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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 TENDERING AND PROCUREMENT SERVICES
FRAMEWORK AGREEMENT**

The Board hereby announces that on 13 September 2024, the Company entered into the Tendering and Procurement Services Framework Agreement with Sinochem Commerce, an indirect non-wholly owned subsidiary of Sinochem Holdings, pursuant to which the Group will, from time to time, utilize the tendering and procurement services provided by Sinochem Commerce as it deems necessary, including but not limited to business consultation services, engineering consultation services, tendering agency services and other tendering-related services as approved by the relevant competent authorities. The Tendering and Procurement Services Framework Agreement will be effective from 13 September 2024 and will expire on 31 December 2026.

IMPLICATIONS UNDER THE LISTING RULES

The Company entered into a framework agreement with Sinochem Commerce on 17 September 2021 in relation to the tendering and procurement services for a term of three years and the annual caps for the continuing connected transactions under the framework agreement was RMB16 million, and the relevant service fees paid by the Group did not exceed the aforesaid annual caps. The Company has not previously announced that it had entered into the framework agreement with Sinochem Commerce as all the applicable percentage ratios in respect of the annual caps for the continuing connected transactions under the framework agreement were less than 0.1%, and therefore were fully exempt from the requirements of reporting, announcement, annual review and 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 and indirectly holds approximately 38.40% of the total issued shares of the Company, Sinochem Commerce is a wholly-owned subsidiary of Sinochem Capital, which is held as to approximately 92.8% by Sinochem Holdings through its indirect wholly-owned subsidiary Sinochem Corporation, and therefore Sinochem Commerce is an indirect non-wholly owned subsidiary of Sinochem Holdings. Accordingly, Sinochem Commerce is a connected person of the Company. The transactions under the Tendering and Procurement 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 Tendering and Procurement Services Framework Agreement are more than 0.1% but less than 5%, the transactions under the Tendering and Procurement Services Framework Agreement are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

The Board hereby announces that on 13 September 2024, the Company entered into the Tendering and Procurement Services Framework Agreement with Sinochem Commerce, an indirect non-wholly owned subsidiary of Sinochem Holdings, pursuant to which the Group will, from time to time, utilize the tendering and procurement services provided by Sinochem Commerce as it deems necessary, including but not limited to business consultation services, engineering consultation services, tendering agency services and other tendering-related services as approved by the relevant competent authorities. The Tendering and Procurement Services Framework Agreement will be effective from 13 September 2024 and will expire on until 31 December 2026.

PRINCIPAL TERMS OF THE TENDERING AND PROCUREMENT SERVICES FRAMEWORK AGREEMENT

Date:	13 September 2024
Parties:	(a) the Company (on behalf of the Group, as the service user) (b) Sinochem Commerce (as the service provider)
Principle of Transaction:	The Group will utilize the services provided by Sinochem Commerce on a voluntary and non-exclusive basis and will not be obliged to accept any particular service or all services provided by Sinochem Commerce. For each specific transaction under the Tendering and Procurement Services Framework Agreement, the Group will separately enter into a specific agreement with Sinochem Commerce in accordance with the provisions of the Tendering and Procurement Services Framework Agreement after obtaining the corresponding internal approval (if necessary).
Details of the Tendering and Procurement Services:	The Group will utilize the tendering and procurement services provided by Sinochem Commerce on a non-exclusive basis from time to time as it deems necessary, which include: (a) Business consultation services: including consultation on market information collection, market research, product categorization, tendering process, supplier comparative selection, review of the commercial terms of various comparative selection documents, competitive negotiation documents and tendering documents; (b) Engineering consultation services: including preparation of the bill of quantity, quotation analysis, cost control, etc.;

- (c) Tendering agency services: including engineering survey and design, construction supervision, general contracting for civil engineering construction, professional subcontracting, tendering agency services for goods and services (procurement methods include international and domestic tendering, single-source procurement, competitive negotiation, etc.); and
- (d) other tendering-related services as approved by the relevant competent authorities.

Term: Effective from 13 September 2024 and expire on 31 December 2026.

PRICING BASIS

Each of the terms and conditions of the tendering and procurement services provided by Sinochem Commerce to the Group under the Tendering and Procurement Services Framework Agreement shall be determined on a fair and reasonable basis where the service fee charged by Sinochem Commerce shall not be higher than the minimum service fee charged by Sinochem Commerce to other third parties under the same conditions.

HISTORICAL DATA

For the two years ended 31 December 2023 and the eight months ended 31 August 2024, the Group paid the following aggregate amounts for the service fees related to the procurement of various tendering and procurement services by the Company and its subsidiaries from Sinochem Commerce:

	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 eight months ended 31 August 2024 <i>(Approximately in RMB million)</i>
Tendering and procurement services fees paid by the Group	5.86	4.73	8.26

ANNUAL CAPS

The Company estimates the annual caps for the cumulative service fees to be paid by the Group in respect of the tendering and procurement services to be provided by Sinochem Commerce for the three years ended 31 December 2026 as follows:

	For the year ended 31 December 2024 <i>(Approximately in RMB million)</i>	For the year ended 31 December 2025 <i>(Approximately in RMB million)</i>	For the year ended 31 December 2026 <i>(Approximately in RMB million)</i>
Estimated annual caps	14.06	14.06	14.06

In estimating the above annual caps, the Company has taken into account, among others, (a) the historical amount of procurement of relevant services by the Group from Sinochem Commerce; (b) the need for the tendering and procurement services in order to implement the Group's operation and management requirements for improving procurement compliance and reducing procurement costs; (c) the item-specific quotation of Sinochem Commerce in respect of the related services to be purchased by the Group; and (d) the operation and management policies formulated to implement the Group's strict control over the non-increase of basic administrative expenses.

INTERNAL CONTROL MEASURES

The Group will take the following internal control measures for its use of the tendering and procurement services provided by Sinochem Commerce:

- Before entering into any specific agreement with Sinochem Commerce, the Group shall make sure that it fully complies with all the requirements set forth in the Tendering and Bidding Law of the People's Republic of China, including obtaining at least two quotations (if applicable) from other independent suppliers for the procurement of similar services, and such quotations together with the terms proposed by Sinochem Commerce shall be submitted to the Cost and Contract Department at the headquarters of the Company for review and approval and go through the Group's internal review and approval procedures, so as to ensure that the terms proposed by Sinochem Commerce are in strict compliance with the terms and conditions under the Tendering and Procurement Services Framework Agreement.
- The Cost and Contract Department at the headquarters of the Company shall regularly monitor the execution of the continuing connected transactions under the Tendering and Procurement Services Framework Agreement and track the total transaction amount thereunder on a monthly basis so as to monitor the annual caps of the relevant transactions.
- The independent non-executive Directors of the Company shall conduct an annual review of the continuing connected transactions under the Tendering and Procurement Services Framework Agreement and provide annual confirmation as to whether such transactions are on normal commercial terms or better terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole in accordance with the agreements governing such transactions; and
- The Company's external auditor shall also conduct an annual review of the continuing connected transactions under the Tendering and Procurement Services Framework Agreement, including the pricing policy and the annual caps.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENDERING AND PROCUREMENT SERVICES FRAMEWORK AGREEMENT

The Directors are of the view that Sinochem Commerce has been providing tendering and procurement services to the Group for many years and has an in-depth understanding of the Group's business and development needs as well as the requirements for tendering and procurement under the state-owned assets supervision which the Group is required to comply with, and therefore Sinochem Commerce is in a good position to provide the Group with various tendering and procurement services in a reliable and continuous manner. Pursuant to the Tendering and Procurement Services Framework Agreement, the Group is not required to procure the tendering and procurement services exclusively from Sinochem Commerce, 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 Commerce and/or other independent suppliers based on arm's length negotiation and taking into account the commercial terms and other factors of consideration.

The Board (including the independent non-executive Directors) considers that the Tendering and Procurement Services Framework Agreement and the continuing connected transactions thereunder are entered into by the Group in its ordinary course of business and on normal commercial terms, which are 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 deemed to have material interests in the transactions under the Tendering and Procurement Services Framework Agreement and have therefore abstained from voting on the Board resolutions approving the transactions under the Tendering and Procurement Services Framework Agreement.

IMPLICATIONS UNDER THE LISTING RULES

The Company entered into a framework agreement with Sinochem Commerce on 17 September 2021 in relation to the tendering and procurement services for a term of three years and the annual caps for the continuing connected transactions under the framework agreement was RMB16 million, and the relevant service fees paid by the Group did not exceed the aforesaid annual caps. The Company has not previously announced that it had entered into the framework agreement with Sinochem Commerce as all the applicable percentage ratios in respect of the annual caps for the continuing connected transactions under the framework agreement were less than 0.1%, and therefore were fully exempt from the requirements of reporting, announcement, annual review and 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 and indirectly holds approximately 38.40% of the total issued shares of the Company, Sinochem Commerce is a wholly-owned subsidiary of Sinochem Capital, which is held as to approximately 92.8% by Sinochem Holdings through its indirect wholly-owned subsidiary Sinochem Corporation, and therefore Sinochem Commerce is an indirect non-wholly owned subsidiary of Sinochem Holdings. Accordingly, Sinochem Commerce is a connected person of the Company. The transactions under the Tendering and Procurement 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 Tendering and Procurement Services Framework Agreement are more than 0.1% but less than 5%, the transactions under the Tendering and Procurement Services Framework Agreement are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

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 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 Commerce is a tendering agency in China specialized in tendering services and engineering consultation services, and an indirect non-wholly owned subsidiary of Sinochem Holdings, which is the ultimate controlling shareholder of the Company. Sinochem Holdings has become one of the world's leading chemical conglomerates which operates in eight business sectors covering life science, material science, petrochemicals, environmental science, rubber and tire, machinery and equipment, city operations, and industrial finance. 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
“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
“Tendering and Procurement Services Framework Agreement”	Tendering and Procurement Services Framework Agreement dated 13 September 2024 entered into between the Company and Sinochem Commerce in relation to the tendering and procurement services

“PRC”	the People’s Republic of China, and for the purpose of this announcement only, 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 Commerce”	Sinochem Commerce Co., Ltd. (中化商務有限公司), a company with limited liability established under the laws of the PRC, which is an indirect non-wholly owned subsidiary of Sinochem Holdings
“Sinochem Capital”	Sinochem Capital Investment Management Limited (中化資本投資管理有限責任公司), a company with limited liability incorporated under the laws of the PRC. Sinochem Holdings, through its indirect wholly-owned subsidiary Sinochem Corporation, owns approximately 92.8% of the equity interest of Sinochem Capital, and Sinochem Capital is a shareholder of Sinochem Commerce, which owns 100% of its equity interest
“Sinochem Corporation”	Sinochem Corporation (中國中化股份有限公司), a company with limited liability incorporated under the laws of the PRC, which is an indirectly 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, 13 September 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.