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China Jinmao Holdings Group Limited

中國金茂控股集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 00817)

ANNOUNCEMENT

UPDATE ON PROPOSED ISSUANCE OF U.S.\$300,000,000 SENIOR GUARANTEED PERPETUAL CAPITAL SECURITIES BY FRANSHION BRILLIANT LIMITED AND UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY CHINA JINMAO HOLDINGS GROUP LIMITED

This announcement is made pursuant to the disclosure obligations under Part XIVA of the Securities and Futures Ordinance and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company is pleased to announce that on 22 June 2017, the Company and the Issuer entered into a purchase agreement with Standard Chartered Bank, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Goldman Sachs (Asia) L.L.C., Bank of Communications Co., Ltd. Hong Kong Branch, CMB International Capital Limited and China International Capital Corporation Hong Kong Securities Limited as initial purchasers in respect of the subscription and sale of the Securities.

Subject to certain conditions upon completion, Frانشion Brilliant, a wholly owned subsidiary of the Company, will issue the Securities, senior guaranteed perpetual capital securities, in the aggregate principal amount of US\$300,000,000. The Securities are expected to be issued on 3 July 2017. The estimated net proceeds of the Securities (after deducting relevant expenses but prior to deducting any discount or commission for the Initial Purchasers) will amount to approximately US\$299.2 million. The Company intends to use the net proceeds to fund the repurchase of the Notes and for general corporate purposes.

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Reference is made to the announcement made by the Company on 21 June 2017 (the “**Announcement**”) in relation to the proposed issue of Securities by Franshion Brilliant, a wholly owned subsidiary of the Company and the proposed tender offer for the outstanding Notes (stock code: 5977) issued by Franshion Brilliant. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise stated.

DESCRIPTION OF THE SECURITIES AND NEW FINANCING CONDITION

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Principal terms of the Securities

The principal terms of the Securities are summarised as follows:

Issuer:	Franshion Brilliant Limited.
Guarantor:	China Jinmao Holdings Group Limited.
Securities Offered:	US\$300,000,000 Senior Guaranteed Perpetual Capital Securities.
Ranking:	The Securities will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves and at least pari passu with all other present and future unconditional, unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The Guarantee will constitute a direct, unconditional, unsecured and unsubordinated obligation of the Guarantor which shall, at all times rank at least pari passu with all other present and future unconditional, unsubordinated and unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Issue Price:	100% of the principal amount of the Securities.
Distributions:	Subject to provisions relating to deferral of Distributions, the Securities confer a right to receive Distributions at the applicable Distribution Rate from and including the Issue Date.
Distribution Rate:	The Distribution Rate applicable to the Securities will be as follows: <ul style="list-style-type: none">(i) in respect of the period from, and including, the Issue Date to, but excluding, the First Reset Date, the Initial Distribution Rate; and(ii) from, and including, each Reset Date falling on and after the First Reset Date, to, but excluding, the immediately following Reset Date, the Reset Distribution Rate.
Initial Distribution Rate:	4.00% per annum (payable semi-annually).
Reset Distribution Rate:	The applicable treasury rate as at the relevant Reset Date plus the Initial Spread plus the Step-Up Margin.
Initial Spread:	2.238%.
Step-Up Margin:	3.00% per annum.
Distribution Payment Dates:	3 January and 3 July of each year, commencing 3 January 2018.
First Reset Date:	3 January 2023.
Reset Date:	the First Reset Date, and each of the days falling every five years after the First Reset Date.
Optional Deferral of Distributions:	The Issuer may, at its sole discretion, elect to defer a Distribution pursuant to the terms of the Securities, unless a compulsory distribution payment event as defined in the Indenture has occurred.
Redemption due to Change of Control Triggering Event:	The Securities may be redeemed at the option of the Issuer, in whole but not in part, upon the occurrence of a Change of Control Triggering Event.

Redemption for accounting reasons:	The Securities may be redeemed at the option of the Issuer, in whole but not in part, upon the occurrence of an Accounting Event.
Redemption for a Breach of Covenant Event:	The Securities may be redeemed at the option of the Issuer, in whole but not in part, upon the occurrence of a Breach of Covenant Event.
Redemption for a Relevant Indebtedness Default Event:	The Securities may be redeemed at the option of the Issuer, in whole but not in part, upon the occurrence of a Relevant Indebtedness Default Event.
Redemption in the case of minimal outstanding amount:	The Securities may be redeemed at the option of the Issuer, in whole but not in part, at any time when the aggregate principal amount of the Securities outstanding is less than 20% of the aggregate principal amount originally issued.
Optional Redemption:	On the First Reset Date or any Distribution Payment Date after the First Reset Date, the Issuer may redeem the Securities, in whole but not in part, at a redemption price equal to the principal amount thereof plus any Distributions (including any Arrears of Distribution and Additional Distribution Amounts) accrued to, but excluding, the date fixed for redemption.
Denominations:	US\$200,000 and integral multiples of US\$1,000 in excess thereof.
Expected Rating of the Securities:	Moody's: "Baa3".
Trade Date:	22 June 2017.
Settlement Date:	3 July 2017.
Trustee and Paying Agent:	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent:	The Bank of New York Mellon SA/NV, Luxembourg Branch.

The Offer is subject to, among other things, the satisfaction of the New Financing Condition and the other conditions as described in the Tender Offer Memorandum. Although the Securities have been priced, the proposed issue of the Securities may or may not materialise. Completion of the proposed issue of the Securities is subject to, among other things, satisfaction of the conditions precedent to completion of the Purchase Agreement or the termination of the Purchase Agreement upon the occurrence of certain events. As such, the New Financing Condition is still subject to the successful completion (as determined by the Company in its sole discretion) of the issue of the Securities. Prospective investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

- “Accounting Event”** any change or amendment to, or change or amendment to any interpretation of, HKFRS or the Relevant Accounting Standard, the Securities, in whole or in part, must not or must no longer be recorded as “equity” of the Guarantor pursuant to the Relevant Accounting Standard.
- “Additional Distribution Amount”** the Distributions accruing on each amount of Arrears of Distribution at the applicable Distribution Rate as if it constituted the principal of the Securities.
- “Arrears of Distribution”** Distribution validly deferred.
- “Breach of Covenant Event”** occurrence of a Covenant Breach.
- “Change of Control”** occurrence of one or more of the following events:
- (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation) in one or a series of related transactions, of all or substantially all of the assets of the Company and its subsidiaries, taken as a whole, to any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) other than to the Company or one or more of its subsidiaries;
 - (2) the Company consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding voting stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the voting stock of the Company outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the outstanding shares of voting stock of the surviving Person immediately after giving effect to such transaction; or
 - (3) (a) the government of the PRC or Persons owned and controlled by the government of the PRC ceasing to own and control (directly or indirectly or in combination) at least 50.1% of Sinochem Group, or (b) Sinochem Group or its subsidiaries, collectively, ceasing to be the Controlling Shareholder and the largest shareholder of the Company.

“Change of Control Triggering Event”	Change of Control, unless the Company is, on the Rating Date, rated investment grade by two or more Rating Agencies, then a “Change of Control Triggering Event” means the occurrence of both a Change of Control and a Rating Decline. No Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.
“Company” or “Guarantor”	China Jinmao Holdings Group Limited, a company incorporated under the laws of Hong Kong with limited liability and whose shares are listed on the Stock Exchange.
“Controlling Shareholder”	with respect to the Guarantor, the Person or group of Persons who is or are entitled to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Code on Takeovers and Mergers approved by the Securities and Futures Commission of Hong Kong, as amended from time to time, as being the level for a mandatory general offer) or more of the voting power at general meetings of the Guarantor or who is or are in a position to control the composition of a majority of the board of directors of the Guarantor.
“Covenant Breach”	non-compliance and/or non-performance by the Issuer and/or the Guarantor of its obligation and covenant with respect to the Securities.
“Distribution”	right to receive distributions conferred by the Securities.
“Exchange Act”	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.
“Fitch”	Fitch Inc., a subsidiary of Fimalac, S.A., and its successors.
“HKFRS”	Financial Reporting Standards issued by Hong Kong consistently applied, as in effect from time to time.
“Indenture”	the indenture to be entered into by, <i>inter alia</i> , the Company and the Issuer pursuant to which, <i>inter alia</i> , the Company will grant a guarantee in connection with the issue of the Securities.
“Indebtedness”	any indebtedness for or in respect of money borrowed that has a final maturity of one year or more from its date of incurrence or issuance.
“Initial Purchasers”	Standard Chartered Bank, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Goldman Sachs (Asia) L.L.C., Bank of Communications Co., Ltd. Hong Kong Branch, CMB International Capital Limited and China International Capital Corporation Hong Kong Securities Limited.

“Issue Date”	3 July 2017
“Issuer”	Franshion Brilliant Limited 方興光耀有限公司, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.
“Moody’s”	Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors.
“Notes”	US\$300,000,000 5.375% guaranteed senior notes due 2018.
“Person”	any state-owned enterprise, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company, government, governmental entity or any agency or political subdivision thereof or any other entity.
“Purchase Agreement”	the agreement dated 22 June 2017 entered into between the Issuer, the Company and the Initial Purchasers in relation to the issue of the Securities in the aggregate principal amount of US\$300,000,000.
“Rating Agencies”	S&P, Moody’s, Fitch and if one or more of S&P, Moody’s or Fitch or shall not make a rating of the Company publicly available, a United States nationally recognized securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P, Moody’s or Fitch or any combination thereof, as the case may be.
“Rating Date”	in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Company or any other Person or Persons to effect a Change of Control.
“Rating Decline”	<p>the occurrence on, or within six months after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Company or any other person or persons to effect a Change of Control (which period shall be extended (by no more than an additional three months after the consummation of the Change of Control) so long as the rating of the Company is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below:</p> <p>(1) if the Company is on the Rating Date rated investment grade by three Ratings Agencies, the Company ceases to be rated investment grade by at least two of such Rating Agencies; or</p>

- (2) if the Company is on the Rating Date rated investment grade by only two Ratings Agencies, the Company ceases to be rated investment grade by both such Rating Agencies.

“Relevant Accounting Standard”

any other accounting standards that may replace HKFRS for the purposes of the consolidated financial statements of the Guarantor.

“Relevant Indebtedness Default Event”

default under any Indebtedness of the Issuer, the Guarantor or any of the Guarantor’s Significant Subsidiaries (or the payment of which is guaranteed by the Guarantor or any of the Guarantor’s Significant Subsidiaries), whether such Indebtedness or guarantee now exists, or is created after the date of the Indenture, which default results in the acceleration of such Indebtedness prior to its maturity, and the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which the maturity of which has been so accelerated, equals or exceeds the greater of US\$20,000,000 (or its equivalent in other currencies) and 2.5% of the Guarantor’s Tangible Net Worth.

“SEC”

the United States Securities and Exchange Commission.

“Securities”

the US\$300,000,000 senior guaranteed perpetual capital securities to be issued by the Issuer and guaranteed by the Company.

“Significant Subsidiary”

any subsidiary that would be a “significant subsidiary” of the Guarantor within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC.

“Sinochem Group”

Sinochem Group, a PRC wholly state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, and the ultimate holding company of the Company.

“Stock Exchange”

The Stock Exchange of Hong Kong Limited.

“S&P”

S&P Global Ratings, a division of The McGraw-Hill Companies, Inc., and its successors.

“Tangible Net Worth”

as at the last day of each 12 month period ending on 30 June or 31 December in each year, the consolidated total equity of the Guarantor, as determined from the financial statements for that relevant period:

- (1) plus any subordinated shareholders' loans and any amount standing to the credit of the profit and loss account of the Guarantor as at the last day of that relevant period (to the extent such amount is not reflected in the reserves of the Guarantor referred to above);
- (2) less (i) goodwill and other intangible assets and (ii) minority interests.

Unless otherwise stated, all times and dates refer to Hong Kong times and dates.

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

Hong Kong, 23 June 2017

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