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

(Incorporated in Hong Kong with limited liability)
(Stock code: 00817)

CONNECTED TRANSACTION

ACQUISITION OF EQUITY INTERESTS IN XI'AN TINGMAO

The Board hereby announces that on 29 April 2022, Jin Mao Hainan (an indirect wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with Tianjin Xinmao, Jiaxing Huimao and the Target Company, pursuant to which, (i) Tianjin Xinmao and Jiaxing Huimao agreed to dispose of, and Jin Mao Hainan agreed to acquire, all equity interests in the Target Company for a total consideration of RMB124,960,885.73; and (ii) Jin Mao Hainan agreed to provide the Shareholder's Loan of RMB24,290,000 to the Target Company for its repayment of a shareholder's loan provided by Tianjin Xinmao. Upon completion of the Equity Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 35.28% of the total issued shares of the Company, and is therefore a connected person of the Company. As the Group owns over 50% interests in Tianjin Xinmao and Sinochem Holdings, through its associates, owns over 10% interests in Tianjin Xinmao, Tianjin Xinmao is also a connected person of the Company. As such, the Transaction (including the Equity Acquisition and the provision of the Shareholder's Loan) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

The Board hereby announces that on 29 April 2022, Jin Mao Hainan (an indirect wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with Tianjin Xinmao, Jiaxing Huimao and the Target Company, pursuant to which, (i) Tianjin Xinmao and Jiaxing Huimao agreed to dispose of, and Jin Mao Hainan agreed to acquire, all equity interests in the Target Company for a total consideration of RMB124,960,885.73; and (ii) Jin Mao Hainan agreed to provide the Shareholder's Loan of RMB24,290,000 to the Target Company for its repayment of a shareholder's loan provided by Tianjin Xinmao. Upon completion of the Equity Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

MAJOR TERMS OF THE EQUITY TRANSFER AGREEMENT

Date

29 April 2022

Parties

Purchaser: Jin Mao Hainan

Seller: Tianjin Xinmao and Jiaxing Huimao

Target Company: Xi'an Tingmao

Interests to be acquired

As at the date of this announcement, Tianjin Xinmao and Jiaxing Huimao held approximately 99.99% and 0.01% equity interests in the Target Company, respectively. Pursuant to the Equity Transfer Agreement, Tianjin Xinmao and Jiaxing Huimao agreed to transfer their respective equity interests in the Target Company to Jin Mao Hainan. Upon completion of the Equity Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

Consideration and payment

The total consideration for the Equity Acquisition is RMB124,960,885.73, which shall be paid by Jin Mao Hainan to Tianjin Xinmao. The above amount is determined after arm's length negotiations between the parties to the Equity Transfer Agreement, taking into account the net asset value of the Target Company as at 30 June 2021 (i.e. RMB124,971,300) as valued by an independent valuer using the asset-based approach. As Jiaxing Huimao has not paid up its subscribed capital contribution to the Target Company, Jin Mao Hainan is not required to make any cash payment to Jiaxing Huimao for its acquisition of approximately 0.01% equity interest in the Target Company from Jiaxing Huimao.

Pursuant to the Equity Transfer Agreement, Jin Mao Hainan shall pay the above consideration to Tianjin Xinmao in cash as follows:

- (i) within five working days from the date of execution of the Equity Transfer Agreement, Jin Mao Hainan shall make the first payment of RMB74,976,531.44 (the "**First Payment**") to Tianjin Xinmao;
- (ii) within five working days after Tianjin Xinmao, Jiaxing Huimao and the Target Company have submitted all required documents to the industrial and commercial registration authority for the Equity Acquisition and notified Jin Mao Hainan in writing, Jin Mao Hainan shall make the second payment of RMB43,736,310 to Tianjin Xinmao; and
- (iii) after the issuance of the new business license of the Target Company by the industrial and commercial registration authority and within three working days after completion of the Equity Acquisition, Jin Mao Hainan shall pay the remaining amount of RMB6,248,044.29 to Tianjin Xinmao.

The above consideration of the Equity Acquisition will be financed by the internal resources of the Group.

Completion

Tianjin Xinmao and Jiaxing Huimao shall procure the Target Company to complete the registration of the change in respect of the Equity Acquisition with the industrial and commercial registration authority within 15 working days from the date on which Jin Mao Hainan makes the First Payment (the “**Completion Period**”). The completion of the Equity Acquisition shall take place on the date of completion of the industrial and commercial registration. If the completion of the Equity Acquisition does not take place within 15 working days upon expiration of the Completion Period, Jin Mao Hainan will have the right to terminate the Equity Transfer Agreement and require Tianjin Xinmao to return the amount paid by it.

Shareholder’s Loan

Tianjin Xinmao has provided a shareholder’s loan to the Target Company and its outstanding balance is RMB24,290,000 as at the date of this announcement. Pursuant to the Equity Transfer Agreement, Jin Mao Hainan agreed to provide the Shareholder’s Loan of RMB24,290,000 to the Target Company within one working day upon completion of the Equity Acquisition, which will be used to repay the above shareholder’s loan provided by Tianjin Xinmao. The Shareholder’s Loan to be provided by Jin Mao Hainan will be financed by the internal resources of the Group.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company, established in December 2018, has the registered capital of RMB120,000,000. As at the date of this announcement, the Target Company was owned by Tianjin Xinmao and Jiaxing Huimao as to approximately 99.99% and 0.01%, respectively. The major asset of the Target Company is Jinmao Hotel Xi’an Central, which is held by the Target Company through the Project Company. Jinmao Hotel Xi’an Central is located at No. 36 Zhubashi, Beilin District, Xi’an, Shaanxi Province, the PRC with a site area of 1,396.8 sq.m. and a gross floor area of 12,998 sq.m. The Target Company acquired Jinmao Hotel Xi’an Central in December 2018 by acquiring the entire equity interests in the Project Company, and the total investment for acquiring the Project Company and renovating the Hotel was approximately RMB176 million. In July 2019, Jinmao Hotel Xi’an Central resumed operations as a hotel upon completion of its renovation, with the Group acting as the manager for its operations.

Based on the financial statements of the Target Company prepared under the China Accounting Standards for Business Enterprises, its audited total assets and audited net assets as at 31 December 2021 were approximately RMB159 million and RMB43 million, respectively. For the two years ended 31 December 2021, the audited profits/losses of the Target Company were as follows:

	For the year ended 31 December 2020 <i>(approximate RMB million)</i>	For the year ended 31 December 2021 <i>(approximate RMB million)</i>
Audited profit (loss) before tax	(21.4)	(21.9)
Audited profit (loss) after tax	(19.7)	(20.2)

REASONS FOR AND BENEFITS OF THE TRANSACTION

Jinmao Hotel Xi'an Central is located in the core area of Xi'an city, with a moderate project scale and good asset condition. The Hotel is launched and operated by the Group with its own brand and its operating performance steadily improved at the beginning of its opening in 2019, demonstrating strong market competitiveness. It is expected that Jinmao Hotel Xi'an Central will resume stable operations and maintain profitability when the COVID-19 pandemic is under continuous control in the future. Through the Transaction, the Group will acquire the entire equity interests in the Target Company and thereby the entire interests in Jinmao Hotel Xi'an Central, which will improve the Group's operating efficiency in its management of the Hotel, and allow the Group to enjoy the investment return from the Hotel. The Transaction is in line with the Group's strategy of managing hotels with its own brand.

The Directors (including the independent non-executive Directors) consider that the terms of the Transaction are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole. As Mr. NING Gaoning, Mr. YANG Lin and Mr. CHENG Yong are directors and/or employees of Sinochem Holdings, they are deemed to have material interests in the Transaction and have abstained from voting on the Board resolution approving the Transaction.

LISTING RULES IMPLICATIONS

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 35.28% of the total issued shares of the Company, and is therefore a connected person of the Company. As the Group owns over 50% interests in Tianjin Xinmao and Sinochem Holdings, through its associates, owns over 10% interests in Tianjin Xinmao, Tianjin Xinmao is also a connected person of the Company. As such, the Transaction (including the Equity Acquisition and the provision of the Shareholder's Loan) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE PARTIES

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

Sinochem Holdings is the ultimate controlling shareholder of the Company. It is a large-scale chemical conglomerate operating in eight business sectors covering life science, materials science, basic chemicals, environmental science, rubber and tire, machinery and equipment, city operation, and industrial finance. Sinochem Holdings is wholly owned by the SASAC.

Jin Mao Hainan is an indirect wholly-owned subsidiary of the Company, and is principally engaged in hotel management training, development and operation of integrated real estate projects and development of tourism projects in the PRC.

Tianjin Xinmao is a limited partnership established in the PRC, with its general partner being Jinmao (Jiaxing) Investment Management Company Limited (holding 0.99% interests) and its limited partners including a wholly-owned subsidiary of the Company (holding 74.26% interests) and a partnership established by the Group and a subsidiary of Sinochem Holdings (holding 24.75% interests). Jinmao (Jiaxing) Investment Management Company Limited is a jointly controlled entity in which each of the Company and Shenwan Hongyuan Group Co., Ltd. (“SWHY”, the shares of which are listed on the Stock Exchange (stock code: 6806) and the Shenzhen Stock Exchange (stock code: 000166)) indirectly holds 50% equity interests. Tianjin Xinmao is principally engaged in equity investment in the PRC.

Jiaxing Huimao is a jointly controlled entity in which each of the Company and SWHY indirectly holds 50% equity interests, and is principally engaged in industrial investment in the PRC.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	China Jinmao Holdings Group Limited (中國金茂控股集團有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Equity Acquisition”	the acquisition of the aggregate 100% equity interests in the Target Company by Jin Mao Hainan from Tianjin Xinmao and Jiaxing Huimao pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement entered into by and among Jin Mao Hainan, Tianjin Xinmao, Jiaxing Huimao and the Target Company on 29 April 2022
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Jiaxing Huimao”	Jiaxing Huimao Investment Company Limited (嘉興惠茂投資有限公司), a company established under the laws of the PRC with limited liability
“Jin Mao Hainan”	Jin Mao Hainan Investment Company Limited (金茂(海南)投資有限公司), a company established under the laws of the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Jinmao Hotel Xi’an Central” or “Hotel”	Jinmao Hotel Xi’an Central (西安鼓樓金茂酒店), located at No. 36 Zhubashi, Beilin District, Xi’an, Shaanxi Province, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Project Company”	Shaanxi Gulou Grand Hotel Company Limited (陝西鼓樓大酒店有限公司), a company established under the laws of the PRC with limited liability, and a wholly-owned subsidiary of the Target Company
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission under the State Council of the PRC
“Shareholder’s Loan”	the shareholder’s loan of RMB24,290,000 to be provided to the Target Company by Jin Mao Hainan pursuant to the Equity Transfer Agreement
“Sinochem Holdings”	Sinochem Holdings Corporation Ltd. (中國中化控股有限責任公司), a state-owned enterprise incorporated in the PRC, which is wholly owned by the SASAC, and the ultimate controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tianjin Xinmao”	Tianjin Xinmao Equity Investment Partnership (Limited Partnership) (天津信茂股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“Transaction”	the Equity Acquisition and the provision of the Shareholder’s Loan by Jin Mao Hainan pursuant to the Equity Transfer Agreement

“Xi’an Tingmao” or “Target Company” Xi’an Tingmao Enterprise Management Company Limited (西安廷茂企業管理有限公司), a company established under the laws of the PRC with limited liability, which is held as to approximately 99.99% by Tianjin Xinmao and approximately 0.01% by Jiaxing Huimao as at the date of this announcement

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

Hong Kong, 29 April 2022

As at the date of this announcement, the Directors of the Company are Mr. NING Gaoning (Chairman), Mr. YANG Lin, Mr. AN Hongjun, Mr. CHENG Yong and Mr. LIU Pengpeng as Non-executive Directors; Mr. LI Congrui, Mr. JIANG Nan and Mr. SONG Liuyi as Executive Directors; Mr. SU Xijia, Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei as Independent Non-executive Directors.