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JINMAO PROPERTY SERVICES CO., LIMITED

金茂物業服務發展股份有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 00816)

DISCLOSEABLE TRANSACTION ACQUISITION OF THE ENTIRE EQUITY INTEREST IN BEIJING CAPITAL SERVICES

The Board announces that on 17 June 2022, Jinmao PM, a wholly-owned subsidiary of the Company, won the bid for the Target Equity Interest, representing 100% equity interest in the Target Company, through the listing-for-sale process organized by the CBEX at a consideration of RMB450,000,000. On the same day, Jinmao PM (as purchaser) and Beijing Capital Land (as seller) entered into the Equity Transfer Agreement in relation to the Acquisition. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company. The Target Company is principally engaged in the provision of property management and related services in the PRC.

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

The Board announces that on 17 June 2022, Jinmao PM, a wholly-owned subsidiary of the Company, won the bid for the Target Equity Interest, representing 100% equity interest in the Target Company, through the listing-for-sale process organized by the CBEX at a consideration of RMB450,000,000. On the same day, Jinmao PM (as purchaser) and Beijing Capital Land (as seller) entered into the Equity Transfer Agreement in relation to the Acquisition. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company. The Target Company is principally engaged in the provision of property management and related services in the PRC.

MAJOR TERMS OF THE EQUITY TRANSFER AGREEMENT

Date

17 June 2022

Parties

Purchaser: Jinmao PM

Seller: Beijing Capital Land

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Beijing Capital Land and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Target Equity Interest

Jinmao PM won the bid for the Target Equity Interest, representing 100% equity interest in the Target Company, through the listing-for-sale process organized by the CBEX. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

Consideration and Payment

The consideration for the Acquisition is RMB450,000,000, which was arrived at through the listing-for-sale process organized by the CBEX and is the minimum bidding price set forth in the listing-for-sale document. In deciding to participate in the bidding for the Target Equity Interest at the minimum bidding price, the Company has made reference to (i) the consultation report issued by an independent valuer, which valued the entire shareholders' equity of the Target Company as at 31 December 2021 at RMB475,100,000 based on the market approach; (ii) a price to earnings ratio of the Target Company of approximately 14.52 times as determined by the independent valuer with reference to comparable transactions; (iii) the scale of the projects managed by the Target Company and the prospect of its business development; and (iv) the profitability of the Target Company as assessed based on its financial statements for the year ended 31 December 2021.

The consideration for the Acquisition shall be paid by Jinmao PM in cash in the following manner:

- (i) The security deposit of RMB135,000,000 paid by Jinmao PM to the bank account designated by the CBEX shall be applied to pay part of the consideration; and
- (ii) Jinmao PM shall pay the remaining consideration after deducting the above security deposit to the bank account designated by Beijing Capital Land within two working days after the execution of the Equity Transfer Agreement.

Part of the consideration for the Acquisition in the amount of RMB315 million will be paid in cash by using such part of the net proceeds from the Global Offering that was allocated for the acquisition of property management company, and the remaining part will be paid by the Group with its own funds. The Directors consider that the Target Company meets the criteria for acquisition as disclosed in the Prospectus.

Completion

Within 20 working days after obtaining the equity transfer certificate issued by the CBEX in respect of the Acquisition, Beijing Capital Land shall procure the Target Company to complete the procedures for the change of registration concerning the Target Equity Interest with the market supervision and management department, and Jinmao PM shall provide any assistance as may be necessary in this regard. Completion of the Acquisition shall take place on the date when the procedures for the change of registration concerning the Target Equity Interest with the market supervision and administration department have been completed and the new business license of the Target Company has been issued (the “**Registration Date**”).

Pursuant to the Equity Transfer Agreement, Jinmao PM shall be entitled to such rights as it may have as the shareholder of the Target Company and assume such obligations as it may have as the shareholder of the Target Company, in each case from the date on which the consideration for the Acquisition is fully paid by Jinmao PM (the “**Payment Date**”). During the period from the Payment Date to the Registration Date, Beijing Capital Land, as the registered shareholder of the Target Company, shall procure that Jinmao PM exercises its shareholder’s rights (including but not limited to shareholder’s voting rights, rights to participate in and understand the daily operation and business development of the Target Company, or other shareholder’s rights exercised on behalf of Jinmao PM at its request) in accordance with applicable laws and the articles of association of the Target Company, and shall procure that the directors appointed by Beijing Capital Land to the Target Company shall only make decisions in accordance with the instructions of Jinmao PM.

INFORMATION ON THE TARGET COMPANY

The Target Company was established in May 2012, with a registered capital of RMB100,000,000. As at the date of this announcement, the Target Company is wholly owned by Beijing Capital Land. The Target Company is a comprehensive property management service provider and provides property management and related services in various places such as Beijing, Shanghai, Nanjing, Xi’an, Chengdu and Chongqing through 23 branches established in the PRC. Its business covers 22 cities in 19 provinces, and its property management portfolio includes residential properties, commercial properties, office buildings and public properties. As at 31 December 2021, the Target Company had a contracted gross floor area of approximately 7.11 million square meters, of which the gross floor area under management was approximately 2.8 million square meters.

Based on the financial statements of the Target Company prepared in accordance with the China Accounting Standards for Business Enterprises, its audited total assets and audited net assets as at 31 December 2021 were approximately RMB206.81 million and RMB119.31 million, respectively. The audited profits of the Target Company for the two years ended 31 December 2021 are as follows:

| | For the year ended 31 December 2020 <i>(Approximately RMB million)</i> | For the year ended 31 December 2021 <i>(Approximately RMB million)</i> |
|---------------------------|--|--|
| Audited profit before tax | 20.74 | 39.70 |
| Audited profit after tax | 16.32 | 32.73 |

REASONS FOR AND BENEFITS OF THE ACQUISITION

The projects under management and the projects to be managed by the Target Company under existing contracts are mainly upscale residential and commercial projects, which is in line with the Group's strategic positioning of managing upscale projects, and the geographical distribution of these projects is highly integrated with the projects under management of the Group, which is conducive to regional intensive management, achieving economies of scale and creating synergies. Beijing Capital Land is a large integrated real estate developer with sizeable land reserves. The various commercial properties and office buildings under management and to be managed by the Target Company under existing contracts will facilitate the Group to enhance its brand and expertise in the area of property services for commercial projects. In addition, through the Acquisition, the Group will be able to increase its cooperation with Beijing Capital Land to further expand the Group's business scale and property management portfolio.

The Directors consider that the Acquisition is in line with the business development strategy of the Group and is conducted on normal commercial terms, and the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INFORMATION ON THE PARTIES

The Group is a fast-growing upscale property management and city operation service provider in the PRC. Jinmao PM, as the main operating subsidiary of the Group in the PRC, is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services.

Beijing Capital Land is an indirect wholly-owned subsidiary of Beijing Capital Group Co., Ltd. (北京首都創業集團有限公司), a state-owned enterprise owned by the People's Government of Beijing Municipality and under the direct supervision of the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality. Beijing Capital Land is a leading large integrated real estate developer in the PRC, which has built up four core business lines of residential property development, integrated outlets, urban core integrated complexes and primary land development, as well as three innovative business areas of high-tech industrial properties, cultural and creative industries and long-term rental business.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

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| “Acquisition” | the acquisition of the Target Equity Interest by Jinmao PM from Beijing Capital Land |
| “Beijing Capital Land” | Beijing Capital Land Co., Ltd. (首創置業有限公司), a company incorporated in the PRC with limited liability |
| “Board” | the board of Directors of the Company |
| “CBEX” | China Beijing Equity Exchange Co., Ltd. (北京產權交易所有限公司) |
| “Company” | Jinmao Property Services Co., Limited (金茂物業服務發展股份有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 00816) |
| “connected person” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Equity Transfer Agreement” | the equity transfer agreement dated 17 June 2022 entered into between Jinmao PM and Beijing Capital Land in relation to the Acquisition |
| “Global Offering” | the global offering of the shares of the Company, details of which are set out in the Prospectus |
| “Group” | the Company and its subsidiaries |

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| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Jinmao PM” | Sinochem Jinmao Property Management (Beijing) Co., Ltd. (中化金茂物業管理(北京)有限公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan region |
| “Prospectus” | the prospectus of the Company dated 25 February 2022 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed thereto under the Listing Rules |
| “Target Equity Interest” | 100% equity interest in the Target Company |
| “Target Company” or “Beijing Capital Services” | Beijing Capital Property Services Limited (首置物業服務有限公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Beijing Capital Land as at the date of this announcement |

By Order of the Board
Jinmao Property Services Co., Limited
Jiang Nan
Chairman

Hong Kong, 17 June 2022

As at the date of this announcement, the executive Directors are Mr. Xie Wei and Ms. Zhou Liye; the non-executive Directors are Mr. Jiang Nan, Ms. He Yamin and Ms. Qiao Xiaojie; and the independent non-executive Directors are Dr. Chen Jieping, Dr. Han Jian and Mr. Sincere Wong.