755	24 July 2017	Site No. F of Yangsigang Xingangzhangjiang City	55,594.41
(2017) 0000754	24 July 2017	Site No. G of Yangsigang Xingangzhangjiang City	57,282.74
(2017) 0000753	24 July 2017	Site No. J of Yangsigang Xingangzhangjiang City	41,201.69
(2017) 0000752	24 July 2017	Site No. K of Yangsigang Xingangzhangjiang City	28,829.91
Total			182,908.75

- (2) According to Planning Permit for Construction Use of Land No. (2017) 050 issued by 武漢市國土資源和規劃局 (Wuhan Land Resource and Planning Bureau) on 14 July 2017, the construction site of the proposed development with a site area of approximately 182,908.75 sq m is in compliance with the requirements of urban planning and has been approved.

- (3) According to Planning Permit for Construction Works No. (2018) 060 issued by 武漢市國土資源和規劃局 (Wuhan Land Resource and Planning Bureau) on 30 March 2018, the construction works of the property on Site No. F with plot ratio gross floor area of approximately 211,298.92 sq m are in compliance with the construction work requirements and have been approved.

According to Planning Permit for Construction Works No. (2018) 215 issued by 武漢市國土資源和規劃局 (Wuhan Land Resource and Planning Bureau) on 21 September 2018, the construction works of the property on Site No. G with plot ratio gross floor area of approximately 217,664.78 sq m are in compliance with the construction work requirements and have been approved.

According to Planning Permit for Construction Works No. (2017) 157 issued by 武漢市國土資源和規劃局 (Wuhan Land Resource and Planning Bureau) on 19 October 2017, the construction works of the property on Site No. J with plot ratio gross floor area of approximately 197,794.60 sq m are in compliance with the construction work requirements and have been approved.

(According to Planning Permit for Construction Works No. (2019) 050 issued by 武漢市國土資源和規劃局 (Wuhan Land Resource and Planning Bureau) on 31 January 2019, the construction works of the property on Site No. K with plot ratio gross floor area of approximately 187,417.07 sq m are in compliance with the construction work requirements and have been approved.

- (4) According to Permit for Commencement of Construction Works No. 4201052017061900114BJ4002 issued by 武漢市漢陽區建設局 (Wuhan Hanyang District Construction Bureau) on 3 July 2018, the construction works of the property on Site No. F is in compliance with the requirements for works commencement and have been permitted at a construction scale of 289,701.01 sq m.

According to Permit for Commencement of Construction Works No. 4201052018040300114BJ40012 issued by 武漢市漢陽區建設局 (Wuhan Hanyang District Construction Bureau) on 14 January 2019, the construction works of the property on Site No. G is in compliance with the requirements for works commencement and have been permitted at a construction scale of 306,983.41 sq m.

According to Permit for Commencement of Construction Works No. 4201052017041800214BJ4001 issued by 武漢市漢陽區建設局 (Wuhan Hanyang District Construction Bureau) on 16 March 2018, the construction works of the property on Site No. J is in compliance with the requirements for works commencement and have been permitted at a construction scale of 265,007.41 sq m.

- (5) According to Pre-sale Permit No. (2019) 568 issued by 武漢市住房保障和房屋管理局 (Wuhan Residential Protection and Building Administration Bureau) on 15 August 2019, the construction works of the property on Site No. F is in compliance with the requirements for pre-sale at a construction scale of 29,451.85 sq m.
- (6) As advised by the Group, the total expended construction cost for the property as at the valuation date was RMB1,200,241,665 whilst the outstanding construction cost for completion of the property as at the valuation date was RMB4,308,748,336. We have taken into account such amounts in our valuation.
- (7) The market value of the property when completed is estimated approximately at RMB24,554,500,000.
- (8) According to Business Licence No. 91420105MA4KQ7K196 dated 26 October 2018, 武漢安和盛泰房地產開發有限公司 (Wuhan Anhe Shengtai Real Estate Development Co., Ltd.) has been established as a limited company with a registered capital of RMB500,000,000 since 16 December 2012.
- (9) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
 - (ii) 武漢安和盛泰房地產開發有限公司 (Wuhan Anhe Shengtai Real Estate Development Co., Ltd.) is the sole legal land user of the property and has obtained State-owned Land Use Rights Certificates of the property;
 - (iii) 武漢安和盛泰房地產開發有限公司 (Wuhan Anhe Shengtai Real Estate Development Co., Ltd.) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and
 - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights has been duly paid and settled.
- (10) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:–
- | | |
|---|---------------|
| State-owned Land Use Rights Certificate | Yes |
| Planning Permit for Construction Use of Land | Yes |
| Planning Permit for Construction Works | Yes |
| Permit for Commencement of Construction Works | Yes (portion) |
| Pre-sale Permit | Yes (portion) |
| Business Licence | Yes |
- (11) In our valuation, we have adopted an average unit price of accommodation value of RMB15,700 per sq.m and RMB7,600 per sq m for the portion of residential development and portion of commercial development of the property respectively.
- (12) In the course of our valuation, we have made references to some relevant land sales transactions which have characteristics comparable to the property. The prices of accommodation value of those land sales transactions are in a range of about RMB4,000 and RMB20,000 per sq.m. The unit prices of accommodation value assumed by us are consistent with the said land sales transactions. Due to adjustments to the unit prices of accommodation value for those land sales transactions, references have been made to reflect factors including but not limited to time, location, size, difference and quality in arriving at the key assumptions.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2019
2. The under construction residential and commercial development known as Xiaowang Village Project situated on the south side of Chengxin Road and west side of Dieshan Road, Dongli District, Tianjin, the PRC 中國天津市東麗區程新道南側、迭山路西側的商住小王莊項目在建工程	Upon completion, the subject development is a medium scale residential and commercial development located in Dongli District of Tianjin. The property comprises the under construction residential and commercial developments developed on land with a total site area of approximately 59,628.80 sq m. As advised by the Group, the proposed development is scheduled to be completed in 2021 and has a total planned above and underground gross floor area of approximately 158,727.39 sq m. with details as follows.	As at the valuation date, the property was under construction.	RMB3,654,000,000 (RENMINBI THREE BILLION SIX HUNDRED FIFTY FOUR MILLION) (100% interest to be attributable to the Group: RMB3,654,000,000)
		GFA (sq m)	
	Above ground	119,256.20	
	Underground	39,471.19	
	Total	<u>158,727.39</u>	
	The immediate locality of the property is an urban area in Tianjin where are predominated by residential developments with commercial and communal facilities.		
	The property is held with land use rights for town residential use. For details, please see Note (1) below.		

Notes:–

- (1) According to State-owned Land Use Rights Certificate No. (2018) 1006331 issued by 天津市國土資源和房屋管理局 (Bureau of Land Resources and Housing Management of Tianjin Municipal) on 27 February 2018, the land use rights of the property, comprising a site area of 59,628.80 sq m, have been vested in 天津東輝置業有限公司 (Tianjin Donghui Properties Co., Ltd.) for town residential use with a term due to expire on 29 December 2087 for residential use and due to expire on 29 December 2057 for commercial use.
- (2) According to a Grant Contract of State-owned Land Use Rights entered into between 天津市國土資源和房屋管理局 (Bureau of Land Resources and Housing Management of Tianjin Municipal) and 天津東輝置業有限公司 (Tianjin Donghui Properties Co., Ltd.) with details as follows:–

Contract No.	Date of Contract	Location in Dongli District	Land Use		Plot ratio	Site Area (sq m)	Land Premium (RMB)
			Term	Land Use			
TJ11102017005	28 September 2017	South side of Chengxin Road and west side of Dieshan Road	70 years 40 years	Residential Commercial	2.0	59,628.8	3,150,000,000

- (3) According to Planning Permit for Construction Use of Land No. (2017) 0032 issued by 天津市規劃局東麗區規劃分局 (Bureau of Urban Planning of Tianjin Municipality Dongli Planning Branch) on 18 December 2017, the construction site of the proposed development with a site area of approximately 59,628.10 sq m is in compliance with the requirements of urban planning and has been approved.
- (4) According to four Planning Permit for Construction Works issued by 天津市規劃局東麗區規劃分局 (Bureau of Urban Planning of Tianjin Municipality Dongli Planning Branch), the construction works of the property with a total plot ratio gross floor area of approximately 119,256.20 sq m are in compliance with the construction work requirements and have been approved with details as follows:

Permit No.	Issue Date	GFA (sq m)
(2018) 0023	13 April 2018	17,800.06
(2018) 0025	13 April 2018	46,371.96
(2018) 0024	13 April 2018	55,084.18
(2018) 0022	12 April 2018	39,471.19
		158,727.39

- (5) According to three Permit for Commencement of Construction Works issued by 天津市東麗區行政審批局 (Tianjin Municipal Dongli District Administrative Examination and Approval Bureau), the construction works of the property is in compliance with the requirements for works commencement and have been permitted at a total construction scale of 103,643.21 sq m with details as follows:

Permit No.	Issue Date	GFA (sq m)
1201102018042702121	27 April 2018	17,800.06
1201102018052101121	21 May 2018	46,371.96
1201102019101616121	16 October 2019	55,084.18
1201102018042701121	27 April 2018	39,471.19
		158,727.39

- (6) According to Pre-sale Permit No. (2018) 0254 – 001-003 issued by 天津市國土資源和房屋管理局 (Bureau of Land Resources and Housing Management of Tianjin Municipal) on 18 May 2018, the construction works of portion of the property is in compliance with the requirements for pre-sale at a construction scale of 16,518.58 sq m.
- (7) As advised by the Group, the total expended construction cost for the property as at the valuation date was RMB206,958,116 whilst the outstanding construction cost for completion of the property as at the valuation date was RMB304,301,879. We have taken into account such amounts in our valuation.
- (8) The market value of the property when completed is estimated approximately at RMB4,219,000,000.
- (9) According to Business Licence No. 91120110MA05ULWE06 dated 20 August 2018, 天津東輝置業有限公司 (Tianjin Donghui Properties Co., Ltd.) has been established as a limited company with a registered capital of RMB50,000,000 since 22 August 2017.
- (10) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
 - (ii) 天津東輝置業有限公司 (Tianjin Donghui Properties Co., Ltd.) is the sole legal land user of the property and has obtained State-owned Land Use Rights Certificate of the property;
 - (iii) 天津東輝置業有限公司 (Tianjin Donghui Properties Co., Ltd.) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and
 - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights has been duly paid and settled.
- (11) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:-
- | | |
|---|---------------|
| State-owned Land Use Rights Certificate | Yes |
| Grant Contract of State-owned Land Use Rights | Yes |
| Planning Permit for Construction Use of Land | Yes |
| Planning Permit for Construction Works | Yes |
| Permit for Commencement of Construction Works | Yes (portion) |
| Pre-sale Permit | Yes (portion) |
| Business Licence | Yes |
- (12) In our valuation, we have adopted an average unit price of accommodation value of RMB21,400 per sq.m for the property.
- (13) In the course of our valuation, we have made references to some relevant land sales transactions which have characteristics comparable to the property. The prices of accommodation value of those land sales transactions are in a range of about RMB13,000 and RMB19,000 per sq.m. The unit prices of accommodation value assumed by us are consistent with the said land sales transactions. Due to adjustments to the unit prices of accommodation value for those land sales transactions, references have been made to reflect factors including but not limited to time, location, size, difference and quality in arriving at the key assumptions.

VALUATION REPORT

Group II – Property to be acquired by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2019
3. Five Land Parcels Project in China-Europe International City situated at High-tech Zone, Qingdao, Shandong Province, the PRC 中國山東省青島市高新區五塊座落在中歐國際城的待建土地	The property comprises five development sites with a total site area of approximately 278,887.20 sq m. As advised by the Group, proposed developments will be developed on the subject sites with a total planned gross floor area of approximately 725,060.85 sq m. As advised by the Group, the proposed developments are scheduled to be completed in 2023. The immediate locality of the property is an urban area in Qingdao where are predominated by residential developments with commercial and communal facilities. The property is held with land use rights for various land use term and use with details below.	As at the valuation date, the property was land.	RMB2,890,700,000 (RENMINBI TWO BILLION EIGHT HUNDRED NINETY MILLION SEVEN HUNDRED THOUSAND) (100% interest to be attributable to the Group: RMB2,890,700,000)

Notes:–

- (1) According to three Grant Contract of State-owned Land Use Rights entered into between 青島市自然資源和規劃局 (Qingdao Resources and Planning Bureau) and 青島方嘉置業有限公司 (Qingdao Fangjia Real Estate Company Limited) with details as follows:–

Land Lot	Contract No.	Date of Contract	Location in Gaoxin District	Land Use Term	Land Use	Plot ratio	Site Area (sq m)	Land Premium (RMB)
Land lot D11	01-2019-4074	13 November 2019	South of Hedong Road, west of Heyuan Road	70 years	Town residential	3.0	73,705.30	840,237,000
Land lot B6	01-2019-4073	13 November 2019	North of Taihong Road, west of Wahguan Road	70 years	Town residential	2.0	77,206.90	602,210,700
Land lot B4	01-2019-4075	13 November 2019	South of Tairui Road, east of Wahguan Road	70 years	Town residential	2.5	29,329.50	285,959,700
							180,241.70	1,728,407,400

According to a Grant Contract of State-owned Land Use Rights entered into between 青島市自然資源和規劃局 (Qingdao Resources and Planning Bureau) and 青島方靖置業有限公司 (Qingdao Fangjing Real Estate Company Limited) with details as follows:-

Contract No.	Date of Contract	Location in Gaoxin District	Land Use		Plot ratio	Site Area (sq m)	Land Premium (RMB)
			Term	Land Use			
01-2019-4079	9 December 2019	South of Hedong Road, west of Huadong Road	50 years	Industrial	2.8	54,267.40	24,420,330

According to a Grant Contract of State-owned Land Use Rights entered into between 青島市自然資源和規劃局 (Qingdao Resources and Planning Bureau) and 青島方旭置業有限公司 (Qingdao Fangxu Real Estate Company Limited) with details as follows:-

Contract No.	Date of Contract	Location in Gaoxin District	Land Use		Plot ratio	Site Area (sq m)	Land Premium (RMB)
			Term	Land Use			
01-2019-4078	9 December 2019	West of Huadong Road, North of Taihong Road	50 years	Industrial	2.8	44,378.10	19,970,145

- (2) According to State-owned Land Use Rights Certificate No. (2020) 0007248 dated 3 March 2020, the land use rights of the property, comprising a site area of 29,329.50 sq m, have been vested in 青島方嘉置業有限公司 (Qingdao Fangjia Real Estate Company Limited) for town residential use with a term due to expire on 24 November 2089.

According to State-owned Land Use Rights Certificate No. (2020) 0007307 dated 10 March 2020, the land use rights of the property, comprising a site area of 77,206.90 sq m, have been vested in 青島方嘉置業有限公司 (Qingdao Fangjia Real Estate Company Limited) for town residential use with a term due to expire on 24 November 2089.

According to State-owned Land Use Rights Certificate No. (2020) 0007319 dated 11 March 2020, the land use rights of the property, comprising a site area of 73,705.30 sq m, have been vested in 青島方嘉置業有限公司 (Qingdao Fangjia Real Estate Company Limited) for town residential use with a term due to expire on 24 November 2089.

As advised by the Group, in order to obtain the State-owned Land Use Rights Certificates for the two remaining parcels of industrial land, the Group require more time to complete the procedures required by the government and it is expected that the two State-owned Land Use Rights Certificates may be obtained in April 2020.

Moreover, as advised by the Group, the Group had paid the land premium for the two remaining parcels of industrial land. The Company's PRC legal advisor has advised that there is no legal impediment to obtain the remaining two State-owned Land Use Rights Certificates.

- (3) According to Business Licence No. 91370222MA3QT3JW50 dated 23 October 2019, 青島方嘉置業有限公司 (Qingdao Fangjia Real Estate Company Limited) was established on 23 October 2019 as a limited company with a registered capital of RMB2,000,000,000.

According to Business Licence No. 91370222MA3QT3EH0E dated 23 October 2019, 青島方靖置業有限公司 (Qingdao Fangjing Real Estate Company Limited) was established on 23 October 2019 as a limited company with a registered capital of RMB30,000,000.

According to Business Licence No. 91370222MA3QT3854C dated 23 October 2019, 青島方旭置業有限公司 (Qingdao Fangxu Real Estate Company Limited) was established on 23 October 2019 as a limited company with a registered capital of RMB30,000,000.

- (4) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The Grant Contracts of State-owned Land Use Rights and State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
 - (ii) 青島方嘉置業有限公司 (Qingdao Fangjia Real Estate Company Limited), 青島方靖置業有限公司 (Qingdao Fangjing Real Estate Company Limited) and 青島方旭置業有限公司 (Qingdao Fangxu Real Estate Company Limited) are the sole legal land user of the property and has obtained Grant Contracts of State-owned Land Use Rights of the property;
 - (iii) 青島方嘉置業有限公司 (Qingdao Fangjia Real Estate Company Limited), 青島方靖置業有限公司 (Qingdao Fangjing Real Estate Company Limited) and 青島方旭置業有限公司 (Qingdao Fangxu Real Estate Company Limited) have the rights to freely lease, transfer, mortgage and dispose of the land use rights of the property;
 - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights has been duly paid and settled; and
 - (v) The above land users have no legal impediment to obtain the remaining two State-owned Land Use Rights Certificates.
- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:-
- | | |
|---|---------------|
| Grant Contract of State-owned Land Use Rights | Yes |
| State-owned Land Use Rights Certificate | Yes (portion) |
| Business Licence | Yes |
- (6) In our valuation, we have adopted an average unit price of accommodation value of RMB6,200 per sq.m and RMB390 per sq.m. for the portion of residential development and portion of industrial development of the property respectively.
- (7) In the course of our valuation, we have made references to some relevant land sales transactions which have characteristics comparable to the property. The prices of accommodation value of those land sales transactions are in a range of about RMB400 and RMB6,500 per sq.m. The unit prices of accommodation value assumed by us are consistent with the said land sales transactions. Due to adjustments to the unit prices of accommodation value for those land sales transactions, references have been made to reflect factors including but not limited to time, location, size, difference and quality in arriving at the key assumptions.

The following is the text of a letter received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of its property valuation reports.



16/F
Jardine House
1 Connaught Place
Central
Hong Kong

31 March 2020

The Directors
China Jinmao Holdings Group Limited
Room Nos. 4702 to 03, 47/F
Office Tower, Convention Plaza
1 Harbour Road Wanchai
Hong Kong

Dear Sirs,

We refer to your request for us to express our opinion on the property valuation reports undertaken for this Circular after the outbreak of new Coronavirus in Wuhan since December 2019.

We would like to state that the valuation date of our property valuation reports was 31 December 2019. We aware from the news that there were certain new Coronavirus infection cases in Wuhan. In the course of our valuation, we have based on the market comparables that have reflected various economic situation and including, but not limited to, such Coronavirus factor.

The outbreak of new Coronavirus in mid-January 2020 became more serious and the economic activities slowed down or stood still. It draws the attention and concern whether the general PRC property price will drop drastically in short period of time.

We have checked the property market movement in the cities of Wuhan, Tianjin and Qingdao through the publication of “China 100 City Price Index Report” prepared by China Index Academy and note that there was no material change of residential property price in the above three above-mentioned cities up to February 2020 because those report as at March 2020 has not been published before the Latest Practicable Date. According to the China 100 City Price Index Report as at January 2020, the month-to-month change of average residential price index for Wuhan, Tianjin and Qingdao are +0.54%, -0.10% and +0.21% respectively.

According to the China 100 City Price Index Report as at February 2020, the month-to-month change of average residential price index for Wuhan, Tianjin and Qingdao are -0.41%, -0.41% and -0.44% respectively. Therefore, the change of average residential price index for Wuhan, Tianjin and Qingdao from December 2019 to February 2020 are +0.13%, -0.51% and -0.23% respectively and their residential property price are stable.

The PRC Government reacts swiftly to support the economy stability on 1 February. Five departments including the People's Bank of China, the Ministry of Finance, the Banking and Insurance Regulatory Commission, the Securities Regulatory Commission, and the Foreign Exchange Bureau jointly issued the "Notice on Further Strengthening Financial Support to Prevent and Control Pneumonia of New Coronavirus Infection 關於進一步強化金融支持防控新型冠狀病毒感染肺炎疫情的通知" in order to strengthen credit placement, provide sufficient liquidity to ensure financial support for the real economy during the epidemic prevention and control period.

From 3 February, the People's Bank of China invested RMB1.2 trillion in open market reverse repurchase operations to ensure the smooth operation of the currency market, and its liquidity was RMB900 billion higher than the same period last year. It is expected that in the future, more national-level holistic policies that benefit the economic environment, as well as supportive policies for specific industries, will be introduced one after another.

However, in the wake of outbreak of new Coronavirus, we consider that adverse impact on the economy of the Mainland China, including the residential property markets would be occurred in the short term but may not be long and greatly depending on the movement of the disease.

Looking back at the impact of the SARS epidemic on China's economy in 2003, GDP growth plummeted by two percentage points to 9.1% in the second quarter of the outbreak. Among them, consumption was most affected. The growth rate of total retail sales of consumer goods had continued to decline from March, reaching an annual low of 4.3% in May. However, after the epidemic, China's economy had quickly returned to normal since June, GDP and consumption growth had rebounded to normal level, and the growth rate of total retail sales of consumer goods had reached a high point at the end of the year.

In the short term, there is inevitably certain impact of Wuhan's pneumonia epidemic on the economy, the epidemic will have impact on consumption, and the slowdown in the growth of total retail sales of consumer goods will have an impact on the overall economy.

In the long run, referring to the previous experience of SARS, the economy will return to normal levels with short-term effects. The government has responded faster and intensified to tackle the new pneumonia, and the epidemic is expected to be brought under control soon. The impact on the economy is expected to be mainly concentrated in the first half of 2020.

In fact, we cannot accurately predict the future progress of the pneumonia epidemic and any adverse impact to the relevant residential property markets in the subject three cities. However, based on the previous experience of SARS, we consider that the property value as at the Latest Practicable Date would not be materially different from the respective valuations of the Property Projects as at 31 December 2019 and the difference would be within 5%.

Yours faithfully,
for and on behalf of

Cushman & Wakefield Limited

Philip C Y Tsang

Registered Professional Surveyor (General Practice)

Registered China Real Estate Appraiser

MSc, MRICS, MHKIS

Director

Valuation & Advisory Services

1. RESPONSIBILITY OF THE DIRECTORS

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

(a) Directors' interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company or their respective associates had any interest or short position 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 (i) were 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 or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules:

Interests in the Shares or underlying shares of the Company

Name of Director	Capacity	No. of Shares Held	No. of underlying shares held (Note 1)	Percentage of issued share capital of the Company (Note 2)
Mr. LI Congrui	Beneficial owner	1,000,000 (Long Position)	4,500,000 (Long Position)	0.047%
Mr. JIANG Nan	Beneficial owner	1,000,000 (Long Position)	4,500,000 (Long Position)	0.047%
Mr. SONG Liuyi	Beneficial owner	1,000,000 (Long Position)	4,500,000 (Long Position)	0.047%

Note 1: This refers to underlying shares covered by share options granted, such options being unlisted physically settled equity derivatives.

Note 2: This represents the percentage of the aggregate long positions in Shares and underlying shares to the total issued share capital of the Company as at the Latest Practicable Date.

Interests in the shares or underlying shares of the associated corporations of the Company

Name of Director	Capacity	Name of associated corporation (Note 1)	No. of share stapled units held	Percentage of issued share stapled units (Note 2)
Mr. LI Congrui	Beneficial owner	Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited	350,000 (Long Position)	0.018%
Mr. JIANG Nan	Beneficial owner	Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited	484,500 (Long Position)	0.024%

Note 1: As at the Latest Practicable Date, the Company held approximately 66.77% equity interest in the share stapled units issued by Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited. As such, Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited are associated corporations of the Company within the meaning of Part XV of the SFO.

Note 2: This represents the percentage of the long positions in share stapled units to the total issued share stapled units of Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited as at the Latest Practicable Date.

(b) Substantial shareholders' interests

Save as disclosed below, as at the Latest Practicable Date, so far as is known to the Directors, there was no other person (other than the Directors and chief executives of the Company) who had any interest or short position in the Shares or underlying shares of the Company which (i) were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or (ii) were required, pursuant to section 336 of the SFO, to be recorded in the register of the Company referred to therein, or (iii) had already been notified to the Company and the Stock Exchange:

Name of substantial shareholder	Long/short position	Capacity/nature of interests	No. of Shares Held	Percentage of issued share capital of the Company
Sinochem Hong Kong (Group) Company Limited ("Sinochem Hong Kong")	Long position	Beneficial owner	4,126,738,025	35.05%

Name of substantial shareholder	Long/short position	Capacity/nature of interests	No. of Shares Held	Percentage of issued share capital of the Company
Sinochem Corporation	Long position	Interest of controlled corporation (<i>Note 1</i>)	4,126,738,025	35.05%
Sinochem Group	Long position	Interest of controlled corporation (<i>Note 1</i>)	4,126,738,025	35.05%
Ping An Life Insurance Company of China, Ltd. (“Ping An Life”)	Long position	Beneficial owner	1,787,077,435	15.18%
Ping An	Long position	Interest of controlled corporation (<i>Note 2</i>)	1,787,077,435	15.18%
New China Life Insurance Co., Ltd.	Long position	Beneficial owner	1,079,321,860	9.17%
UBS Group AG	Long position	Interest of controlled corporation (<i>Note 3</i>)	711,508,410	6.05%
		Security interest in shares held	7,633,379	0.06%

Note 1: Sinochem Group holds 98% equity interest in Sinochem Corporation, which in turn holds the entire equity interest in Sinochem Hong Kong. For the purpose of the SFO, Sinochem Group and Sinochem Corporation are both deemed to be interested in the Shares beneficially owned by Sinochem Hong Kong.

Note 2: Ping An holds 99.51% equity interest in Ping An Life. For the purpose of the SFO, Ping An is deemed to be interested in the Shares beneficially owned by Ping An Life.

Note 3: UBS Group AG is deemed to have interests in the shares of the Company held by UBS AG, UBS Switzerland AG, UBS Asset Management (Americas) Inc., UBS Asset Management (Australia) Ltd, UBS Asset Management (Canada) Inc., UBS Asset Management (Deutschland) GmbH, UBS Asset Management (Hong Kong) Ltd, UBS Asset Management (Japan) Ltd, UBS Asset Management Life Ltd, UBS Asset Management (Singapore) Ltd, UBS Asset Management Switzerland AG, UBS Asset Management Trust Company, UBS Asset Management (UK) Limited, UBS Fund Management (Luxembourg) S.A. and UBS Fund Management (Switzerland) AG, and such companies are subsidiaries of UBS Group AG.

3. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, the following Directors are also employees of a company which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of substantial shareholder of the Company	Position in the substantial shareholder of the Company
Mr. NING Gaoning	Sinochem Group	Chairman of the board of directors
	Sinochem Corporation	Chairman of the board of directors
	Sinochem Hong Kong	Chairman of the board of directors
Mr. YANG Lin	Sinochem Group	Chief accountant
	Sinochem Corporation	Chief financial officer

4. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of them or any of their close associates had interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would fall to be disclosed under the Listing Rules.

7. OTHER ARRANGEMENTS INVOLVING DIRECTORS

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group; and

- (b) none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2019 (the date to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; (ii) leased to; (iii) were proposed to be acquired or disposed of by; or (iv) were proposed to be leased to any member of the Group.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice, which are contained or referred to in this circular:

Name	Qualification
Somerley	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Cushman & Wakefield	independent property valuer

As at the Latest Practicable date, each of the above experts:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 31 March 2020 and references to its name, in the form and context in which it appears;
- (b) did not have any 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; and
- (c) did not have any direct or indirect interest in any assets which had been since 31 December 2019 (the date to which the latest published audited accounts of the Group were made up), acquired, 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.

9. MISCELLANEOUS

This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Equity Transfer Agreement is available for inspection during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the registered office of the Company at Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong up to and including the date of the EGM.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of China Jinmao Holdings Group Limited (the “**Company**”) will be held at Lounge, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Friday, 24 April 2020 at 2:00 p.m. or any adjournment thereof to consider and, if thought fit, pass the following resolution as an ordinary resolution (with or without modifications):

ORDINARY RESOLUTION

1. “THAT:

- (a) the Equity Transfer Agreement (as defined and described in the circular to the shareholders of the Company dated 31 March 2020, a copy of which has been produced to the EGM marked “A” and initialled by the Chairman of the EGM for the purpose of identification) and the execution thereof and implementation of the transactions thereunder be and are hereby approved, ratified and confirmed;
- (b) any director of the Company be and is hereby authorized to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as he may in his absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the Equity Transfer Agreement and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to the Equity Transfer Agreement which in his opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

By order of the Board
China Jinmao Holdings Group Limited
NING Gaoning
Chairman

Hong Kong, 31 March 2020

NOTICE OF EGM

Notes:

1. The register of members of the Company will be closed from Tuesday, 21 April 2020 to Friday, 24 April 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to attend and vote at the EGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 20 April 2020.
2. Any member entitled to attend and vote at the EGM or any adjournment thereof convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. In case of joint holders of any share, any one of such joint holders may vote at the EGM or any adjournment thereof, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders are present at the EGM in person or by proxy, then one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
4. In order to be valid, the form of proxy completed in accordance with the instructions printed thereon, 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 share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the EGM or any adjournment thereof.
5. Completion and return of the form of proxy will not preclude members from attending and voting in person at the EGM should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
6. If typhoon signal no. 8 or above remains hoisted or a black rainstorm warning signal is in force at 12:00 noon on the date of the EGM, the EGM will be postponed. The Company will post an announcement on the Company's website at www.chinajinmao.cn and the HKExnews website at www.hkexnews.hk to notify shareholders of the date, time and place of the rescheduled meeting.

As at the date of this notice, the Directors of the Company are Mr. NING Gaoning (Chairman), Mr. YANG Lin and Mr. AN Hongjun as Non-executive Directors; Mr. LI Congrui, Mr. JIANG Nan and Mr. SONG Liuyi as Executive Directors; Mr. LAU Hon Chuen, Ambrose, Mr. SU Xijia and Mr. GAO Shibin as Independent Non-executive Directors.