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China Jinmao Holdings Group Limited
中國金茂控股集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00817)

ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
ACQUISITION OF 51% EQUITY INTERESTS IN XINMAO REAL ESTATE
AND JOINT DEVELOPMENT OF LAND PARCEL IN SUZHOU

The Board hereby announces that on 24 November 2023, Ningbo Ningxing, an indirect wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with Nanjing Yaofang and Xinmao Real Estate in relation to the cooperation for the development of the Land Parcel. The land use right of the Land Parcel was acquired by Nanjing Yaofang through a public tender process on 19 October 2023. In order to develop the Land Parcel, Nanjing Yaofang has established Xinmao Real Estate, and has subscribed for, but has not paid up, its registered capital of RMB3,690 million.

Pursuant to the Cooperation Agreement, Ningbo Ningxing will acquire from Nanjing Yaofang its 51% equity interests in Xinmao Real Estate, make capital contribution in an amount of RMB1,881.9 million to Xinmao Real Estate, and provide shareholder investment amounted to RMB45.9 million as the initial startup funding of Xinmao Real Estate. Upon completion of the Equity Transfer, Ningbo Ningxing and Nanjing Yaofang will hold 51% and 49% equity interests in Xinmao Real Estate, respectively. Xinmao Real Estate will become a non-wholly owned subsidiary of the Company.

As the highest applicable percentage ratio in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 24 October 2023 in relation to the Loan Agreement entered into by Jinmao Tianjin, an indirect wholly-owned subsidiary of the Company, and Nanjing Yaofang on 21 October 2023 for provision of loans for the possible subsequent cooperation in the development of the Land Parcel in Suzhou. If the Group decides to acquire equity interests of Land Parcel, the Group will enter into formal agreement with Nanjing Yaofang and relevant parties. As at the date of this announcement, the loan provided by Jinmao Tianjin to Nanjing Yaofang pursuant to the Loan Agreement amounted to approximately RMB2,445.3 million in total.

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PRINCIPAL TERMS OF THE COOPERATION AGREEMENT

Date

24 November 2023

Parties

- Ningbo Ningxing (as the purchaser)
- Nanjing Yaofang (as the vendor)
- Xinmao Real Estate (as the project company)

Equity Transfer and Completion

Pursuant to the Cooperation Agreement, Nanjing Yaofang will transfer its 51% equity interests in Xinmao Real Estate to Ningbo Ningxing.

After Ningbo Ningxing completes the state-owned assets regulatory process in relation to the acquisition of 51% equity interests in Xinmao Real Estate and by no later than 31 December 2023, Ningbo Ningxing and Xinmao Real Estate shall cooperate with Nanjing Yaofang to complete the procedures for the industrial and commercial registration for the Equity Transfer. Upon completion of the Equity Transfer, Ningbo Ningxing and Nanjing Yaofang will hold 51% and 49% equity interests in Xinmao Real Estate, respectively. Xinmao Real Estate will become a non-wholly owned subsidiary of the Company.

The benchmark price of the Equity Transfer is based on the lower of (1) the appraised value of the entire shareholders' equity of Xinmao Real Estate as filed with the state-owned assets regulatory authority (approximately RMB30,600, and the valuation was conducted by an independent valuation institution, Shanghai Cairui Asset Valuation Company Limited (上海財瑞資產評估有限公司) with the use of asset-based approach, mainly taking into account the asset appreciation of the Land Parcel) and (2) the paid-up registered capital of Xinmao Real Estate as at the valuation benchmark date (i.e. 31 October 2023), and determined based on the proportion of cooperation of Ningbo Ningxing. As the registered capital of Xinmao Real Estate has not been paid up by Nanjing Yaofang, the Company is not required to make any cash payment to Nanjing Yaofang in relation to the Equity Transfer.

Payment of Registered Capital

The registered capital of Xinmao Real Estate is RMB3,690 million. Upon completion of the Equity Transfer, Ningbo Ningxing and Nanjing Yaofang shall simultaneously pay up the registered capital of RMB1,881.9 million and RMB1,808.1 million, respectively, to Xinmao Real Estate according to the proportion of 51% and 49% by 31 December 2023.

Prior to the entering into of the Cooperation Agreement, Jinmao Tianjin has provided a loan in the amount of approximately RMB2,445.3 million to Nanjing Yaofang pursuant to the Loan Agreement. Upon entering into of the Cooperation Agreement, approximately RMB1,247.1 million of the aforementioned loan will be transferred to the creditors' rights of Ningbo Ningxing to Xinmao Real Estate by way of credits and debts assignment, which will be repaid by Xinmao Real Estate in the future after Ningbo Ningxing and Nanjing Yaofang have paid up the registered capital in the proportion of 51% and 49%, respectively. The remaining loan of approximately RMB1,198.2 million will be repaid by Nanjing Yaofang to Jinmao Tianjin. Concurrently with the entering into of the Cooperation Agreement, Ningbo Ningxing coordinated with Jinmao Tianjin to enter into supplement agreements with Nanjing Yaofang in relation to the Loan Agreement in order to waive the interests on the loan stipulated in the Loan Agreement in its entirety, provided that, Nanjing Yaofang shall still pay funding occupancy fees to an entity designated by Jinmao Tianjin at an annualized rate of 8% in respect of an amount of approximately RMB1,198.2 million.

Land Grant Fee for the Land Parcel

The land grant fee for the Land Parcel was approximately RMB3,493.3 million. Prior to the entering into of the Cooperation Agreement, the land grant fee for the Land Parcel in aggregate of RMB2,445.3 million was paid by Xinmao Real Estate. The remaining land grant fee for the Land Parcel and related taxes and levies in aggregate of approximately RMB1,155.1 million will be paid by Xinmao Real Estate after Ningbo Ningxing and Nanjing Yaofang have paid up the registered capital in the proportion of 51% and 49%, respectively.

Initial Startup Funding

The initial funding required for the startup and operation by Xinmao Real Estate is estimated to be approximately RMB90 million, which shall be paid by Ningbo Ningxing and Nanjing Yaofang by way of providing shareholder investment in the proportion of 51% and 49%, being RMB45.9 million and RMB44.1 million, respectively,.

Corporate Governance

Xinmao Real Estate shall set up a board of directors comprising five directors, two of whom shall be appointed by Nanjing Yaofang and three of whom shall be appointed by Ningbo Ningxing. The chairman shall be a director appointed by Ningbo Ningxing and the legal representative shall be the chairman of the board of directors. Xinmao Real Estate shall have two supervisors, with each being appointed by Nanjing Yaofang and Ningbo Ningxing.

The general manager of Xinmao Real Estate shall be appointed by Ningbo Ningxing and responsible for the overall operation of Xinmao Real Estate and project development, investment and construction. The financial controller of Xinmao Real Estate shall be appointed by Ningbo Ningxing, with two deputy financial managers to be appointed by Nanjing Yaofang.

Basis for Determination of the Total Capital Commitment in the Transaction

The total capital commitment of Ningbo Ningxing in the Transaction, for shareholder investments in paid-up registered capital and provision of initial startup funding, etc., is determined with reference to the acquisition costs for the Land Parcel, operation and fund financing plan, as well as the shareholding of Ningbo Ningxing in Xinmao Real Estate, and will be funded by the internal resource of the Group.

INFORMATION ABOUT XINMAO REAL ESTATE AND THE LAND PARCEL

Nanjing Yaofang acquired the land use right of the Land Parcel at a consideration of RMB3,493,274,500 through a public tender process on 19 October 2023, and incorporated Xinmao Real Estate on 25 October 2023 to develop the Land Parcel. Located in High-tech Zone, Suzhou City, Jiangsu Province, the PRC, the Land Parcel covers a site area of 49,838.1 square meters, which is for residential land use purpose. The construction of the Land Parcel is expected to commence in 2023 and to be completed for delivery by 2026.

As at the date of this announcement, Xinmao Real Estate is a wholly-owned subsidiary of Nanjing Yaofang, and upon completion of the Equity Transfer, Ningbo Ningxing and Nanjing Yaofang will hold 51% and 49% equity interests, respectively. Xinmao Real Estate will become a non-wholly owned subsidiary of the Company.

Based on the financial statements of Xinmao Real Estate prepared in accordance with the China Accounting Standards for Business Enterprises, and as Xinmao Real Estate has paid certain land grant fee, the audited total assets and audited net assets of Xinmao Real Estate as at 31 October 2023 were approximately RMB712.40 million and RMB-1.75 million, respectively. During the period from the date of establishment of Xinmao Real Estate to the date of this announcement, Xinmao Real Estate has not generated any revenue or recorded any profit.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Transaction will further expand the Group's high quality land resources reserve in Suzhou City, which will enhance the Group's market share and brand influence in Suzhou City.

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

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

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

Ningbo Ningxing is an indirect wholly-owned subsidiary of the Company, and is principally engaged in real estate investment and development in the PRC.

Nanjing Yaofang is principally engaged in real estate development in the PRC. Based on the information available to the Company, Nanjing Yaofang is held as to 70% by Hubei Zhengxuan Lianhui Equity Investment Fund Management Co., Ltd. (湖北正煊聯慧股權投資基金管理有限公司) and 30% by Wuhan Zhengxuan Capital Investment Co., Ltd. (武漢正煊資本投資有限公司) through Shanghai YuanDu Properties Co., Ltd. (上海遠篤置業有限公司). In particular, Hubei Zhengxuan Lianhui Equity Investment Fund Management Co., Ltd. (湖北正煊聯慧股權投資基金管理有限公司) is indirectly held by natural persons Chen Jiajun (陳加軍), Chen Xiangxue (陳鄉雪), Zhang Youhua (張友華), Zhang Jianmin (張建敏) and Zhang Jianjie (張建捷) through various joint ventures; Wuhan Zhengxuan Capital Investment Co., Ltd. (武漢正煊資本投資有限公司) is indirectly held by natural persons Wu Shaoxun (吳少勛), Wu Bo (吳波), Wu Xiaomin (吳曉敏), Chen Jiajun(陳加軍), Chen Xiangxue (陳鄉雪), Zhang Youhua (張友華), Zhang Jianmin (張建敏) and Zhang Jianjie (張建捷) through various joint ventures.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Nanjing Yaofang and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	China Jinmao Holdings Group Limited (中國金茂控股集團有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on The Stock Exchange of Hong Kong Limited
“Cooperation Agreement”	the Development Cooperation Agreement dated 24 November 2023 entered into among Ningbo Ningxing, Nanjing Yaofang and Xinmao Real Estate in relation to the Transaction
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“Equity Transfer”	the transfer of 51% equity interests in Xinmao Real Estate by Nanjing Yaofang to Ningbo Ningxing
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jinmao Tianjin”	Jinmao Investment Management (Tianjin) Co., Ltd. (金茂投資管理(天津)有限公司), a company established under the laws of the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Land Parcel”	the land parcel of No. 2023-WG-64 located at South of Zhuyuan Road Greenland, West of Dalunbang Greenland, High-tech Zone, Suzhou City, Jiangsu Province, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan Agreement”	the loan agreement entered into between Jinmao Tianjin and Nanjing Yaofang on 21 October 2023
“Nanjing Yaofang”	Nanjing Yaofang Properties Co. Ltd. (南京耀方置業有限公司), a company established under the laws of the PRC with limited liability, owned by the third parties independent of the Company and its connected persons
“Ningbo Ningxing”	Ningbo Ningxing Properties Development Group Co., Ltd. (寧波寧興房地產開發集團有限公司), a company established under the laws of the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Xinmao Real Estate”	Suzhou Xinmao Real Estate Co., Ltd. (蘇州新茂置業有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Nanjing Yaofang as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC

“subsidiary(ies)” has the meaning ascribed to it under the Listing Rules

“Transaction” the equity transfer between Nanjing Yaofang and Ningbo Ningxing pursuant to the Cooperation Agreement for the purpose of joint development of the Land Parcel with Nanjing Yaofang

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

Hong Kong, 24 November 2023

As at the date of this announcement, the Directors of the Company are Mr. ZHANG Zenggen (Chairman), Mr. TAO Tianhai, Mr. ZHANG Hui and Ms. QIAO Xiaojie as Executive Directors; Mr. CHENG Yong, Ms. CHEN Aihua, Mr. AN Hongjun and Mr. CHEN Chuan as Non-executive Directors; and Mr. SU Xijia, Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei as Independent Non-executive Directors.