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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)

**CONTINUING CONNECTED
TRANSACTIONS UNDER THE DIGITAL
SERVICES FRAMEWORK AGREEMENT**

The Board hereby announces that on 26 July 2024, the Company entered into the Digital Services Framework Agreement with Sinochem Information, an indirect wholly-owned subsidiary of Sinochem Holdings, pursuant to which the Group will, from time to time, utilize the digital services available from Sinochem Information as it deems necessary, including but not limited to information system construction, information system operation and maintenance, network security services, network private line services, application software support services, cloud resource services and other digital services. The Digital Services Framework Agreement will be effective from 26 July 2024 and will expire on 31 December 2026.

IMPLICATIONS UNDER THE LISTING RULES

The Company has not announced that the Group had procured digital services from Sinochem Information previously because all applicable percentage ratios were below 0.1% then and therefore were fully exempt from the requirements of reporting, announcement, annual review and obtaining independent shareholders' approval under Chapter 14A of the Listing Rules.

As at the date of this announcement, Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 38.40% of the total number of issued shares of the Company, and Sinochem Information is an indirect wholly-owned subsidiary of Sinochem Holdings. Accordingly, Sinochem Information is a connected person of the Company. The transactions under the Digital Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the annual caps for the continuing connected transactions under the Digital Services Framework Agreement exceed 0.1% but are less than 5%, the transactions under the Digital Services Framework Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

The Board hereby announces that on 26 July 2024, the Company entered into the Digital Services Framework Agreement with Sinochem Information, an indirect wholly-owned subsidiary of Sinochem Holdings, pursuant to which the Group will, from time to time, utilize the digital services available from Sinochem Information as it deems necessary, including but not limited to information system construction, information system operation and maintenance, network security services, network private line services, application software support services, cloud resource services and other digital services. The Digital Services Framework Agreement will be effective from 26 July 2024 and will expire on 31 December 2026.

PRINCIPAL TERMS OF THE DIGITAL SERVICES FRAMEWORK AGREEMENT

Date: 26 July 2024

Parties: (a) The Company (on behalf of the Group, as the service user)
(b) Sinochem Information (as the service provider)

Principles of transactions: The Group will utilize the services available from Sinochem Information on a voluntary and non-exclusive basis, and is not obliged to accept any particular service or all services provided by Sinochem Information. For each specific transaction under the Digital Services Framework Agreement, the Group will separately enter into a specific agreement with Sinochem Information on normal commercial terms and in accordance with the principles determined in the Digital Services Framework Agreement.

Digital service contents: The Group will utilize the digital services available from Sinochem Information on a non-exclusive basis from time to time as it deems necessary, which include:

- (a) information system construction services: New project construction and existing information system optimization services will be provided in response to the digital project construction needs of each member of the Group;
- (b) information system operation and maintenance services: Various information system operation and maintenance services will be provided for each member of the Group to ensure their continuous maintenance and good operation, including the Company's self-built information system and the information system unifiedly constructed by Sinochem Holdings in accordance with state-owned assets supervision requirements;
- (c) network security services: The services will be provided to ensure that the Group's various information systems are protected from unauthorized access and other security threats, and regular network security services will be carried out, including network security planning, network security operation and management, network security attack and defense drills, network security infrastructure, information system security level protection, information system security assessment, data security and data backup, etc.;

- (d) network private line services: Network private line connection services that meet work needs will be provided for each member of the Group to ensure the security and stability of data transmission;
- (e) application software support services: Various application software support services will be provided in response to the needs of each member of the Group, including official licenses, technical consultation, etc.;
- (f) cloud resource services: The public cloud and private cloud computing resources will be generally provided on a pay-per-use basis, including storage, computing power, database services, etc.; and
- (g) other digital services: Other digital services will be provided within the business scope of Sinochem Information.

Term: Effective from 26 July 2024 and expire on 31 December 2026.

PRICING BASIS

Each of the terms and conditions of the digital services provided by Sinochem Information to the Group under the Digital Services Framework Agreement shall be determined on a fair and reasonable basis where the service fee charged by Sinochem Information shall not be higher than the minimum service fee charged by Sinochem Information to other third parties (at least two of them) under the same conditions.

HISTORICAL FIGURES

For the two years ended 31 December 2023 and the six months ended 30 June 2024, the Group paid the following aggregate amounts for the service fee related to the procurement of various information system establishment, operation and maintenance, network private line and other digital services by the Company and its subsidiaries from Sinochem Information:

	For the year ended 31 December 2022 <i>(Approximately in RMB million)</i>	For the year ended 31 December 2023 <i>(Approximately in RMB million)</i>	For the six months ended 30 June 2024 <i>(Approximately in RMB million)</i>
Digital service fee paid by the Group	18.5	15.4	7.06

ANNUAL CAPS

The Company estimates the annual caps for the cumulative service fee to be paid by the Group in respect of the digital services to be provided by Sinochem Information for the three years ending 31 December 2026 as follows:

	For the year ending 31 December 2024 <i>(Approximately in RMB million)</i>	For the year ending 31 December 2025 <i>(Approximately in RMB million)</i>	For the year ending 31 December 2026 <i>(Approximately in RMB million)</i>
Estimated annual caps	33.224	33.224	33.224

In estimating the above annual caps, the Company has taken into account, among others, (a) the historical amount of procurement of the relevant services by the Group from Sinochem Information; (b) the need to carry out in-depth digital system construction and optimization in order to implement the Group's operation and management requirements of "Lean Operation to Guarantee Safety"; (c) the item-specific quotation of Sinochem Information in respect of the digital services to be purchased by the Group; and (d) the operational management policies formulated to implement the Group's strict control over the non-increase of basic administrative expenses.

INTERNAL CONTROL MEASURES

The Group will adopt the following internal control measures over the use of digital services provided by Sinochem Information:

- Prior to entering into any specific agreement between the Group and Sinochem Information, the Group will fully comply with various procurement requirements under the Bidding Law of the People's Republic of China, including obtaining at least two quotations (if applicable) for the procurement of similar services from other independent suppliers, which, together with the terms proposed by Sinochem Information, will be submitted to the information technology center at the Company's headquarter for review and approval through the Group's internal approval process immediately thereafter, in order to ensure that the terms offered by Sinochem Information are in strict compliance with the terms and conditions under the Digital Services Framework Agreement;
- The information technology center at the Company's headquarter will regularly monitor the implementation of the continuing connected transactions conducted under the Digital Services Framework Agreement and keep track of the aggregate transaction amounts thereunder on a monthly basis, so as to monitor the annual caps of the relevant transactions;
- The independent non-executive Directors of the Company will conduct an annual review of the continuing connected transactions under the Digital Services Framework Agreement and provide an annual confirmation as to whether these transactions are conducted on normal commercial terms or better, and according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and
- The external auditors of the Company will also conduct an annual review of the continuing connected transactions under the Digital Services Framework Agreement, including the pricing policies and the annual caps.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE DIGITAL SERVICES FRAMEWORK AGREEMENT

The Directors are of the view that Sinochem Information has been providing digital services to the Group for many years, has an in-depth understanding of the Group's business and development as well as the compliance requirements for digital systems under state-owned asset supervision that the Group shall comply with, and can provide various reliable and continuous digital services to the Group. Pursuant to the Digital Services Framework Agreement, the Group is not required to exclusively procure the digital services from Sinochem Information, which will not place the Group's resources at risk or affect its relationship with other independent third-party suppliers. The Board is of the view that the Group will retain the flexibility and discretion in selecting Sinochem Information and/or other independent suppliers based on arm's length negotiation and taking into account the commercial terms and other factors of consideration.

The Directors (including the independent non-executive Directors) consider that the Digital Services Framework Agreement and the continuing connected transactions thereunder are 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. As Mr. CHENG Yong and Ms. CHEN Aihua are employees of Sinochem Holdings, they are regarded as having material interests in the transactions under the Digital Services Framework Agreement and have abstained from voting on the Board resolution to approve the transactions under the Digital Services Framework Agreement.

IMPLICATIONS UNDER THE LISTING RULES

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As at the date of this announcement, Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 38.40% of the total number of issued shares of the Company, and Sinochem Information is an indirect wholly-owned subsidiary of Sinochem Holdings. Accordingly, Sinochem Information is a connected person of the Company. The transactions under the Digital Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the annual caps for the continuing connected transactions under the Digital Services Framework Agreement exceed 0.1% but are less than 5%, the transactions under the Digital Services Framework Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

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 principally engaged in city operations, property development, services and building technology, commercial leasing, retail operations and hotel operations.

Sinochem Information is primarily engaged in the construction of digital projects in infrastructure, network security and comprehensive applications, and the provision of consulting, design and research and development, delivery and operation and maintenance services for digital projects in the PRC. Sinochem Information is an indirect wholly-owned subsidiary of Sinochem Holdings, which is the ultimate controlling shareholder of the Company, with its business scope covering eight major areas, including life science, material science, basic chemicals, environmental science, rubber and tire, machinery and equipment, city operations and industrial finance, and is a large-scale integrated chemical enterprise. The sole shareholder of Sinochem Holdings is the SASAC.

DEFINITIONS

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

“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
“Digital Services Framework Agreement”	the digital services framework agreement dated 26 July 2024 for the digital services entered into between the Company and Sinochem Information
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of 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
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC

“Shareholder(s)”	holder(s) of ordinary share(s) of the Company
“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
“Sinochem Information”	Sinochem Information Technology Co., Ltd. (中化信息技術有限公司), a limited liability company established under the laws of the PRC, which is an indirect wholly-owned 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
“%”	per cent

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

Hong Kong, 26 July 2024

As at the date of this announcement, 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. CHEN Yijiang 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.