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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)

DISCLOSEABLE TRANSACTION
CAPITAL INCREASE IN PROJECT COMPANY

The Group, through its wholly-owned subsidiary, Qingmao Real Estate, has made investments and held equity interest in the Project Company since 2016 to jointly develop the Qingdao Eastern Eden Project with High-tech Investment Group and Qingdao City Investment Real Estate. In order to further increase the Group's investment in the Qingdao Eastern Eden Project, Shengmao Real Estate, another wholly-owned subsidiary of the Company, acquired all the 25% equity interest in the Project Company held by Qingdao City Investment Real Estate in January 2024 through a public listing-for-sale process. The Board announces that on 22 March 2024, High-tech Investment Group, Qingmao Real Estate and Shengmao Real Estate further entered into the Capital Increase Agreement to increase the registered capital of the Project Company from RMB600 million to RMB1,050 million, with Shengmao Real Estate fully subscribing for the additional registered capital. Upon completion of the Capital Increase, a total of 80.95% equity interest in the Project Company will be held by the Group and it will become a non-wholly owned subsidiary of the Company.

As the highest applicable percentage ratio in respect of the Capital Increase together with the Equity Transfer on an aggregated basis is more than 5% but less than 25%, the Capital Increase constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

The Group, through its wholly-owned subsidiary, Qingmao Real Estate, has made investments and held equity interest in the Project Company since 2016 to jointly develop the Qingdao Eastern Eden Project with High-tech Investment Group and Qingdao City Investment Real Estate. In order to further increase the Group's investment in the Qingdao Eastern Eden Project, Shengmao Real Estate, another wholly-owned subsidiary of the Company, acquired all the 25% equity interest in the Project Company held by Qingdao City Investment Real Estate in January 2024 through a public listing-for-sale process. The Board announces that on 22 March 2024, High-tech Investment Group, Qingmao Real Estate and Shengmao Real Estate entered into the Capital Increase Agreement to increase the registered capital of the Project Company from RMB600 million to RMB1,050 million, with Shengmao Real Estate fully subscribing for the additional registered capital. Upon completion of the Capital Increase, a total of 80.95% equity interest in the Project Company will be held by the Group and it will become a non-wholly owned subsidiary of the Company.

EQUITY TRANSFER

During the period from December 2023 to January 2024, Qingdao City Investment Real Estate proceeded with a public listing-for-sale process for the transfer of all the 25% equity interest in the Project Company held by itself. Upon completion of the relevant public listing-for-sale process, Shengmao Real Estate entered into the Equity Transfer Agreement with Qingdao City Investment Real Estate on 22 January 2024 to acquire 25% equity interest in the Project Company from Qingdao City Investment Real Estate for a consideration of approximately RMB152.5 million.

The consideration for the Equity Transfer was determined through the public listing-for-sale process organized by the Qingdao Property Rights Exchange, and was the minimum price set forth in the public listing-for-sale document. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the minimum price was determined based on the appraised value of the net assets of the Project Company as of 31 December 2022; and the appraisal was conducted by an independent third-party appraisal institution, with the use of asset-based approach. The transfer consideration has been paid out of the internal resources of the Group.

The Equity Transfer was completed on 26 January 2024 and since then and up to the date of this announcement, High-tech Investment Group, Qingmao Real Estate and Shengmao Real Estate hold 33.33%, 41.67% and 25% equity interest in the Project Company, respectively; and the Group holds a total of 66.67% equity interest in the Project Company.

PRINCIPAL TERMS OF THE CAPITAL INCREASE AGREEMENT

Date

22 March 2024

Parties

High-tech Investment Group, Qingmao Real Estate and Shengmao Real Estate

Capital Increase

The registered capital of the Project Company is increased from RMB600 million to RMB1,050 million, with Shengmao Real Estate fully subscribing for the additional registered capital.

The actual amount to be paid by Shengmao Real Estate will be approximately RMB450.10 million, which was determined based on the appraised value of net assets of the Project Company as of 31 January 2024 (i.e. approximately RMB600.14 million) by an independent third-party appraisal institution, taking into account the operation of the Project Company and the funding requirements for project development, with the use of an asset-based approach. The amount in excess of the additional registered capital will be credited to the capital reserve of the Project Company. The capital contribution by Shengmao Real Estate will be made in cash. The additional capital will be funded by the internal resources of the Group for the construction and operation of the Qingdao Eastern Eden Project.

Upon completion of the Capital Increase, High-tech Investment Group, Qingmao Real Estate and Shengmao Real Estate will hold 19.05%, 23.81% and 57.14% equity interest in the Project Company, respectively; and the Group's aggregate equity interest in the Project Company will increase by 14.28% to 80.95%.

Corporate Governance

The board of directors of the Project Company consists of five directors, of whom one shall be appointed by High-tech Investment Group, one shall be appointed by Qingmao Real Estate and three shall be appointed by Shengmao Real Estate.

INFORMATION ABOUT PROJECT COMPANY

The Project Company was established in March 2016 and is engaged in the development and operation of the Qingdao Eastern Eden Project. The project is located in the Gaoxin District of Qingdao City, the PRC, to the south of Huoju Road, to the east of Xiangmao River, to the west of Moshui River, and to the north of Guihua Road, with a site area of the core area of approximately 400 mu, a gross floor area of approximately 47,000 square meters, and a greening area of approximately 180,000 square meters, and it is the first comprehensive cultural tourism project in Asia that integrates culture, tourism, entertainment, leisure and commercial services with the ecology-IP of Eden in the United Kingdom. The project is a cultural tourism and entertainment destination that combines an ecological theme park, a family entertainment center, themed dining and shopping with creative landscapes, water dance shows, cultural and performing arts, and night scenery sightseeing. As a key project of Qingdao City, the project is a model of ecological restoration and environmental regeneration on saline alkali land, stimulates public thinking through ecological education and interaction, rebuilds the relationship between humans and nature as well as between people, and leads a harmonious, fair and sustainable future, which will make Qingdao a pioneer of global innovation and environment. The construction of the project began in October 2020 and is expected to be completed in the second half of 2025.

Based on the financial statements of the Project Company prepared in accordance with the PRC Accounting Standards for Business Enterprises, the audited total assets and audited net assets of the Project Company as of 31 December 2023 were approximately RMB797.22 million and RMB594.46 million, respectively. The losses of the Project Company for the two years ended 31 December 2023 are as follows:

	For the year ended 31 December 2022 <i>(Approximately RMB million)</i> <i>(Audited)</i>	For the year ended 31 December 2023 <i>(Approximately RMB million)</i> <i>(Audited)</i>
Loss before tax	3.78	0.97
Loss after tax	2.83	0.73

REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

After the Capital Increase, the Project Company will become a non-wholly owned subsidiary of the Company, and the Group will take the lead in the development and operation of the Qingdao Eastern Eden Project, which will ensure the smooth completion of matters relating to the completion and operation of the Project.

The Directors consider that the Capital Increase Agreement and the transactions contemplated thereunder are entered into after arm's length negotiation and agreed on normal commercial terms, which are 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 Capital Increase together with the Equity Transfer on an aggregated basis is more than 5% but less than 25%, the Capital Increase 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.

Qingmao Real Estate is a wholly-owned subsidiary of the Company established in January 2016, and is principally engaged in real estate development and operation.

Shengmao Real Estate is a wholly-owned subsidiary of the Company established in June 2023, and is principally engaged in real estate development and operation.

High-tech Investment Group is established in May 2008 and principally engaged in the investment and construction of land development and infrastructure projects in Qingdao High-Tech Industrial Development Zone. It is controlled by the Finance Department of Qingdao High-Tech Industrial Development Zone Management Committee.

Qingdao City Investment Real Estate is established in September 2015 and principally engaged in equity investment. It is wholly owned by Qingdao Urban Construction Investment (Group) Co., Ltd. (青島城市建設投資(集團)有限責任公司), a wholly state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of Qingdao Municipal Government (青島市政府國有資產監督管理委員會).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, High-tech Investment Group, Qingdao City Investment Real Estate and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Capital Increase”	the increase in the registered capital and capital reserve of the Project Company by RMB450.10 million in total, which shall be fully subscribed by Shengmao Real Estate in accordance with the terms of the Capital Increase Agreement
“Capital Increase Agreement”	the Capital Increase Agreement entered into by and among High-tech Investment Group, Qingmao Real Estate and Shengmao Real Estate on 22 March 2024 in relation to the capital increase in the Project 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
“Directors”	the directors of the Company
“Equity Transfer”	the acquisition of 25% equity interest in the Project Company by Shengmao Real Estate from Qingdao City Investment Real Estate in January 2024
“Group”	the Company and its subsidiaries
“High-tech Investment Group”	Qingdao High-tech Investment & Development Group Co., Ltd. (青島高新區投資開發集團有限公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Project Company”	Qingdao Eastern Eden Cultural Tourism Development Co., Ltd. (青島東方伊甸園文化旅遊開發有限公司), a company established in the PRC with limited liability and an associate of the Company prior to the completion of the Equity Transfer and the Capital Increase
“Qingdao City Investment Real Estate”	Qingdao City Investment Real Estate Investment Holding (Group) Co., Ltd. (青島城投地產投資控股(集團)有限公司), a company established in the PRC with limited liability

“Qingmao Real Estate”	Qingdao Qingmao Real Estate Co., Ltd. (青島青茂置業有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shengmao Real Estate”	Qingdao Shengmao Real Estate Co., Ltd. (青島晟茂置業有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

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

Hong Kong, 22 March 2024

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