
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)****CONTINUING CONNECTED TRANSACTION AND
MAJOR TRANSACTION****AMENDMENTS TO THE SINOCEM FINANCIAL SERVICES
FRAMEWORK AGREEMENT AND CHANGE IN MAXIMUM DAILY
DEPOSIT BALANCE**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 5 to 17 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 18 of this circular. A letter from Opus Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 39 of this circular.

A notice convening the EGM to be held at Salon III-IV, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Monday, 29 April 2024 at 10:00 a.m. is set out on pages 54 to 55 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.

12 April 2024

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	18
LETTER FROM OPUS CAPITAL	19
APPENDIX I FINANCIAL INFORMATION OF THE GROUP	40
APPENDIX II GENERAL INFORMATION	42
NOTICE OF EGM	54

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
“Company”	China Jinmao Holdings Group Limited (中國金茂控股集團有限公司), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“deposit services”	deposit services provided by Sinochem Finance to the Company under the Sinochem Financial Services Framework Agreement and (if approved by the Independent Shareholders in the EGM) the Supplemental Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Salon III-IV, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Monday, 29 April 2024 at 10:00 a.m. for the purpose of considering and approving the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance
“Existing Maximum Daily Deposit Balance”	the maximum daily deposit balance (including accrued interest) of the Group’s deposits placed with Sinochem Finance as at the close of business under the Sinochem Financial Services Framework Agreement for the two years ending 31 December 2024 and 2025 as approved by the then independent shareholders of the Company on 23 December 2022
“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. SU Xijia, Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei, formed to advise the Independent Shareholders in respect of the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM, i.e. Shareholders other than Sinochem Holdings and its associates for the purpose of approving the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance
“Latest Practicable Date”	8 April 2024, 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
“NFRA”	the National Financial Regulatory Administration of the PRC
“Opus Capital” or “Independent Financial Adviser”	Opus Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance
“PBOC”	the People’s Bank of China, the central bank of the PRC
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan

DEFINITIONS

“Revised Maximum Daily Deposit Balance”	the maximum daily deposit balance (including accrued interest) of the Group’s deposits placed with Sinochem Finance as at the close of business every day under the Sinochem Finance Services Framework Agreement (as amended by the Supplemental Agreement) for the three years ending 31 December 2024, 2025 and 2026 as proposed to be amended by the Company
“RMB”	Renminbi, the lawful currency of the PRC
“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)”	holder(s) of the Share(s)
“Sinochem Capital”	Sinochem Capital Co., Ltd. (中化資本有限公司), a company with limited liability established under the laws of the PRC, and a subsidiary of Sinochem Corporation
“Sinochem Corporation”	Sinochem Corporation (中國中化股份有限公司), a company with limited liability established under the laws of the PRC, and an indirect wholly-owned subsidiary of Sinochem Holdings
“Sinochem Finance”	Sinochem Finance Co., Ltd. (中化集團財務有限責任公司), a company with limited liability established under the laws of the PRC, and a subsidiary of Sinochem Corporation
“Sinochem Financial Services Framework Agreement”	the financial services framework agreement entered into between the Company and Sinochem Finance on 16 November 2022
“Sinochem Holdings”	Sinochem Holdings Corporation Ltd. (中國中化控股有限責任公司), a state-owned enterprise established in the PRC, which is wholly owned by the SASAC

DEFINITIONS

“Sinochem Hong Kong”	Sinochem Hong Kong (Group) Company Limited (中化香港(集團)有限公司), a company incorporated in Hong Kong with limited liability, the immediate controlling shareholder of the Company holding approximately 37.09% of the total number of issued Shares, and an indirect subsidiary of Sinochem Holdings
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	the supplemental agreement to the Sinochem Financial Services Framework Agreement dated 15 March 2024 entered into between the Company and Sinochem Finance
“US\$”	United States dollar, the lawful currency of the United States

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)

Executive Directors

Mr. ZHANG Zenggen (*Chairman*)
Mr. TAO Tianhai (*Chief Executive Officer*)
Mr. ZHANG Hui (*Senior Vice President*)
Ms. QIAO Xiaojie (*Chief Financial Officer*)

Non-executive Directors

Mr. CHENG Yong
Ms. CHEN Aihua
Mr. AN Hongjun
Ms. WANG Wei

Independent Non-executive Directors

Mr. SU Xijia
Mr. SUEN Man Tak
Mr. GAO Shibin
Mr. ZHONG Wei

Registered Office

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

12 April 2024

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION AND
MAJOR TRANSACTION**

**AMENDMENTS TO THE SINOCEM FINANCIAL SERVICES
FRAMEWORK AGREEMENT AND CHANGE IN MAXIMUM DAILY
DEPOSIT BALANCE**

INTRODUCTION

Reference is made to the announcement of the Company dated 15 March 2024 in relation to the proposed amendments to the Sinochem Financial Services Framework Agreement and change in maximum daily deposit balance.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) further information on the details of the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder, (ii) the letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter from Opus Capital to the Independent Board Committee and the Independent Shareholders; and (v) other information as required under the Listing Rules.

TRANSACTIONS UNDER THE SINOCEM FINANCIAL SERVICES FRAMEWORK AGREEMENT (AS AMENDED BY THE SUPPLEMENTAL AGREEMENT)

References are made to the announcements of the Company dated 16 November 2022 and 23 December 2022 and the circular dated 7 December 2022 in relation to, among other things, the Sinochem Financial Services Framework Agreement, which was approved by the then independent shareholders of the Company on 23 December 2022 together with the transactions contemplated thereunder and the Existing Maximum Daily Deposit Balance.

The Supplemental Agreement was entered into between the Company and Sinochem Finance on 15 March 2024 to amend certain terms of the Sinochem Financial Services Framework Agreement, which include (i) an update to the scope of other financial services to be provided by Sinochem Finance per the recent regulatory update as described in item (h) below, (ii) the extension of the term of the agreement to 31 December 2026 and (iii) a minor amendment to the definition of “member unit”. At the same time, having reviewed the funding utilisation and funding deployment arrangements of the Group, the Company proposes to amend the maximum daily deposit balance for each year to cater for the potential growth of the Group’s business and to meet the Group’s demand for deposit services.

For the avoidance of doubt, the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance are subject to the approval of the Independent Shareholders at the EGM, prior to which, the Company will, in any event, continue to comply with the terms of the Sinochem Financial Services Framework Agreement and the transactions contemplated thereunder (together with the Existing Maximum Daily Deposit Balance) within the original agreement term.

Principal Terms of the Sinochem Financial Services Framework Agreement (as Amended by the Supplemental Agreement)

Date: 15 March 2024

Parties: The Company and Sinochem Finance

LETTER FROM THE BOARD

Provisions: The Group will utilise the financial services provided by Sinochem Finance on a non-exclusive basis from time to time as it deems necessary. Such services include:

- (a) providing deposit services to the Group, including but not limited to demand deposits, call deposits and term deposits;
- (b) providing loans to the Group (excluding entrustment loans) on normal commercial terms where no mortgage, pledge or other security over the assets of the Group will be required;
- (c) arranging entrustment loans for the Group as a financial agent through which funds of one member of the Group may be channeled for use by another member of the Group;
- (d) providing settlement services to the Group;
- (e) providing guarantees at the request of the Group for financing, financing lease, bidding activities or performing other contractual obligations where no counter-guarantee will be required;
- (f) providing non-financing factoring services to the Group, including supply chain factoring services and relevant management and consultancy services;
- (g) providing internet banking services to the Group; and
- (h) as amended by the Supplemental Agreement, providing any other financial services within the scope prescribed by the “Enterprise Group Finance Company Management Measures” (《企業集團財務公司管理辦法》) and its related documents, with the risk evaluation and control per the relevant policies of and credit review by Sinochem Finance.

Term: The Supplemental Agreement shall become effective upon approval by the Independent Shareholders at the EGM and the term of the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement) commencing from 1 January 2023 will be extended from 31 December 2025 to 31 December 2026.

LETTER FROM THE BOARD

- Fees and charges: Fees and charges payable to Sinochem Finance under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement) are determined on the following basis:
- when providing the deposit services, subject to compliance with regulatory requirements, interest rates shall not be lower than the benchmark interest rates for deposits of the same type and duration as promulgated by the PBOC from time to time, or the interest rates for deposits of the same type and duration as offered by independent commercial banks in the PRC, whichever is higher;
 - when providing loans, interest rates shall not be higher than the interest rates offered by independent commercial banks in the PRC under the same conditions;
 - when arranging entrustment loans, the service fees together with the loan interests shall not be higher than the service fees and interests in respect of an entrustment loan of the same duration offered by independent commercial banks in the PRC under the same conditions;
 - when providing settlement services, no service fees will be charged; and
 - when providing any other financial services, the fees so charged shall not be higher than the rates offered by independent financial institutions of the same type in the PRC under the same conditions, or, if applicable, the standard rates promulgated by the PBOC from time to time, whichever is lower.
- Right of set-off: In the event that the Group fails to recover any amount it deposits with Sinochem Finance, the Group will have the right to offset against any outstanding amounts due to Sinochem Finance by the Group.
- Daily balance: The average daily balance per year of the loans (which will be calculated according to the calendar year, and if the period is for less than a year, it will be calculated according to the number of days from 1 January of the year) the Group obtains from Sinochem Finance and Sinochem Holdings' other member units shall be higher than the average daily balance per year of the deposits the Group places with Sinochem Finance.

LETTER FROM THE BOARD

- Undertakings: Sinochem Finance undertakes that:
- (a) it will apply all the monies deposited by the Group to such activities as approved by the NFRA in accordance with the relevant laws and regulations of the PRC;
 - (b) at all times the sum of the outstanding amount of the loans it provides to Sinochem Holdings' member units (exclusive of the Group) shall not exceed the sum of Sinochem Finance's equity capital, reserve and the deposits received from parties other than the Group;
 - (c) it will notify the Company immediately in the event of any change in its credit ratings;
 - (d) it will provide its financial statements to the Company on a monthly basis; and
 - (e) it will deliver to the Company a monthly report on the status of deposits, loans and other transactions between the Group and Sinochem Finance.
- Scope of Member Units: As amended by the Supplemental Agreement, the member units to which Sinochem Finance provides financial services to include the parent company and the companies controlled by the parent company; companies in which the parent company and its controlled companies, either individually or jointly, hold more than 20% of the shares directly or indirectly, or companies of which the parent company and its controlled companies are the largest shareholder(s), even though their direct shareholding(s) in the aforementioned companies are below 20%; and legal entity or social group legal person affiliated to the parent company or its controlled companies. For the sake of clarity, the parent company refers to Sinochem Holdings, and the companies controlled by the parent company refer to companies actually controlled by Sinochem Holdings and managed on a consolidated basis.

LETTER FROM THE BOARD

Historical Transaction Amount Of Deposit Services And Revised Maximum Daily Deposit Balance

The following table sets out the historical transaction amounts of deposit services for the two years ended 31 December 2022 and 2023:

	For the year ended 31 December 2022	For the year ended 31 December 2023
	<i>Approx.</i> <i>(RMB million)</i>	<i>Approx.</i> <i>(RMB million)</i>
Maximum daily deposit balance (including accrued interest)	9,974	9,961

The following table sets out the Existing Maximum Daily Deposit Balance and the Revised Maximum Daily Deposit Balance for each of the three years ending 31 December 2026, respectively:

	For the year ended 31 December 2024	For the year ended 31 December 2025	For the year ended 31 December 2026
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Existing Maximum Daily Deposit Balance (including accrued interest)	10,000	10,000	Not applicable
Revised Maximum Daily Deposit Balance (including accrued interest)	15,000	15,000	15,000

In determining the Revised Maximum Daily Deposit Balance, the principle factors considered by the Directors are as follows:

- the business development and financial needs of the Group:
 - (a) the Group's maximum daily deposit balance attained RMB60 billion in a number of days during 2023, while the maximum daily deposit balance for 2022 was no more than RMB49.5 billion, representing an increase of over 21%. The Company expects to maintain the same or a higher level of maximum daily deposit balance for the three years ending 31 December 2026;

LETTER FROM THE BOARD

- (b) the Group acquired 15 new projects in 2023 and will continue to acquire primary and secondary land resources with high quality in the future. The newly acquired projects will be launched for sale, completed and bring sales proceeds to the Group within the next three years. It is expected that, during the peak sales season, the deposit balance of the Group may reach higher levels;
- the balance of trade and bills payables of the Company as at 31 December 2023 amounted to approximately RMB31.3 billion. As Sinochem Finance offers free settlement services to the Group, the Company expect an increasing need for settlement services from the Sinochem Finance by the members of the Group during their ordinary course of business. In order to enjoy the free settlement services, the Group may deposit more funds with Sinochem Finance. Increasing the maximum daily deposit balance will facilitate the Group to fully take advantage of the convenient and free settlement services available from Sinochem Finance; the high utilisation rate of the maximum daily deposit balance under the Sinochem Financial Services Framework Agreement: the historical maximum balance of the Group's deposits with Sinochem Finance for the two years ended 31 December 2022 and 2023 are equivalent to approximately 99.7% and 99.6% of the Existing Maximum Daily Deposit Balance under the Sinochem Financial Services Framework Agreement for the respective years;
 - the treasury management strategies of the Group: the Company monitors and takes measures to manage its cash balance from time to time, taking into consideration factors including, among others, the Company's dividend policy, working capital, business expansion and debt management needs. Placing cash deposits as savings into financial institutions (such as Sinochem Finance) is one of the options that may be adopted by the Company from time to time; and
 - the Group will utilise the services of Sinochem Finance on a voluntary and non-exclusive basis and is not obliged to engage Sinochem Finance for any particular services. The maximum daily deposit balance of the deposit services only represents the highest daily amount of deposits that the Group may place with Sinochem Finance, but there are no obligations for the Group to deposit such amounts with Sinochem Finance. Setting the maximum daily balance of the deposits placed will enable the Group to have a greater flexibility in selecting deposit service providers and allocating its resources.

Internal Control Procedures and Corporate Governance Measures

In order to protect the interests of the Shareholders, the Company will adopt the following internal control procedures and corporate governance measures in relation to its utilisation of the financial services provided by Sinochem Finance:

- the deposits will be placed by the Group with Sinochem Finance on a voluntary and non-exclusive basis. Before placing any deposit with Sinochem Finance, the Company will obtain and compare against at least two comparable interest rates of deposits of the same type and duration from independent commercial banks, and the benchmark deposit interest rates promulgated by the PBOC at the time of transaction;

LETTER FROM THE BOARD

- prior to the entering into of any agreements with respect to loans, credit facilities, factoring services or commercial insurance services by any member of the Group with Sinochem Finance, the Company will obtain at least two quotations for loans of the same duration, credit facilities of the same nature, factoring services of the same type or commercial insurances of the same insurance type (as the case may be) from independent financial institutions;
- the comparable interest rates of deposits from independent commercial banks and the benchmark deposit interest rates promulgated by the PBOC (for the placing of deposits), or the quotations from independent financial institutions (for the entering into of any agreements with respect to loans, credit facilities, factoring services or commercial insurance services), as the case may be, together with the terms offered by Sinochem Finance, will upon being obtained be submitted to the finance capital and other departments of the Company for review, to ensure that the terms offered by Sinochem Finance are in strict compliance with the terms and conditions (including the pricing terms) under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement), and are no less favourable to the Group than those offered by independent financial institutions;
- before entering into any agreements with respect to loans, credit facilities, factoring services or commercial insurance services, upon the review by the finance capital and other departments of the Company, the quotations from independent financial institutions and the offer from Sinochem Finance will be sent to the chief financial officer of the Company for approval;
- the Company will report to the independent non-executive Directors every year on:
 - (i) the implementation of the specific agreements entered into by the members of the Group pursuant to the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement), and the utilisation rate of annual caps;
 - (ii) any change in the credit ratings of Sinochem Finance; and
- the Company will monitor the status of its deposits, loans and other transactions with Sinochem Finance through the internet banking services provided by Sinochem Finance.

The Board considers that the above internal control procedures and corporate governance measures adopted by the Company in relation to the continuing connected transactions with Sinochem Finance are appropriate and sufficient, and that the procedures and measures give sufficient assurance to the Independent Shareholders that the continuing connected transactions will be appropriately monitored by the Company.

LETTER FROM THE BOARD

Reasons For And Benefits Of Entering Into The Transactions Contemplated under the Sinochem Financial Services Framework Agreement (as Amended by the Supplemental Agreement)

The Directors are of the view that the risk profile of Sinochem Finance, as a provider of financial services to the Group, is not greater than those of the independent commercial banks in the PRC because:

- Sinochem Finance is regulated by the PBOC and the NFRA, and it must comply with the relevant rules and operational requirements promulgated by the above authorities, including the capital risk guidelines and requisite capital adequacy ratio requirements. Accordingly, the risks that the Group is exposed to when receiving financial services from Sinochem Finance will not be higher than receiving those from independent financial institutions;
- according to the relevant laws and regulations promulgated by the NFRA and the articles of association of Sinochem Finance, in the event that Sinochem Finance falls into financial difficulty, Sinochem Holdings, being the holding company of Sinochem Finance, will under an obligation to take all necessary steps, such as injecting capital into Sinochem Finance based on its funding needs, to restore its financial position; and
- according to the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement), the Group will have a right of set-off. In the event that the Group fails to recover any amount it deposits with Sinochem Finance, the Group will have the right to offset against any outstanding amounts due to Sinochem Finance by the Group. Sinochem Finance does not have such right of set-off under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement).

The Directors also take the view that the utilisation of financial services provided by Sinochem Finance has the following advantages:

- Sinochem Finance has been providing financial services to the Group for many years, and has an in-depth understanding of the Group's business and development needs. It can assist the Group to formulate a beneficial deposit mix that will increase the return on funds and maintain the sufficiency and flexibility of the working capital;
- Sinochem Finance does not charge the Group any service fees in respect of the settlement services provided. As Sinochem Finance is familiar with the business and transaction pattern of the Group, the settlement services provided by it tend to provide a more efficient and orderly platform than those provided by independent financial institutions. This also helps to reduce the transaction costs payable by the Group, such as handling fees for transfer of funds and other administrative expenses;

LETTER FROM THE BOARD

- as a large-scale developer and operator of real estate projects, the Group has financing needs and other financial services needs from time to time for land acquisition and other daily operations. Sinochem Finance can offer reliable and stable finance resource and mid-term and long-term credit line for the Group, therefore optimising the funding structure of the Group; and
- in any event, the Group may discontinue the use of the financial services provided by Sinochem Finance without incurring any extra cost if any independent financial institution of the same type offers more favorable terms in respect of these financial services. Entering into the Sinochem Financial Services Framework Agreement and the Supplemental Agreement will provide more options and greater flexibility to the Group in selecting financial service providers and will be conducive to the Group's full and reasonable utilisation of market resources.

As Mr. CHENG Yong and Ms. CHEN Aihua are employees of Sinochem Holdings, they are regarded as having material interests in the transactions contemplated under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement) and have abstained from voting on the Board resolution to approve the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance.

Implications under the Listing Rules

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 37.09% of the total number of issued shares of the Company, and is therefore a connected person of the Company. As Sinochem Finance is owned as to 37% by Sinochem Holdings and as to 63% in aggregate by Sinochem Corporation and Sinochem Capital, both of which are indirect subsidiaries of Sinochem Holdings, Sinochem Finance is a connected person of the Company. The transactions under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement) constitute continuing connected transactions of the Company under the Listing Rules:

- (a) in terms of deposit services, given that the highest applicable percentage ratio of the Revised Maximum Daily Deposit Balance exceeds 100%, the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance are subject to the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Notwithstanding that the highest applicable percentage ratio of the Revised Maximum Daily Deposit Balance exceeds 100%, as none of such transactions involves the sale or acquisition of assets, the provision of the deposit services constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and the Supplemental Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, circular and shareholders' approval requirements thereunder;

LETTER FROM THE BOARD

- (b) the loan services (excluding entrustment loans) are exempt from the reporting, announcement, annual review, circular and independent shareholders' approval requirements as the provision of such loans constitutes a financial assistance received by the Group from a connected person, which is conducted on normal commercial terms or better and is not secured by the assets of the Group pursuant to Rule 14A.90 of the Listing Rules; and
- (c) all other financial services are exempt from the reporting, announcement, annual review, circular and independent shareholders' approval requirements as such financial services are provided on normal commercial terms or better and the Company expects that the aggregated annual fees and charges payable to Sinochem Finance in respect of such services will not exceed the *de minimis* threshold of 0.1% under Rule 14A.76(1)(a) of the Listing Rules.

Financial Effects of the Deposit Services

Given that the interest rates offered by Sinochem Finance to the Group in respect of the deposit services shall not be lower than the benchmark interest rates for deposits of the same type and duration as promulgated by the PBOC from time to time, or the interest rates for deposits of the same type and duration as offered by independent commercial banks in the PRC (whichever is higher), the return of the surplus funds of the Group will be enhanced due to the possibly higher deposit interests from Sinochem Finance.

The Company is of the view that there will be no material effect of the deposit services under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement) on the earnings, assets and liabilities of the Group.

Information Regarding the Parties

The Company

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

Sinochem Finance and Sinochem Holdings

Sinochem Finance is a financial service company regulated by the PBOC and the NFRA. It is committed to providing synergised settlement, financing and financial management and financial consulting services to Sinochem Holdings and its associates. Sinochem Finance is ultimately owned by Sinochem Holdings. Sinochem Holdings operates in eight business sectors covering life science, materials science, basic chemicals, environmental science, rubber and tire, machinery and equipment, city operations, and industrial finance. The sole shareholder of Sinochem Holdings is the SASAC.

LETTER FROM THE BOARD

EGM

A notice convening the EGM to be held at Salon III-IV, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Monday, 29 April 2024 at 10:00 a.m. is set out on pages 54 to 55 of this circular. At the EGM, an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance.

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 Holdings' interests in the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement), Sinochem Hong Kong (being an indirect subsidiary of Sinochem Holdings, and the immediate controlling shareholder of the Company holding approximately 37.09% of the total number of issued Shares as at the Latest Practicable Date) is required to abstain and shall abstain from voting on the ordinary resolution to be proposed at the EGM to approve the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance.

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.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the Supplemental Agreement is entered into by the Company in its ordinary and usual course of business after arm's length negotiations, on normal commercial terms, in the interests of the Company and the Shareholders as a whole, and the terms of the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Directors recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM to approve the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance.

ADDITIONAL INFORMATION

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. SU Xijia, Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei, has been formed to advise the Independent Shareholders in respect of the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance. Opus Capital 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 18 of this circular which contains its recommendation to the Independent Shareholders; (ii) the letter from Opus Capital set out on pages 19 to 39 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders; 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
ZHANG Zenggen
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)

12 April 2024

To: the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION AND
MAJOR TRANSACTION**

**AMENDMENTS TO THE SINOCEM FINANCIAL SERVICES
FRAMEWORK AGREEMENT AND CHANGE IN MAXIMUM DAILY
DEPOSIT BALANCE**

We refer to the circular of the Company dated 12 April 2024 (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 Supplemental Agreement is 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 the terms of the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance are fair and reasonable so far as the Independent Shareholders are concerned. Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Having considered the terms of the Supplemental Agreement, the deposit services under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement) and the advice of Opus Capital, the Independent Financial Adviser to us and the Independent Shareholders, we consider that the Supplemental Agreement is entered into by the Company in its ordinary and usual course of business after arm’s length negotiations, on normal commercial terms, in the interests of the Company and the Shareholders as a whole, and the terms of the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolution set out in the notice of the EGM.

Yours faithfully,
the Independent Board Committee of
China Jinmao Holdings Group Limited
SU Xijia
SUEN Man Tak
GAO Shibin
ZHONG Wei
Independent Non-executive Directors

LETTER FROM OPUS CAPITAL

The following is the full text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance, which has been prepared for the purpose of inclusion in this circular.



18th Floor, Fung House
19-20 Connaught Road Central
Central, Hong Kong

12 April 2024

To: the Independent Board Committee and the Independent Shareholders of China Jinmao Holdings Group Limited

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION
AMENDMENTS TO THE SINOCHEM FINANCIAL SERVICES FRAMEWORK
AGREEMENT AND CHANGE IN MAXIMUM DAILY DEPOSIT BALANCE**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 12 April 2024 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined or the context requires otherwise.

BACKGROUND

As stated in the Letter from the Board, reference are made to the announcements of the Company dated 16 November 2022 and 23 December 2022 and the circular dated 7 December 2022, in relation to, among other things, the Sinochem Financial Services Framework Agreement, which was approved by then independent shareholders of the Company on 23 December 2022 together with the transactions contemplated thereunder and the Existing Maximum Daily Deposit Balance.

LETTER FROM OPUS CAPITAL

The Supplemental Agreement was entered into between the Company and Sinochem Finance on 15 March 2024 to amend certain terms of the Sinochem Financial Services Framework Agreement, which include (i) an update to the scope of other financial services to be provided by Sinochem Finance per the recent regulatory update as described in item (viii) of section headed “3. Principal terms of the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement)” below, (ii) the extension of the term of the agreement to 31 December 2026 and (iii) a minor amendment to the definition of “member unit”. At the same time, having reviewed the funding utilisation and funding deployment arrangements of the Group, the Company proposes to amend the maximum daily deposit balance for each year to cater for the potential growth of the Group’s business and to meet the Group’s demand for deposit services.

For the avoidance of doubt, the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance are subject to the approval of the Independent Shareholders at the EGM, prior to which, the Company will, in any event, continue to comply with the terms of the Sinochem Financial Services Framework Agreement and the transactions contemplated thereunder (together with the Existing Maximum Daily Deposit Balance) within the original agreement term.

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 37.09% of the total number of issued shares of the Company, and is therefore a connected person of the Company. As Sinochem Finance is owned as to 37% by Sinochem Holdings and as to 63% in aggregate by Sinochem Corporation and Sinochem Capital, both of which are the indirect subsidiaries of Sinochem Holdings, Sinochem Finance is a connected person of the Company. The transactions under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement) constitute continuing connected transactions of the Company under the Listing Rules.

In terms of deposit services, given that the highest applicable percentage ratio of the Revised Maximum Daily Deposit Balance exceeds 100%, the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance are subject to the reporting, announcement, annual review, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. Notwithstanding that the highest applicable percentage ratio of the Revised Maximum Daily Deposit Balance exceeds 100%, as none of such transactions involves the sale or acquisition of assets, the provision of the deposit services constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and the Supplemental Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, circular and shareholders’ approval requirements thereunder.

LETTER FROM OPUS CAPITAL

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Su Xijia, Mr. Suen Man Tak, Mr. Gao Shibin and Mr. Zhong Wei, has been established to advise the Independent Shareholders on: (i) whether the entering into of the Supplemental Agreement and the transactions contemplated thereunder is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how to vote on the resolution concerning the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance at the EGM. Our appointment as the Independent Financial Adviser in this respect has been approved by the Independent Board Committee.

OUR INDEPENDENCE

We were appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of (i) Jinmao Property Services Co., Limited, a subsidiary of the Company, on the proposed continuing connected transactions in relation to a property management services framework agreement; and (ii) the Company, on the continuing connected transactions and major transactions under two financial services framework agreements (one of which is the Sinochem Financial Services Framework Agreement), details of which are set out in the circulars of Jinmao Property Services Co., Limited dated 24 November 2022 and the Company dated 7 December 2022 respectively (collectively, the “**Past Appointments**”). Save for the transactions underlying the Sinochem Financial Services Framework Agreement, the relevant transactions under the Past Appointments are independent of the transaction contemplated under the Supplemental Agreement.

As at the Latest Practicable Date, we do not have any relationship with, or interest in, the Company, Sinochem Finance or any other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to this letter, save for the Past Appointments, we have not: (i) acted as an independent financial adviser to the Company; (ii) provided any services to the Company; or (iii) had any relationship with the Company. Apart from normal independent financial advisory fees paid or payable (as the case may be) to us in connection with the Past Appointments and this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Company, Sinochem Finance or other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM OPUS CAPITAL

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Sinochem Financial Services Framework Agreement;
- (ii) the Supplemental Agreement;
- (iii) the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”);
- (iv) the annual reports of the Company for the year ended 31 December (“**FY**”, which is also applicable to the year ending 31 December) 2022 (the “**2022 Annual Report**”) and FY2021 (the “**2021 Annual Report**”);
- (v) the annual results announcement of the Company for FY2023 (the “**2023 Annual Results**”); and
- (vi) other information as set out in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and continued to be so up to the Latest Practicable Date.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided to us by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

LETTER FROM OPUS CAPITAL

The Directors jointly and severally accept full responsibility for the Circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, the information contained in the 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 in the Circular misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the terms of the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance, we have taken into consideration the following principal factors and reasons:

1. Information on the Parties

1.1. The Company

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

1.2. Sinochem Finance and Sinochem Holdings

Sinochem Finance is a financial service company regulated by the PBOC and the NFRA. It is committed to providing synergised settlement, financing and financial management and financial consulting services to Sinochem Holdings and its associates. Sinochem Finance is ultimately owned by Sinochem Holdings. The business scopes of Sinochem Holdings operates in eight business sectors including life science, materials science, basic chemicals, environmental science, rubber and tire, machinery and equipment, city operations, and industrial finance. The sole shareholder of Sinochem Holdings is the SASAC.

LETTER FROM OPUS CAPITAL

As noted from the articles of association of Sinochem Finance obtained from the Company, Sinochem Finance is required to operate in compliance with, among others, 《企業集團財務公司管理辦法》(The Administrative Measures for the Group Finance Companies*) (the “Measures”) promulgated by 中國銀行保險監督管理委員會 (The China Banking and Insurance Regulatory Commission) (the “CBIRC”) (currently known as the NFRA) and other relevant regulations. According to the relevant requirements under the new version of Measures promulgated by the CBIRC (currently known as the NFRA) on 13 October 2022 with effect from 13 November 2022 (the “New Measures”), finance companies of enterprise groups are required to operate in compliance with certain compliance and risk control requirements/measures, including but not limited to maintaining certain regulatory ratios.

The major regulatory ratio requirements and the relevant ratios of Sinochem Finance as at 31 December 2022 and 31 December 2023 respectively are set out below:

	Requirements for finance companies of enterprise groups	Sinochem Finance As at 31 December	
		2023	2022
Capital adequacy ratio	Not lower than 10.5%	14.04%	13.88%
Loan balance to the sum of the deposit balance and paid-up capital ratio (the “Loan Ratio”)	Not higher than 80%	69.41%	85.96%
Total amount of external liabilities to net capital ratio	Not higher than 100%	0.00%	18.88%
Total investment amount to the net capital ratio (the “Investment Ratio”)	Not higher than 70%	61.82%	76.27%
Net fixed assets to net capital ratio	Not higher than 20%	0.03%	0.04%
Current ratio	Not lower than 25%	45.57%	43.57%

As shown in the table above, as at 31 December 2022, the Loan Ratio and the Investment Ratio of Sinochem Finance was 85.96% and 76.27% respectively, which fell short of the respective regulatory ratio requirements. As explained by the Management, since the Loan Ratio was a new regulatory ratio requirement and the calculation method of the Investment Ratio had been changed according to the New Measures which was implemented on 13 November 2022, shortly before 31 December 2022, Sinochem Finance had not had enough time to immediately adjust its operations to comply with the newly implemented regulatory ratio requirements under the New Measures. According to 《中國銀保監會辦公室關於做好《企業集團財務公司管理辦法》實施工作的通知》(Notice of the Office of the China Banking

LETTER FROM OPUS CAPITAL

and Insurance Regulatory Commission on Implementing the Administrative Measures for the Group Finance Companies*) (the “**Notice**”), a finance company which does not comply with the regulatory ratio requirements should comply with the regulatory ratio requirements within 6 months from the date (i.e. 13 November 2022) of implementation of the New Measures (the “**Transitional Period**”). After the Transition Period, the Loan Ratio and the Investment Ratio of Sinochem Finance as at 30 June 2023 were 74.49% and 66.82% respectively, which complied with the newly implemented regulatory ratio requirements.

Save for the above, Sinochem Finance’s relevant ratios were in compliance with the relevant regulatory ratio requirements during the past two years which suggests that it is financially sound as far as the compliance with the New Measures are concerned.

Notably, we draw to the attention of the Independent Shareholders that as stated in the New Measure, the board of directors of a finance company is required to evaluate, at least annually, its major shareholders in areas such as its qualifications, fulfillment of undertakings, its implementation of the finance company’s articles of association or terms of the agreements, as well as its compliance with laws and regulations, and submit the evaluation report to the relevant office of the CBIRC (currently known as the NFRA) in a timely manner. As such, we have requested the Company to provide the annual evaluation reports of Sinochem Finance for FY2022 and FY2023. According to the evaluation report of Sinochem Finance for FY2022 issued in December 2023 and obtained from the Company, the three major shareholders of Sinochem Finance, namely Sinochem Holdings, Sinochem Corporation and Sinochem Capital, were in good standings according to the assessment requirements of the New Measures. According to the Management, the evaluation report of Sinochem Finance for FY2023 was not available as at the Latest Practicable Date, as it usually takes a few months to compile the evaluation report and will not be available until the second half of the financial year.

2. Reasons for and benefits of entering into the transactions contemplated under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement)

As stated in the Letter from the Board, the Directors are of the view that the risk profile of Sinochem Finance, as a provider of financial services to the Group, is not greater than those of the independent commercial banks in the PRC because:

- (i) Sinochem Finance is regulated by the PBOC and the NFRA, and it must comply with the relevant rules and operational requirements promulgated by the above authorities, including the capital risk guidelines and requisite capital adequacy ratio requirements. Accordingly, the risks that the Group is exposed to when receiving financial services from Sinochem Finance will not be higher than receiving those from independent financial institutions;

LETTER FROM OPUS CAPITAL

- (ii) according to the relevant laws and regulations promulgated by the NFRA and the articles of association of Sinochem Finance, in the event that Sinochem Finance falls into financial difficulty, Sinochem Holdings, being the holding company of Sinochem Finance, will under an obligation to take all necessary steps, such as injecting capital into Sinochem Finance based on its funding needs, to restore its financial position; and
- (iii) according to the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement), the Group will have a right of set-off. In the event that the Group fails to recover any amount it deposits with Sinochem Finance, the Group will have the right to offset against any outstanding amounts due to Sinochem Finance by the Group. Sinochem Finance does not have such right of set-off under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement).

The Directors also take the view that the utilisation of financial services provided by Sinochem Finance has the following advantages:

- (i) Sinochem Finance has been providing financial services to the Group for many years, and has an in-depth understanding of the Group's business and development needs. It can assist the Group to formulate a beneficial deposit mix that will increase the return on funds and maintain the sufficiency and flexibility of the working capital;
- (ii) Sinochem Finance does not charge the Group any service fees in respect of the settlement services provided. As Sinochem Finance is familiar with the business and transaction pattern of the Group, the settlement services provided by it tend to provide a more efficient and orderly platform than those provided by independent financial institutions. This also helps to reduce the transaction costs payable by the Group, such as handling fees for transfer of funds and other administrative expenses;
- (iii) as a large-scale developer and operator of real estate projects, the Group has financing needs and other financial services needs from time to time for land acquisition and other daily operations. Sinochem Finance can offer reliable and stable finance resource and mid-term and long-term credit line for the Group, therefore optimising the funding structure of the Group; and
- (iv) in any event, the Group may discontinue the use of the financial services provided by Sinochem Finance without incurring any extra cost if any independent financial institution of the same type offers more favorable terms in respect of these financial services. Entering into the Sinochem Financial Services Framework Agreement and the Supplemental Agreement will provide more options and greater flexibility to the Group in selecting financial service providers and will be conducive to the Group's full and reasonable utilisation of market resources.

LETTER FROM OPUS CAPITAL

As discussed under the above sub-sections headed “1.2. Sinochem Finance” under the section headed “1. Information on the Parties” above, Sinochem Finance is regulated by both the PBOC and the NFRA. As such, Sinochem Finance must comply with the relevant rules and operational requirements promulgated by the above authorities, in particular, the New Measures and the requisite capital adequacy ratio requirements in particular. Therefore, the risks that the Group is exposed to when receiving financial services from Sinochem Finance will not be higher than receiving those from independent financial institutions.

From the review of the New Measure, parent company of the enterprise group and the controlling shareholder of the finance company shall replenish capital for the finance company when necessary. According to articles of association of Sinochem Finance obtained from the Company, it is noted that Sinochem Holdings has undertaken to increase the relevant capital base of Sinochem Finance in event of emergency situation arising from funding needs to solve payment difficulties of Sinochem Finance.

As noted from the principal terms of the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement), the Group will have the right to offset against any outstanding amounts due to Sinochem Finance by the Group in the event that the Group fails to recover any amount it deposits with Sinochem Finance while Sinochem Finance does not have such right of set-off.

Last but not least, we noted that it is not the first time that Sinochem Finance provides financial services to the Group. In fact, Sinochem Finance has been providing financial services to the Group for many years as part of the Sinochem Holdings’ business traditions. As such, Sinochem Finance is highly familiar with the Group’s business and development needs which facilitate Sinochem Finance to provide financial services to the Group in an effective and efficient manner. In addition, there is no obligation for the Group to utilise any financial services to be provided by Sinochem Finance which provides the Group with flexibility.

In view of the above, we consider that the entering into of the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement) is in the ordinary and usual course of the business of the Group and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM OPUS CAPITAL

3. Principal terms of the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement)

Principal terms of the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement) are set out below:

Date: 15 March 2024

Parties: The Company and Sinochem Finance

Provisions: The Group will utilise the financial services provided by Sinochem Finance on a non-exclusive basis as it deems necessary. Such services include:

- (i) providing deposit services to the Group, including but not limited to demand deposits, call deposits and term deposits;
- (ii) providing loans to the Group (excluding entrustment loans) on normal commercial terms where no mortgage, pledge or other security over the assets of the Group will be required;
- (iii) arranging entrustment loans for the Group as a financial agent through which funds of one member of the Group may be channeled for use by another member of the Group;
- (iv) providing settlement services to the Group;
- (v) providing guarantees at the request of the Group for financing, financing lease, bidding activities or performing other contractual obligations where no counter-guarantee will be required;
- (vi) providing non-financing factoring services to the Group, including supply chain factoring services and relevant management and consultancy services;
- (vii) providing internet banking services to the Group; and
- (viii) as amended by the Supplemental Agreement, providing any other financial services within the scope prescribed by the New Measures and its related documents, with the risk evaluation and control per the relevant policies of and credit review by Sinochem Finance.

LETTER FROM OPUS CAPITAL

- Term:** The Supplemental Agreement shall become effective upon approval by the Independent Shareholders at the EGM and the term of the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement) commencing from 1 January 2023 will be extended from 31 December 2025 to 31 December 2026.
- Fees and charges:** Fees and charges payable to Sinochem Finance under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement) are determined on the following basis:
- (i) when providing the deposit services, subject to compliance with regulatory requirements, interest rates shall not be lower than the benchmark interest rates for deposits of the same type and duration as promulgated by the PBOC from time to time, or the interest rates for deposits of the same type and duration as offered by independent commercial banks in the PRC, whichever is higher;
 - (ii) when providing loans, interest rates shall not be higher than the interest rates offered by independent commercial banks in the PRC under the same conditions;
 - (iii) when arranging entrustment loans, the service fees together with the loan interests shall not be higher than the service fees and interests in respect of an entrustment loan of the same duration offered by independent commercial banks in the PRC under the same conditions;
 - (iv) when providing settlement services, no service fees will be charged; and
 - (v) when providing any other financial services, the fees so charged shall not be higher than the rates offered by independent financial institutions of the same type in the PRC under the same conditions, or, if applicable, the standard rates promulgated by the PBOC from time to time, whichever is lower.
- Right of set-off:** In the event that the Group fails to recover any amount it deposits with Sinochem Finance, the Group will have the right to offset against any outstanding amounts due to Sinochem Finance by the Group.

LETTER FROM OPUS CAPITAL

- Daily balance: The average daily balance per year of the loans (which will be calculated according to the calendar year, and if the period is for less than a year, it will be calculated according to the number of days from 1 January of the year) the Group obtains from Sinochem Finance and Sinochem Holdings' other member units shall be higher than the average daily balance per year of the deposits the Group places with Sinochem Finance.
- Undertakings: Sinochem Finance undertakes that:
- (i) it will apply all the monies deposited by the Group to such activities as approved by NFRA in accordance with the relevant laws and regulations of the PRC;
 - (ii) at all times the sum of the outstanding amount of the loans it provides to Sinochem Holdings' member units (exclusive of the Group) shall not exceed the sum of Sinochem Finance's equity capital, reserve and the deposits received from parties other than the Group;
 - (iii) it will notify the Company immediately in the event of any change in its credit ratings;
 - (iv) it will provide its financial statements to the Company on a monthly basis; and
 - (v) it will deliver to the Company a monthly report on the status of deposits, loans and other transactions between the Group and Sinochem Finance.
- Scope of member units: As amended by the Supplemental Agreement, the member units to which Sinochem Finance provides financial services to include the parent company and the companies controlled by the parent company; companies in which the parent company and its controlled companies, either individually or jointly, hold more than 20% of the shares directly or indirectly, or companies of which the parent company and its controlled companies are the largest shareholder(s), even though their direct shareholding(s) in the aforementioned companies are below 20%; and legal entity or social group legal person affiliated to the parent company or its controlled companies. For the sake of clarity, the parent company refers to Sinochem Holdings, and the companies controlled by the parent company refer to companies actually controlled by Sinochem Holdings and managed on a consolidated basis.

LETTER FROM OPUS CAPITAL

4. Analysis on the principal terms of the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement)

It is noted that the terms under the Supplemental Agreement, save for the extension of the term of the agreement to 31 December 2026, are essentially carried over from the Sinochem Financial Services Framework Agreement and they remain principally the same as those under the Sinochem Financial Services Framework Agreement, in particular, the terms of fees and charges and safeguards such as the right of set-off, the daily balance and the undertakings as mentioned above.

We have, on a random basis, obtained and reviewed three samples of the members of the Group having utilised the deposit services provided by Sinochem Finance (the “**Sinochem Deposit Samples**”) during FY2021, FY2022 and FY2023 (collectively, the “**Historical Period**”), of which one sample was obtained for each of FY2021, FY2022 and FY2023 respectively. We consider the samples are fair and representative for the purpose of assessing the principal terms (including the pricing terms) of the transactions contemplated under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement), in particular, those relevant to deposit transactions, on the bases that (i) we are mainly concerned with comparing, among others, the interest rates of the deposit transactions under the Sinochem Financial Services Framework Agreement (or its previous version(s)) with the benchmark interest rates for deposits of the same type and duration as promulgated by the PBOC and the interest rates for deposits of the same type and duration as offered by independent commercial banks in the PRC, we have obtained one sample for each of FY2021, FY2022 and FY2023 respectively on a random basis for such comparison purpose, so long as we select the samples on a random basis, we do not consider there is a need to achieve a large sample size through substantive tests; and (ii) we are also concerned with the internal controls of carrying out the relevant deposit transactions, therefore under the section headed “5. Analysis of internal control procedures” below, we have randomly selected and obtained from the Company and reviewed two sets of the Group’s internal approval records before placing deposit with Sinochem Finance during the Historical Period (being one random sample for each of FY2022 and FY2023) (i.e. the Sinochem Deposit Approval Records (as defined below)) which provided additional comfort on our selected substantive tests of selecting three Sinochem Deposit Samples. We have also obtained the information of the interest rates for similar types of deposits of comparable period to those of the Sinochem Deposit Samples as announced by three independent commercial banks in the PRC (the “**Bank Deposit Rates**”) and PBOC (the “**PBOC Deposit Rates**”) during the Historical Period. From the review of the Sinochem Deposit Samples, it is noted that the interest rates in the Sinochem Deposit Samples were not lower than the higher of the Bank Deposit Rates and the PBOC Deposit Rates.

We have also obtained and reviewed the average daily balances of: (i) the loans the Group obtained from Sinochem Finance and Sinochem Holdings’ other member units (the “**Loan Average Daily Balances**”); and (ii) the deposits the Group placed with Sinochem Finance (the “**Deposit Average Daily Balances**”) during the Historical Period and noted that the Loan Average Daily Balances were higher than the Deposit Average Daily Balances during the Historical Period.

LETTER FROM OPUS CAPITAL

Further, we also made enquiry to and obtained confirmation from the Company that there was no change to the credit ratings of Sinochem Finance during the Historical Period. As such, the pricing terms under the Sinochem Financial Services Framework Agreement were followed and the terms of safeguards were in place to protect the deposits made by the Group at Sinochem Finance.

In view of the above, we are of the view that the terms of the Supplemental Agreement, which remain principally the same as those under the Sinochem Financial Services Framework Agreement, are fair and reasonable and normal commercial terms as carried over from the Sinochem Financial Services Framework Agreement.

5. Analysis of internal control procedures

In order to protect the interests of the Shareholders, the Company will adopt the following internal control procedures and corporate governance measures in relation to its utilisation of the financial services provided by Sinochem Finance:

- (i) the deposits will be placed by the Group with Sinochem Finance on a voluntary and non-exclusive basis. Before placing any deposit with Sinochem Finance, the Company will obtain and compare against at least two comparable interest rates of deposits of the same type and duration from independent commercial banks, and the benchmark deposit interest rates promulgated by the PBOC at the time of transaction;
- (ii) prior to the entering into of any agreements with respect to loans, credit facilities, factoring services or commercial insurance services by any member of the Group with Sinochem Finance, the Company will obtain at least two quotations for loans of the same duration, credit facilities of the same nature, factoring services of the same type or commercial insurances of the same insurance type (as the case may be) from independent financial institutions;
- (iii) the comparable interest rates of deposits from independent commercial banks and the benchmark deposit interest rates promulgated by the PBOC (for the placing of deposits), or the quotations from independent financial institutions (for the entering into of any agreements with respect to loans, credit facilities, factoring services or commercial insurance services), as the case may be, together with the terms offered by Sinochem Finance, will upon being obtained be submitted to the finance capital and other departments of the Company for review, to ensure that the terms offered by Sinochem Finance are in strict compliance with the terms and conditions (including the pricing terms) under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement), and are no less favorable to the Group than those offered by independent financial institutions;

LETTER FROM OPUS CAPITAL

- (iv) before the entering into any agreements with respect to loans, credit facilities, factoring services or commercial insurance services, upon the review by the finance capital and other departments of the Company, the quotations from independent financial institutions and the offer from Sinochem Finance will be sent to the chief financial officer of the Company for approval;
- (v) the Company will report to the independent non-executive Directors every year on:
 - (i) the implementation of the specific agreements entered into by the members of the Group pursuant to the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement), and the utilisation rate of annual caps;
 - (ii) any change in the credit ratings of Sinochem Finance; and
- (vi) the Company will monitor the status of its deposits, loans and other transactions with Sinochem Finance through the internet banking services provided by Sinochem Finance.

To assess the above internal control procedures, we have randomly selected and obtained from the Company and reviewed:

- (i) two sets of the Group's internal approval records before placing deposit with Sinochem Finance during the Historical Period (the "**Sinochem Deposit Approval Records**"); and
- (ii) two sets of the Group's internal approval records before obtaining loan from Sinochem Finance during the Historical Period (the "**Sinochem Loan Approval Records**").

From the review of the Sinochem Deposit Approval Records and our discussion with the Company, we understand that the Company would obtain and compare against at least two comparable interest rates of deposits of the same type and duration from independent commercial banks and the benchmark deposit interest rates promulgated by the PBOC at the time of transaction. As noted from the Sinochem Deposit Approval Records, approvals from various departments, the chief financial officer and/or the chief executive officer of the Company were obtained before placing the deposit with Sinochem Finance.

From the review of the Sinochem Loan Approval Records and our discussion with the Company, we understand that the Company would obtain at least two quotations for loans of the same duration from independent financial institutions. As noted from the Sinochem Loan Approval Records, quotations from independent financial institutions were obtained and approvals from various departments, the chief financial officer and/or the chief executive officer of the Company were sought before utilising loan services provided by Sinochem Finance.

LETTER FROM OPUS CAPITAL

As stated in the Letter from the Board, the Company will report to the independent non-executive Directors on a regular basis in relation to the implementation of the specific agreements entered into by the members of the Group pursuant to the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement), and the utilisation rate of annual caps. We have made reference to the relevant disclosures under the paragraph headed “Confirmation of Independent Non-executive Directors” under the section headed “Report of the Directors” in the 2021 Annual Report and the 2022 Annual Report. It is noted from the opinions of the independent non-executive Directors that, among others, the continuing connected transactions for FY2021 and FY2022 which shall include the transactions conducted under the Sinochem Financial Services Framework Agreement (or its previous version(s)) were in accordance with the relevant agreements governing such transactions.

Based on the above, we are of the view that the internal control procedures as set out in the Letter from the Board have been complied with.

6. The Revised Maximum Daily Deposit Balance

6.1. *Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement)*

Set out below are: (i) the maximum daily deposit balance (including accrued interest) under the Sinochem Financial Services Framework Agreement (or its previous version(s)) for each year of the Historical Period; (ii) the historical transaction amounts of deposits placed with Sinochem Finance during the Historical Period; (iii) the utilisation of maximum daily deposit balance under the Sinochem Financial Services Framework Agreement (or its previous version(s)) during the Historical Period; (iv) the monetary balances of the Group as at 31 December 2021, 31 December 2022 and 31 December 2023 respectively; and (v) the Revised Maximum Daily Deposit Balance under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement) for FY2024, FY2025 and FY2026 (the “**Relevant Period**”) respectively.

	FY2021	FY2022	FY2023
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Maximum daily deposit balance (including accrued interest) under the Sinochem Financial Services Framework Agreement (or its previous version(s))	10,000	10,000	10,000

LETTER FROM OPUS CAPITAL

	FY2021 <i>RMB million</i>	FY2022 <i>RMB million</i>	FY2023 <i>RMB million</i>
Maximum daily deposit balance (including accrued interest) placed with Sinochem Finance (approximately)	9,969	9,974	9,961
Utilisation of maximum daily deposit balance under the Sinochem Financial Services Framework Agreement (or its previous version(s)) (approximately)	99.7%	99.7%	99.6%
	As at 31 December 2021 <i>RMB million</i>	As at 31 December 2022 <i>RMB million</i>	As at 31 December 2023 <i>RMB million</i>
Monetary balance (including cash and cash equivalents and restricted bank balances) (approximately)	39,744	44,703	37,836
	FY2024 <i>RMB million</i>	FY2025 <i>RMB million</i>	FY2026 <i>RMB million</i>
Existing Maximum Daily Deposit Balance (including accrued interest) under the Sinochem Financial Services Framework Agreement	10,000	10,000	<i>Not applicable</i>
Revised Maximum Daily Deposit Balance (including accrued interest) under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement)	15,000	15,000	15,000

LETTER FROM OPUS CAPITAL

6.2. Basis of determination of the Revised Maximum Daily Deposit Balance under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement)

As stated in the Letter from the Board, in determining the Revised Maximum Daily Deposit Balance, the principle factors considered by the Directors are as follows:

- (i) the business development and financial needs of the Group:
 - (a) the Group's maximum daily deposit balance attained RMB60 billion in a number of days during 2023, while the maximum daily deposit balance for 2022 was no more than RMB49.5 billion, representing an increase of over 21%. The Company expects to maintain the same or a higher level of maximum daily deposit balance for the Relevant Period; and
 - (b) the Group acquired 15 new projects in 2023 and will continue to acquire primary and secondary land resources with high quality in the future. The newly acquired projects will be launched for sale, completed and bring sales proceeds to the Group within the next three years. It is expected that, during the peak sales season, the deposit balance of the Group may reach higher levels;
- (ii) the balance of trade and bills payables of the Company as at 31 December 2023 amounted to approximately RMB31.3 billion. As Sinochem Finance offers free settlement services to the Group, the Company expect an increasing need for settlement services from the Sinochem Finance by the members of the Group during their ordinary course of business. In order to enjoy the free settlement services, the Group may deposit more funds with Sinochem Finance. Increasing the maximum daily deposit balance will facilitate the Group to fully take advantage of the convenient and free settlement services available from Sinochem Finance;
- (iii) the high utilisation rate of the maximum daily deposit balance under the Sinochem Financial Services Framework Agreement (or its previous version(s)): the historical maximum balance of the Group's deposits with Sinochem Finance for FY2022 and FY2023 are equivalent to approximately 99.7% and 99.6% of the maximum daily deposit balance under the Sinochem Financial Services Framework Agreement (or its previous version(s)) for the respective years;
- (iv) the treasury management strategies of the Group: the Company monitors and takes measures to manage its cash balance from time to time, taking into consideration factors including, among others, the Company's dividend policy, working capital, business expansion and debt management needs. Placing cash deposits as savings into financial institutions (such as Sinochem Finance) is one of the options that may be adopted by the Company from time to time; and

LETTER FROM OPUS CAPITAL

- (v) the Group will utilise the services of Sinochem Finance on a voluntary and non-exclusive basis and is not obliged to engage Sinochem Finance for any particular service. The maximum daily deposit balance of the deposit services only represents the highest daily amount of deposits that the Group may place with Sinochem Finance, but there are no obligations for the Group to deposit such amounts with Sinochem Finance. Setting the maximum daily balance of the deposits placed will enable the Group to have a greater flexibility in selecting deposit service providers and allocating its resources.

6.3. Analysis of the Revised Maximum Daily Deposit Balance under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement)

As noted from the Letter from the Board, the Group will utilise the services of Sinochem Finance on a voluntary and non-exclusive basis and is not obliged to engage Sinochem Finance for any particular services, including the deposit services under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement).

In assessing the fairness and reasonableness of the Revised Maximum Daily Deposit Balance under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement), we have taken into account the following factors:

- (i) as disclosed above, the maximum daily deposit balance (including accrued interest) placed with Sinochem Finance was over RMB9,974 million during the Historical Period (which took place in FY2022), representing almost a full utilisation of 99.7% of the maximum daily deposit balance (including accrued interest) under the Sinochem Financial Services Framework Agreement (or its previous version(s)) in FY2022, utilisation rates in FY2021 (i.e. 99.7%) and FY2023 (i.e. 99.6%) were similar to that of FY2022, which also represented exceedingly high utilisation;
- (ii) in view of the Existing Maximum Daily Deposit Balance under the Sinochem Financial Services Framework Agreement was almost fully utilised, the Revised Maximum Daily Deposit Balance under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement) throughout the Relevant Period is proposed to be increased to RMB15,000 million to cater for the potential growth of the Group's business and to meet the Group's increasing demand for deposit services;
- (iii) as mentioned in the Letter from the Board, the Group acquired 15 new projects in 2023 and will continue to acquire primary and secondary land resources with high quality in the future. As disclosed at the page 11 in the 2023 Annual Results, the newly acquired high-quality projects in cities such as Shanghai, Tianjin and Xi'an valued at nearly RMB68 billion, such projects will be launched for sale, completed and bring sales proceeds to the Group within the next three years and provide a strong guarantee for the Company's future development, thereby contributing to the reason for increasing the Existing Maximum Daily Deposit Balance, we find the relevant disclosures in the 2023 Annual Results to be in line with this understanding;

LETTER FROM OPUS CAPITAL

- (iv) with reference to the treasury management strategies of the Group, the Company monitors and takes measures to manage its cash balance from time to time, taking into different consideration factors. Placing cash deposits as savings into financial institutions (such as Sinochem Finance) is one of the options that may be adopted by the Company from time to time. In the event the overall daily monetary balance is increased, there can be a ripple effect to the Existing Maximum Daily Deposit Balance. If the Existing Maximum Daily Deposit Balance remains unchanged, it imposes a ceiling to the amount of cash can be held with Sinochem and somewhat limits the flexibility of the Group in executing its treasury management strategies, especially in case of increase in overall daily monetary balances of the Group. According to the Management, the daily monetary balance of the Group had exceeded as much as RMB60 billion in a number of days during FY2023, such amount is approximately 4 times of the amount of the Revised Maximum Daily Deposit Balance under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement). When compared to the maximum daily balance of monetary balance for FY2022 of approximately RMB49.5 billion, the maximum daily balance of monetary balances for FY2023 represented an increase of over 21%.; and
- (v) according to the Letter from the Board, the balance of trade and bills payables of the Company as at 31 December 2023 amounted to approximately RMB31.3 billion Sinochem Finance does not charge the Group any service fees in respect of the settlement services provided. The Group can deposit a large amount of its funds with Sinochem Finance to utilise the settlement services free of charge. Given the large volume of trade and bills payables, we consider the Company's treasury management strategy of depositing with Sinochem Finance and utilizing its "service fees-free" settlement services for settlement of the relevant amounts payable to be in the interests of the Company and the Shareholders as whole, which also supports the call for an increased Revised Maximum Daily Deposit Balance.

Haven taking into account of the above, we are of the view that the Revised Maximum Daily Deposit Balance under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement) is fair and reasonable.

OPINION AND RECOMMENDATION

In view of the above principal factors and reasons, we considered that:

- (i) the entering into of the Supplemental Agreement and the transactions contemplated thereunder is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; and
- (ii) the terms of the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM OPUS CAPITAL

We, therefore, recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolution to be proposed at the EGM in relation to the Supplemental Agreement, the transactions contemplated thereunder and the Revised Maximum Daily Deposit Balance.

Yours faithfully,
For and on behalf of
Opus Capital Limited
Cheung On Kit Andrew
Executive Director

Mr. Cheung On Kit Andrew is an Executive Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 6 (advising on corporate finance) regulated activity. Mr. Cheung has over 15 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.

* *English name for identification purposes only.*

FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 December 2021, 2022 and 2023 are disclosed in the following documents which have been published on the HKExnews website of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.chinajinmao.cn):

- the annual report for year ended 31 December 2021 published on 21 April 2022 (pages 172 to 315) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0421/2022042101886.pdf>);
- the annual report for year ended 31 December 2022 published on 24 April 2023 (pages 176 to 319) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042401741.pdf>); and
- the annual results for year ended 31 December 2023 published on 27 March 2024 (pages 165 to 315) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0327/2024032700494.pdf>).

INDEBTEDNESS

At the close of business on 29 February 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this circular, the Group had outstanding (i) corporate bonds and notes of approximately RMB37,226 million, all of which are unguaranteed and unsecured; and (ii) bank and other borrowings of approximately RMB96,546 million, of which approximately RMB41,360 million were secured by mortgages over the Group's assets, including, property, plant and equipment, properties under development, properties held for sale, investment properties and trade receivables, and the rest were unguaranteed and unsecured. In addition, the Group had provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties of approximately RMB16,777 million. The Group also provided guarantees for certain bank and other borrowings of its joint ventures and associated companies, with the total amount of guarantees provided by the group being approximately RMB2,790 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 29 February 2024 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other contingent liabilities.

WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Group's cash and cash equivalents on hand, financial resources available to the Group and cash generated from future operations, the Group has sufficient working capital to satisfy its requirements for at least the next twelve months following the date of this circular.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

2024 is a year of continuous recovery, in-depth rejuvenation, and momentum gaining for China's economy. It is also a year for continuous risk releasing and accelerated structural adjustments. The Central Government has emphasised "to adhere to making progress while maintaining stability, promoting stability through progress, and establishing before breaking", supporting the healthy development of the real estate industry. With a lot of room for improvement in the quantity and quality of urbanisation in China, the industry is transforming towards the direction of "high quality, new technology, and good services", bringing huge potential for building a new model of real estate development. The Company is full of confidence in the future market. It will adhere to the strategic direction of "in-depth cultivation and focus, as well as quality and efficiency improvement", and implement "revitalising the existing projects and optimising the additional projects". Moreover, the Company will implement a new management model as a city operator, make effort to promote the theme of the year "product upgrades", construct good quality housing and provide good services for people, achieving the long-term, stable and high-quality development of the Company.

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

2.1 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. ZHANG Zenggen	Beneficial owner	3,800,000	–	0.028%
Mr. TAO Tianhai	Beneficial owner	7,700,000	2,000,000 (Long Position)	0.072%
Mr. ZHANG Hui	Beneficial owner	1,000,000	2,000,000 (Long Position)	0.022%
Ms. QIAO Xiaojie	Beneficial owner	4,500,000	1,334,000 (Long Position)	0.043%

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 number of issued Shares of the Company as at the Latest Practicable Date.

Interest in the debentures of an associated corporation of the Company

Mr. ZHANG Hui is interested in debentures with a nominal value of US\$1,000,000 as the beneficial owner, representing a portion of US\$500,000,000 4.250% guaranteed senior notes due in 2029 issued by Franshion Brilliant Limited, a wholly-owned subsidiary of the Company on 23 July 2019, which are freely transferable and non-convertible into shares. Mr. ZHANG Hui is also interested in debentures with a nominal value of US\$300,000 as the beneficial owner, representing US\$600,000,000 3.200% guaranteed senior notes due in 2026 issued by Franshion Brilliant Limited, a wholly-owned subsidiary of the Company on 9 April 2021, which are freely transferable and non-convertible into shares.

2.2 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	Long position	Beneficial owner	5,006,895,902	37.09%
Sinochem Corporation	Long position	Interest of controlled corporation (Note 1)	5,006,895,902	37.09%
Sinochem Group Co., Ltd. ("Sinochem Group")	Long position	Interest of controlled corporation (Note 1)	5,006,895,902	37.09%
Sinochem Holdings	Long position	Interest of controlled corporation (Note 1)	5,006,895,902	37.09%
Ping An Life Insurance Company of China, Ltd. ("Ping An Life")	Long position	Beneficial owner (Note 2)	1,787,077,435	13.24%
Ping An Insurance (Group) Company of China, Ltd. ("Ping An")	Long position	Interest of controlled corporation (Note 3)	1,791,109,616	13.27%

Name of substantial Shareholder	Long/short Position	Capacity/nature of Interests	No. of Shares Held	Percentage of issued share capital of the Company
New China Life Insurance Company Ltd.	Long position	Beneficial owner	1,237,625,138	9.17%
	Long position	Interest of controlled corporation (Note 4)	3,150,000	0.02%
UBS Group AG	Long position	Interest of controlled corporation (Note 5)	719,682,938	5.33%

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

Note 2: On 6 August 2019, Sinochem Hong Kong delivered 1,787,077,435 Shares to Ping An Life pursuant to a placing and subscription agreement dated 26 July 2019. Ping An Life is granted a pre-emptive right to off-market transfers and is thus deemed to be interested in the Shares held by Sinochem Hong Kong by virtue of s.317 of the SFO, and Sinochem Hong Kong is deemed to be interested in the Shares held by Ping An Life by virtue of s.317 of the SFO.

Note 3: Ping An holds 99.51% equity interest in Ping An Life and the entire equity interest in Ping An of China Asset Management (Hong Kong) Company Limited. For the purpose of the SFO, Ping An is deemed to be interested in 1,787,077,435 Shares beneficially owned by Ping An Life and 4,032,181 Shares owned by Ping An of China Asset Management (Hong Kong) Company Limited as investment manager.

Note 4: New China Life Insurance Company Ltd. controls a chain of corporations including New China Asset Management Company Limited, New China Asset Management (Hong Kong) Limited, New China Capital International Management Limited and New China Capital Management Limited. For the purpose of the SFO, New China Life Insurance Company Ltd. is deemed to be interested in 3,150,000 Shares beneficially owned by New China Capital Management Limited.

Note 5: UBS Group AG is deemed to have interests in the Shares held by Credit Suisse Funds AG, UBS AG, UBS Switzerland AG, UBS Asset Management Life Limited, UBS Asset Management (UK) Limited, UBS Fund Management (Switzerland) AG, UBS Fund Management (Luxembourg) S.A., UBS Asset Management (Singapore) Ltd, UBS Asset Management (Shanghai) Limited, UBS Asset Management (Hong Kong) Ltd and UBS Asset Management (Americas) LLC, 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. CHENG Yong	Sinochem Holdings	Director of the human resources department
Ms. CHEN Aihua	Sinochem Holdings Sinochem Group Sinochem Corporation	Director of the audit department Supervisor Chairman of the board of supervisors
Ms. WANG Wei	Ping An Life	Risk specialist in the investment management team of the investment management center

4. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2023, 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 (as defined in the Listing Rules) 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

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 date of this circular and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2023 (the date to which the latest published audited accounts of the Group were made up), acquired or 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.

8. EXPERT AND CONSENT

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

Name	Qualifications
Opus Capital	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, the Independent Financial Adviser

As at the Latest Practicable date, Opus Capital:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice dated 12 April 2024 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 2023 (the date to which the latest published audited accounts of the Group were made up), acquired or 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. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, have been entered into by members of the Group, within the two years preceding the Latest Practicable Date and are or may be material:

- (a) (i) an irrevocable undertaking was given by China VAST Industrial Urban Development Company Limited (“China VAST”) in favor of the Company on 9 June 2022 pursuant to which, among other things, China VAST undertook to put forward the scheme of arrangement for the implementation of the proposed privatisation of China VAST by the Company to the shareholders of China VAST, (ii) an irrevocable undertaking was entered into between the Company and the controlling shareholders of China VAST (being Profit East Limited, Tai Shing International Investment Company Limited and Ms. Zhao) on 9 June 2022 and amended on 17 October 2022 in relation to further arrangements of the above proposal, and (iii) additional irrevocable undertakings were entered into between the Company and Chance Talent Management Limited on 12 October 2022 and between the Company and Celestial Ocean Investments Limited on 25 October 2022 in relation to further arrangements of the above proposal (for further details, please refer to the announcements of the Company dated 9 June 2022, 30 June 2022, 29 July 2022, 29 August 2022, 29 September 2022, 12 October 2022, 17 October 2022, 25 October 2022, 31 October 2022 and 23 November 2022);
- (b) a joint development agreement was entered into between Tianjin Northern Demao Properties Company Limited (天津北方德茂置業有限公司, “Northern Demao”, an indirect wholly-owned subsidiary of the Company) and Beijing Capital Development Co., Ltd. (北京首都開發股份有限公司, “BCDH”) on 22 June 2022, pursuant to which Northern Demao agreed to provide BCDH and Beijing Zhimao Real Estate Development Co., Ltd. (北京志茂房地產開發有限公司) with a loan in the form of earnest money in an aggregate amount of not exceeding RMB2,166,780,000 at an interest rate of 5.3% per annum for the purpose of their subsequent cooperation in the development of the land parcels in Chaoyang District, Beijing (for further details, please refer to the announcement of the Company dated 22 June 2022);
- (c) the listing-for-sale contracts were entered into between Jinmao Huadong Enterprises Management Co., Ltd. (金茂華東企業管理有限公司, “Jinmao Huadong”, an indirect wholly-owned subsidiary of the Company) and Ningbo Ningnan Xincheng Development Investment Co., Ltd. (寧波寧南新城開發投資有限公司, “Ningnan Development”) on 11 July 2022, pursuant to which Jinmao Huadong agreed to acquire from Ningnan Development the entire equity interests and creditor’s rights in Ningbo Yongyun Real Estate Development Co., Ltd. (寧波甬雲房地產開發有限公司) and Ningbo Yonghuan Real Estate Development Co., Ltd. (寧波甬煥房地產開發有限公司) at a total consideration of RMB3,735,651,247.62 (for further details, please refer to the announcement of the Company dated 11 July 2022);

- (d) a letter of guarantee issued by Shanghai Jinmao Investment Management Group Co., Ltd. (上海金茂投資管理集團有限公司, “Shanghai Jinmao”, a wholly-owned subsidiary of the Company) and China Resources Land Holdings Company Limited (華潤置地控股有限公司, “CR Land Holdings”) to Great Wall Wealth Insurance Asset Management Co., Ltd. (長城財富保險資產管理股份有限公司, “Great Wall Wealth”) on 15 November 2022, pursuant to which Shanghai Jinmao and CR Land Holdings agreed to provide guarantees to Great Wall Wealth with respect to the debts of Nanjing Runmao Property Development Co., Ltd. (南京潤茂置業有限公司, “Nanjing Runmao”) with a principal amount of RMB4,000,000,000, provided that Shanghai Jinmao shall provide the guarantee with respect to 27.5% of the debts of Nanjing Runmao, and CR Land Holdings shall provide the guarantee with respect to the remaining 72.5% of the debts of Nanjing Runmao (for further details, please refer to the announcement of the Company dated 15 November 2022);
- (e) a renewed financial services framework agreement was entered into between the Group and Ping An Bank Co., Ltd. (平安銀行股份有限公司), Ping An Wealth Management Co., Ltd. (平安理財有限責任公司), Shenzhen Qianhai Pingyu Commercial Factoring Co., Ltd. (深圳市前海平裕商業保理有限公司), Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司), Ping An Annuity Insurance Company of China, Ltd. (平安養老保險股份有限公司), Ping An Real Estate Co., Ltd. (平安不動產有限公司) and Ping An Asset Management Co., Ltd. (平安資產管理有限責任公司) (“Ping An Member Companies”) on 16 November 2022, pursuant to which the Group will continue to utilise the financial services available from Ping An Member Companies on a non-exclusive basis as it deems necessary for a period up to 31 December 2025 (for further details, please refer to the announcement of the Company dated 16 November 2022);
- (f) a project development entrusted management contract was entered into between the Company, Shijiazhuang Baobo Real Estate Development Co., Ltd. (石家莊保博房地產開發有限公司, “Shijiazhuang Baobo”, an indirect wholly-owned subsidiary of the Company) and Sinochem Holdings and its indirect wholly-owned subsidiary, Sinochem Holdings Xiong’an Property Co., Ltd. (中化控股雄安置業有限公司, “Sinochem Xiong’an”) on 30 December 2022, pursuant to which Shijiazhuang Baobo will provide management services to Sinochem Xiong’an in relation to the development and construction of the office building project to be constructed on land parcel No. 15 in Corporate Headquarters Zone, Xiong’an New Area Startup Zone, Hebei Province, the PRC (for further details, please refer to the announcement of the Company dated 30 December 2022);
- (g) an equity acquisition agreement was entered into between Jin Mao Suwan Enterprises Management (Tianjin) Company Limited (金茂蘇皖企業管理(天津)有限公司, “Jin Mao Suwan”, an indirect wholly-owned subsidiary of the Company), Jiaxing Liangmao Investment Partnership (Limited Partnership) (嘉興梁茂投資合夥企業(有限合夥), “Jiaxing Liangmao”, an indirect non-wholly-owned subsidiary of the Company) and Nanjing International Mall Construction Company Limited (南京

國際商城建設有限公司, “Target Company”) on 15 March 2023, pursuant to which Jin Mao Suwan agreed to acquire and Jiaxing Liangmao agreed to sell 37.7464% equity interests in the Target Company for a consideration of RMB2,061,471,733 (for further details, please refer to the announcement of the Company dated 15 March 2023);

- (h) a supplemental agreement to the cooperation agreement dated 23 June 2020 was entered into between the Company and Sinochem Hong Kong on 17 March 2023, pursuant to which the parties agreed to extend the term of the Cash Pooling Cooperation Arrangement (as defined in the announcement of the Company dated 17 March 2023) to 31 December 2025, and to set the maximum daily balance and interest rate of the deposit placed and to be placed by the Company with the Bank Mendes Gans N.V. (“Bank”) under the Cash Pooling Cooperation Arrangement to be placed by the Company in the cash pool established by, among others, Sinochem Hong Kong and the Bank pursuant to the Cash Pooling Agreement, as well as the overdraft limit and interest rate applicable to the Company, during the extended term of the Cash Pooling Cooperation Arrangement (for further details, please refer to the announcements of the Company dated 28 October 2021 and 17 March 2023);
- (i) a framework agreement was entered into between Ningbo Yingmao Properties Development Co., Ltd. (寧波鷹茂地產開發有限公司, “Yingmao Properties”, an indirect non-wholly-owned subsidiary of the Company) and its shareholders, namely Wide Sea Limited (全海有限公司, “Wide Sea”) and Shenzhen Pingjia Investment and Management Co., Ltd. (深圳市平嘉投資管理有限公司, “Pingjia Investment”) on 24 March 2023, pursuant to which Yingmao Properties will continue to provide entrustment loans to Wide Sea and Pingjia Investment (or their respective designated entities) during the term of the new framework agreement. The aforesaid agreement expired on 31 December 2023 and the parties entered into a new framework agreement on 28 December 2023, pursuant to which the entrust loan arrangements have been extended till 31 December 2024 (for further details, please refer to the announcements of the Company dated 24 March 2023 and 28 December 2023);
- (j) an equity transfer agreement was entered into between Wuhan Xingmao Property Co., Ltd. (武漢興茂置業有限公司, “Wuhan Xingmao”, an indirect wholly-owned subsidiary of the Company) and Jiaxing Dingmao No. 1 Investment Partnership (Limited Partnership) (嘉興定茂壹號投資合夥企業(有限合夥), “Jiaxing Dingmao”, an affiliated company of the Company) on 30 March 2023, pursuant to which Wuhan Xingmao agreed to acquire and Jiaxing Dingmao agreed to sell 50% equity interests in the Wuhan Yumao Property Co., Ltd. (武漢煜茂置業有限公司) for a consideration of RMB1,178,734,400 (for further details, please refer to the announcement of the Company dated 30 March 2023);
- (k) a new framework agreement was entered into between the Project Companies (as defined in the announcement of the Company dated 12 May 2023) and their shareholders (including Beijing Xingmao Properties Co., Ltd. (北京興茂置業有限公司), Win Cheer Limited (“Win Cheer”), Tongxiang Haoji Properties Co., Ltd. (桐鄉豪吉置業有限公司), Tongxiang Haoqing Properties Co., Ltd. (桐鄉豪慶置業有限公

司) and China Overseas Enterprise Development Group Co., Ltd. (中海企業發展集團有限公司)) on 12 May 2023, pursuant to which the Project Companies will continue to provide loans to their shareholders (or their respective designated entities) during the term of the new framework agreement which is three years, commencing from 13 May 2023 (for further details, please refer to the announcement of the Company dated 12 May 2023);

- (l) an equity pledge agreement was entered into between Guangzhou Pinmao Real Estate Development Co., Ltd. (廣州品茂房地產開發有限公司, “Guangzhou Pinmao”, an indirect wholly-owned subsidiary of the Company) and Industrial Bank Co., Ltd. (興業銀行股份有限公司) Guangzhou Branch (“Industrial Bank Guangzhou Branch”) on 25 August 2023, pursuant to which Guangzhou Pinmao agreed to pledge its 50% equity interests in the Zhuhai Tuomao Real Estate Development Co., Ltd. (珠海拓茂房地產開發有限公司, “Project Company”, owned as to 50% by each of Guangzhou Pinmao and Beijing Lingxiu Chuangying Information Consulting Centre (Limited Partnership) (北京領秀創贏信息諮詢中心(有限合夥)), and an affiliated company of the Company) in favour of Industrial Bank Guangzhou Branch to secure the due performance of the repayment obligations of the Project Company to Industrial Bank Guangzhou Branch under the loan agreement which was entered into between the Project Company and Industrial Bank Guangzhou Branch on 25 August 2023, pursuant to which Industrial Bank Guangzhou Branch agreed to provide a loan in the principal amount of RMB2,000,000,000 to the Project Company at the interest rate of the one-year loan prime rate published by the National Interbank Funding Centre minus 0.05% for a term of 48 months (for further details, please refer to the announcement of the Company dated 25 August 2023);
- (m) an equity transfer agreement was entered into between Shanghai Jinmao Investment Management Group Co., Ltd. (上海金茂投資管理集團有限公司, “Shanghai Jinmao”, a wholly-owned subsidiary of the Company) and Beijing Bohai Runze Commercial Management Co., Ltd. (北京渤海潤澤商業管理有限公司, “Bohai Runze”) on 17 October 2023 in relation to the proposed disposal by Shanghai Jinmao of its 100% equity interest in Jinmao (Beijing) Real Estate Co., Ltd. (金茂(北京)置業有限公司) to Bohai Runze at a consideration of RMB2,801.83 million (for further details, please refer to the announcement of the Company dated 17 October 2023);
- (n) a loan agreement was entered into between Jinmao Investment Management (Tianjin) Co., Ltd. (金茂投資管理(天津)有限公司, “Jinmao Tianjin”, an indirect wholly-owned subsidiary of the Company) and Nanjing Yaofang Properties Co. Ltd. (南京耀方置業有限公司, “Nanjing Yaofang”) on 21 October 2023, pursuant to which Jinmao Tianjin agreed to provide a loan to Nanjing Yaofang in a total amount of no more than RMB2,445,292,200 at the one-year LPR of the National Interbank published in September 2023, i.e., 3.45%, for the purpose of facilitating the subsequent negotiation among the parties on the development of the land parcel of No. 2023-WG-64 located at South of Zhuyuan Road Greenland, West of Dailunbang Greenland, Hi-Tech Zone, Suzhou City, Jiangsu Province, the PRC (for further details, please refer to the announcement of the Company dated 24 October 2023);

- (o) a new framework agreement was entered into between Jinmao Property Services Co., Limited (金茂物業服務發展股份有限公司, “Jinmao Services”, a non-wholly owned subsidiary of the company) and Sinochem Holdings for a term from 1 January 2024 to 31 December 2026 on 9 November 2023, pursuant to which Jinmao Services agreed to provide certain services to Sinochem Holdings and its associates (excluding, for the avoidance of doubt, the Company and its associates) (for further details, please refer to the announcement of the Company dated 9 November 2023);
- (p) a cooperation agreement was entered into between Ningbo Ningxing Properties Development Group Co., Ltd. (寧波寧興房地產開發集團有限公司, Ningbo Ningxing, an indirect wholly-owned subsidiary of the Company), Nanjing Yaofang and Suzhou Xinmao Real Estate Co., Ltd. (蘇州新茂置業有限公司, “Xinmao Real Estate”) on 24 November 2023, pursuant to which 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 (for further details, please refer to the announcement of the Company dated 24 November 2023);
- (q) an equity transfer agreement was entered into between Shanghai Xingxiumao Business Management Co., Ltd. (上海興秀茂商業管理有限公司, “Shanghai Xingxiumao”, as the transferor) and the ABS Manager (as the transferee) on behalf of the CITIC-Jinmao Shopping Mall No. 1 Asset-back Special Purpose Plan (中信證券金茂購物中心1號資產支持專項計劃), an infrastructure asset-back special purpose plan managed by the ABS Manager to securitise the Project (“ABS”) on 23 November 2023, pursuant to which Shanghai Xingxiumao agreed to sell, and the ABS Manager, on behalf of the ABS, agreed to acquire, the entire equity interest in the Changsha Xiumao Business Management Co., Ltd. (長沙秀茂商業管理有限公司, “Project Company”) for the proposed spin-off which involves the separate listing of the Changsha Jinmao Mall of Splendor (長沙金茂覽秀城) (“Project”) on the Shanghai Stock Exchange through the establishment of the REITs as a close-ended publicly-listed infrastructure securities investment fund (for further details, please refer to the announcements of the Company dated 26 October 2023, 28 November 2023, 30 December 2023 and 4 March 2024);
- (r) a lease agreement was entered into by Sinochem Jinmao Property Management (Beijing) Co., Ltd. (中化金茂物業管理(北京)有限公司, “Jinmao PM”, a wholly-owned subsidiary of Jinmao Services), and China National Chemical Corporation (中國化工集團有限公司, “ChemChina”, a wholly-owned subsidiary of Sinochem Holdings) on 13 December 2023, pursuant to which Jinmao PM (as the lessee) will lease the 82 vacant housing units located at Zhonghaojiayuan, No. 19, Fushi Road, Haidian District, Beijing, the PRC, with a gross floor area of 8,429 square metres from ChemChina (as the lessor) for a term of five years from 31 January 2024 to 30 January 2029 (for further details, please refer to the announcement of the Company dated 13 December 2023);

- (s) the transactions documents entered into between Hangzhou Yuemao Real Estate Co., Ltd. (杭州躍茂置業有限公司, “Yuemao Real Estate”, a wholly-owned subsidiary of the Company), Hangzhou City Land Development Co., Ltd. (杭州市城市土地發展有限公司, “Hangzhou Development”), Hangzhou Weididao Catering Management Co., Ltd. (杭州味地道餐飲管理有限公司, “Weididao”) and Hangzhou Chengsheng Real Estate Co., Ltd. (杭州城昇置業有限公司, “Chengsheng Real Estate”) on 28 December 2023 (“Transaction Documents”), pursuant to which (1) Yuemao Real Estate agreed to make additional capital contribution to Weididao in the amount of RMB1,307,870 and acquire 56.67% equity interests in Weididao; (2) Yuemao Real Estate agreed to acquire part of the creditor’s rights of the shareholder’s loan provided by Hangzhou Development to Weididao in an aggregate amount of approximately RMB882.67 million in proportion to its 56.67% equity interests, amounting to approximately RMB500.21 million as of the date of the Transaction Documents (for further details, please refer to the announcement of the Company dated 28 December 2023);
- (t) a capital increase agreement was entered into between the Company and Jinmao Huadong, Hangzhou Mancheng Equity Investment Partnership (杭州漫呈股權投資合夥企業, “Hangzhou Mancheng”) and Shenzhen Yulu Enterprise Management Co., Ltd. (深圳市豫祿企業管理有限公司, “Shenzhen Yulu”) on 28 December 2023, pursuant to which, Jinmao Huadong, Hangzhou Mancheng and Shenzhen Yulu agreed to contribute RMB500 million, RMB400 million and RMB90 million to Xi’an Runmao Real Estate Co., Ltd. (西安潤茂置業有限公司), respectively (for further details, please refer to the announcement of the Company dated 28 December 2023);
- (u) an agreement was entered into between Hefei Fengmao Real Estate Development Company Limited (合肥豐茂房地產開發有限公司, “Heifei Fengmao”, an indirect wholly-owned subsidiary of the Company), Beijing Capital Development Co., Ltd. (北京首都開發股份有限公司, “BCDC”) and Nanjing Jiatai Zhumao Real Estate Co., Ltd. (南京嘉泰築茂置業有限公司, “Nanjing Jiatai”) on 26 January 2024, pursuant to which, for the purpose of their subsequent cooperation in the development of the land parcel No. 2023G89 situated in Gulou District, Nanjing, the PRC, Hefei Fengmao (i) agreed to provide Nanjing Jiatai with the loan in the form of earnest money in an aggregate amount of not exceeding RMB612,021,265 at an interest rate of 5.5% per annum; and (ii) conditionally agreed to participate in the listing-for-sale process for the capital increase of Nanjing Jiatai (for further details, please refer to the announcement of the Company dated 26 January 2024);
- (v) the Sinochem Financial Services Framework Agreement and its Supplemental Agreement; and
- (w) an agreement was entered into by and among Qingdao High-tech Investment & Development Group Co., Ltd. (青島高新區投資開發集團有限公司), Qingdao Qingmao Real Estate Co., Ltd. (青島青茂置業有限公司) and Qingdao Shengmao Real Estate Co., Ltd. (青島晟茂置業有限公司, “Shengmao Real Estate”) on 22 March 2024, to increase the registered capital of 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) from RMB600 million to RMB1,050 million, with Shengmao Real Estate fully subscribing for the additional registered capital with a total payment of RMB450.10 million (for further details, please refer to the announcement of the Company dated 22 March 2024).

10. LITIGATION

As at the Latest Practicable Date, the Group was not engaged in any litigation or claim of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against the Group.

11. MISCELLANEOUS

- (a) The secretary of the Company is Mr. LIAO Chi Chiun. Mr. LIAO earned a Bachelor of Arts (Honours) degree in accounting from De Montfort University, England in 1995 and is a fellow member of the Association of Chartered Certified Accountants and also an associate member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Rooms 4702-03, 47th Floor Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong.
- (c) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

12. DOCUMENTS ON DISPLAY

Copies of the following documents are available on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.chinajinmao.cn) from the date of this circular up to and including the date of the EGM:

- (a) the Sinochem Financial Services Framework Agreement and its Supplemental Agreement;
- (b) the letter of advice from Opus Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 19 to 39 of this circular; and
- (c) the written consent referred to in the section headed "Expert and Consent" in this appendix.

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 Salon III-IV, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Monday, 29 April 2024 at 10:00 a.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 Supplemental Agreement to the Sinochem Financial Services Framework Agreement (as defined and described in the circular to the shareholders of the Company dated 12 April 2024 (the “**Circular**”), 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) be and are hereby approved, confirmed and ratified;
- (b) the Revised Maximum Daily Deposit Balance of deposits (including accrued interests thereon) placed by the Group with Sinochem Finance (as defined in the Circular) under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement) as described in the Circular be and are hereby approved, confirmed and ratified; and
- (c) any director of the Company be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the deposit services contemplated under the Sinochem Financial Services Framework Agreement (as amended by the Supplemental Agreement), and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the such director, in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 12 April 2024

NOTICE OF EGM

Notes:

- (1) The register of members of the Company will be closed from Wednesday, 24 April 2024 to Monday, 29 April 2024, 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 Tuesday, 23 April 2024.
- (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 or "extreme conditions caused by a super typhoon" announced by the Government of Hong Kong is in force at 8:00 a.m. 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. 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.