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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
CONTINUING CONNECTED TRANSACTION
PROVISION OF ENTRUSTMENT LOANS

The Board hereby announces that on 14 December 2017, Jin Yue Properties, an indirect non-wholly-owned subsidiary of the Company, entered into the Framework Agreement with its shareholders, namely Changsha Jin Mao and Meixi Lake Investment, pursuant to which Jin Yue Properties agreed to provide entrustment loans to Changsha Jin Mao (or any non-connected subsidiary of the Company as may be designated by Changsha Jin Mao) and Meixi Lake Investment (or the shareholder of Meixi Lake Investment as may be designated by Meixi Lake Investment) based on the same terms and conditions and in proportion to their respective shareholding ratio in Jin Yue Properties.

Changsha Jin Mao is an indirect wholly-owned subsidiary of the Company. Jin Yue Properties, owned by Changsha Jin Mao and Meixi Lake Investment as to 70% and 30% respectively, is an indirect non-wholly-owned subsidiary of the Company. Meixi Lake Investment is a substantial shareholder of Jin Yue Properties and is therefore a connected person of the Company at the subsidiary level. Accordingly, the Transaction constitutes a continuing connected transaction involving provision of financial assistance by the Group to a connected person at the subsidiary level under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the maximum daily balance of the loans to be provided by Jin Yue Properties to Meixi Lake Investment (or the shareholder of Meixi Lake Investment as may be designated by Meixi Lake Investment) are more than 1% but less than 5%, the Transaction is therefore subject to the reporting, announcement and annual review requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

The Board hereby announces that on 14 December 2017, Jin Yue Properties, an indirect non-wholly-owned subsidiary of the Company, entered into the Framework Agreement with its shareholders, namely Changsha Jin Mao and Meixi Lake Investment, pursuant to which Jin Yue Properties agreed to provide entrustment loans to Changsha Jin Mao (or any non-connected subsidiary of the Company as may be designated by Changsha Jin Mao) and Meixi Lake Investment (or the shareholder of Meixi Lake Investment as may be designated by Meixi Lake Investment) based on the same terms and conditions and in proportion to their respective shareholding ratio in Jin Yue Properties.

FRAMEWORK AGREEMENT

Date

14 December 2017

Parties

Lender: Jin Yue Properties

Borrowers: Changsha Jin Mao and Meixi Lake Investment

Provision of entrustment loans

Under the Framework Agreement, Jin Yue Properties shall entrust a financial institution which is qualified to engage in entrustment loan business to provide entrustment loans to Changsha Jin Mao (or any non-connected subsidiary of the Company as may be designated by Changsha Jin Mao) and Meixi Lake Investment (or the shareholder of Meixi Lake Investment as may be designated by Meixi Lake Investment) as and when agreed by the parties. The amount of the loans to be provided by Jin Yue Properties to its shareholders shall be proportional to the respective shareholding ratio of Changsha Jin Mao and Meixi Lake Investment in Jin Yue Properties, and all other terms and conditions of the loans shall also be the same. The parties shall enter into entrustment loan agreements with relevant financial institutions separately according to the terms and conditions set out in the Framework Agreement.

Interest rate of entrustment loans

The actual interest rate of each of the entrustment loans shall be determined by reference to the one-year RMB benchmark loan interest rate for financial institutions published by the PBOC from time to time, subject to a floating range of 50% higher or lower than such rate. Such benchmark interest rate is publicly available to the market and updated by the PBOC from time to time.

Repayment of entrustment loans and payment of interests

Interests shall generally be paid on a quarterly basis. The parties may set out in detail the interest payment method and loan repayment schedule in the entrustment loan agreements to be separately entered into by the parties. To maintain its normal operation and depending on its financial needs, Jin Yue Properties shall be entitled to request for early repayment of the principals and interests of the loans by Changsha Jin Mao, Meixi Lake Investment or their respective designated loan receiving entities.

Offsetting right

If Jin Yue Properties is unable to recover the loans provided or any interests accrued thereon pursuant to the Framework Agreement due to any reasons caused by Changsha Jin Mao, Meixi Lake Investment or their respective designated loan receiving entities, Jin Yue Properties shall be entitled to offset such amounts payable by Changsha Jin Mao, Meixi Lake Investment or their designated loan receiving entities to Jin Yue Properties against any amounts payable by Jin Yue Properties to such parties.

Term

The Framework Agreement shall be for a term of three years, effective upon signing by the parties and affixing of official seals of the parties. The term of the entrustment loan agreements to be separately entered into by the parties shall not exceed the term of the Framework Agreement.

CAP AMOUNT

The Company expects that during the term of the Framework Agreement, the maximum daily balance (including the accrued interest) of the loans to be provided by Jin Yue Properties to Meixi Lake Investment (or the shareholder of Meixi Lake Investment as may be designated by Meixi Lake Investment) will be RMB500 million.

In calculating such cap, the Directors have considered the progress of development projects and cash balance of Jin Yue Properties and its planned scale of sales and profit distribution plan for the next three years, and Jin Yue Properties has retained sufficient working capital for the purpose of its property development projects for at least the coming six months. In addition, the Directors have also considered the fund management strategies of the Group and the development and financial needs of the Group during the term of the Framework Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTION

In view of the satisfactory sales and sufficient sales proceeds received by Jin Yue Properties, the Directors consider that the provision of loans by Jin Yue Properties to its shareholders can reduce the level of its idle cash and meet the development and financial needs of the Group in other development projects through fully utilizing its funding strength, promoting reasonable allocation of resources and increasing its funding utilization rate. The amount of the loans to be provided by Jin Yue Properties to Changsha Jin Mao (or any non-connected subsidiary of the Company as may be designated by Changsha Jin Mao) and Meixi Lake Investment (or the shareholder of Meixi Lake Investment as may be designated by Meixi Lake Investment) will be proportional to the respective shareholding ratio of Changsha Jin Mao and Meixi Lake Investment in Jin Yue Properties, and other terms and conditions of the loans will also be the same, which is in line with the equity interests of Changsha Jin Mao and Meixi Lake Investment in Jin Yue Properties.

In order to ensure the terms and conditions of the loans will equally apply to Changsha Jin Mao and Meixi Lake Investment, the capital market department of the Company will, together with Jin Yue Properties, determine the amount and the term of the loans to be provided by Jin Yue Properties based on its financial position, following which, relevant proposals will be submitted to the shareholders' meeting of Jin Yue Properties for approval, and the specific loan agreements to be entered into by the parties will be submitted to the audit and legal department of the Company to ensure that such agreements will be entered into pursuant to the Framework Agreement.

The Directors (including the independent non-executive Directors) consider that the Transaction is entered into by the Group in its ordinary course of business, on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors is regarded as having a material interest in the Transaction, and hence none of the Directors has abstained from voting on the Board resolution to approve the Transaction.

LISTING RULES IMPLICATIONS

Changsha Jin Mao is an indirect wholly-owned subsidiary of the Company. Jin Yue Properties, owned by Changsha Jin Mao and Meixi Lake Investment as to 70% and 30% respectively, is an indirect non-wholly-owned subsidiary of the Company. Meixi Lake Investment is a substantial shareholder of Jin Yue Properties and is therefore a connected person of the Company at the subsidiary level. Accordingly, the Transaction constitutes a continuing connected transaction involving provision of financial assistance by the Group to a connected person at the subsidiary level under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the maximum daily balance of the loans to be provided by Jin Yue Properties to Meixi Lake Investment (or the shareholder of Meixi Lake Investment as may be designated by Meixi Lake Investment) are more than 1% but less than 5%, the Transaction is therefore subject to the reporting, announcement and annual review requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION REGARDING THE PARTIES

The Company is a large-scale developer and operator of quality real estate projects in the PRC. The Company is the platform enterprise of Sinochem Group in the development of real estate business. The Company is currently principally engaged in the development, sale, leasing and management of commercial and residential properties and hotel operations.

Changsha Jin Mao was established on 26 September 2011 and is principally engaged in real estate management consultancy services and industrial investment in the PRC.

Meixi Lake Investment was established on 24 September 2009 and is principally engaged in land development, real estate development, environmental protection engineering investment and urban infrastructure construction in the PRC.

Jin Yue Properties was established on 31 August 2012 and is principally engaged in real estate development and sales and urban infrastructure investment and construction in the PRC.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Changsha Jin Mao”	Changsha Jin Mao Real Estate Co., Ltd. (長沙金茂置業有限公司), a company established under the laws of the PRC with limited liability, an indirect wholly-owned subsidiary of the Company, and a shareholder of Jin Yue Properties holding 70% of its equity interest
“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
“Directors”	the directors of the Company
“Framework Agreement”	the entrustment loan framework agreement dated 14 December 2017 entered into among Jin Yue Properties, Changsha Jin Mao and Meixi Lake Investment
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jin Yue Properties”	Changsha Meixi Lake Jin Yue Properties Co., Ltd. (長沙梅溪湖金悅置業有限公司), a company established under the laws of the PRC with limited liability, and an indirect non-wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Meixi Lake Investment”	Meixi Lake Investment (Changsha) Co., Ltd. (梅溪湖投資(長沙)有限公司), a company established under the laws of the PRC with limited liability, which is owned by third parties independent of the Company and its connected persons, and a shareholder of Jin Yue Properties holding 30% of its equity interest
“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 announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

“Transaction” the provision of entrustment loans by Jin Yue Properties to Meixi Lake Investment (or the shareholder of Meixi Lake Investment as may be designated by Meixi Lake Investment) pursuant to the Framework Agreement, including the maximum daily balance of the loans

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

Hong Kong, 14 December 2017

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