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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)

ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Board announces that on 16 November 2022 (after trading hours), the Company and Sinochem Finance entered into the Financial Services Framework Agreement, pursuant to which the Group will utilize the financial services available from Sinochem Finance on a non-exclusive basis as it deems necessary for a period up to 31 December 2024.

IMPLICATIONS UNDER THE LISTING RULES

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 74.76% of the total number of issued shares of the Company as at the date of this announcement, and is therefore a connected person of the Company. Sinochem Finance is owned as to 37% by Sinochem Holdings and as to 61.12% in aggregate by Sinochem Corporation (an indirect subsidiary of Sinochem Holdings) and its subsidiary. Therefore, Sinochem Finance is also a connected person of the Company. The transactions under the Financial Services Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios of the maximum daily balance in respect of the deposit services under the Financial Services Framework Agreement are more than 0.1% but less than 5%, the deposit services (including the maximum daily balance) 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 announces that on 16 November 2022 (after trading hours), the Company and Sinochem Finance entered into the Financial Services Framework Agreement, pursuant to which the Group will utilize the financial services available from Sinochem Finance on a non-exclusive basis as it deems necessary for a period up to 31 December 2024.

THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

Principal terms of the Financial Services Framework Agreement are set out below:

- Date: 16 November 2022
- Parties: The Company and Sinochem Finance
- Provisions: The Group will, from time to time, utilize the financial services available from Sinochem Finance on a non-exclusive basis as it deems necessary. Such services include:
- (a) providing deposit services to the Group, including but not limited to demand deposits, call deposits and term deposits;
 - (b) providing loans to the Group (excluding entrustment loans) on normal commercial terms where no mortgage, pledge or other security over the assets of the Group will be required;
 - (c) arranging entrustment loans for the Group as a financial agent through which funds of one member of the Group may be channeled for use by another member of the Group;
 - (d) providing settlement services to the Group;
 - (e) providing guarantees at the request of the Group for financing, lease financing, bidding activities or performing other contractual obligations where no counter-guarantee will be required;
 - (f) providing non-financing factoring services to the Group, including supply chain factoring services and relevant management and consultancy services;
 - (g) providing internet banking services to the Group; and
 - (h) providing any other financial services as approved by the CBIRC to the Group, including but not limited to notes services and other services.
- Term: The Financial Services Framework Agreement shall take effect upon signing by the parties and expire on 31 December 2024.
- Fees and charges: Fees and charges payable to Sinochem Finance under the Financial Services Framework Agreement are determined on the following basis:
- when providing the deposit services, subject to compliance with regulatory requirements, interest rates shall not be lower than the benchmark interest rates for deposits of the same type and duration as promulgated by the PBOC from time to time, or the interest rates for deposits of the same type and duration as offered by independent commercial banks in the PRC, whichever is higher;

- when providing loans, interest rates shall not be higher than the interest rates offered by independent commercial banks in the PRC under the same conditions;
- when arranging entrustment loans, the service fees together with the loan interests shall not be higher than the service fees and interests in respect of an entrustment loan of the same duration offered by independent commercial banks in the PRC under the same conditions;
- when providing settlement services, no service fees will be charged; and
- when providing any other financial services, the fees so charged shall not be higher than the rates offered by independent financial institutions of the same type in the PRC under the same conditions, or, if applicable, the standard rates promulgated by the PBOC from time to time, whichever is lower.

Right of set-off: In the event that the Group fails to recover any amount it deposits with Sinochem Finance, the Group will have the right to offset against any outstanding amounts due to Sinochem Finance by the Group.

Undertakings: Sinochem Finance undertakes that:

- (i) it will apply all the monies deposited by the Group to such activities as approved by the CBIRC in accordance with the relevant laws and regulations of the PRC;
- (ii) at all times the sum of the outstanding amount of the loans it provides to Sinochem Holdings' member units (exclusive of the Group) shall not exceed the sum of Sinochem Finance's equity capital, reserve and the deposits received from parties other than the Group;
- (iii) it will notify the Company immediately in the event of any change in its credit ratings;
- (iv) it will provide its financial statements to the Company on a monthly basis; and
- (v) it will deliver to the Company a monthly report on the status of deposits, loans and other transactions between the Group and Sinochem Finance.

CAP AMOUNTS

The Company expects that for the three years ending 31 December 2024, the maximum daily balance of the deposits (including the accrued interest thereon) placed by the Group with Sinochem Finance, calculated as at the close of business each day, will be as follows:

	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>

Maximum daily balance of the deposits
(including the accrued interest thereon)

placed by the Group with Sinochem Finance,
calculated as at the close of business each day

120

120

120

The Directors have taken into account the following principal factors in estimating the maximum daily balance of the deposits placed by the Group with Sinochem Finance:

- the need for settlement of amounts payable by the members of the Group during ordinary course of business through their deposit accounts maintained with Sinochem Finance. Sinochem Finance does not charge the Group any service fees in respect of the settlement services provided. The Group can deposit a large amount of its funds with Sinochem Finance to utilize the settlement services free of charge;
- the strategies in respect of the treasury management of the Group. The Company monitors and takes measures to manage its cash balance from time to time, taking into consideration factors including, among others, the Company's dividend policy, working capital, business expansion and debt management needs. Placing cash deposits as savings into financial institutions (such as Sinochem Finance) is one of the options that may be adopted by the Company from time to time;
- the business development and financial needs of the Group. The total assets of the Group has increased from approximately RMB1,359.1 million as at 31 December 2021 to approximately RMB2,605.7 million as at 30 June 2022, an increase of approximately 91.7%, and the cash and cash equivalents of the Group has increased from approximately RMB553.6 million as at 31 December 2021 to approximately RMB1,043.8 million as at 30 June 2022, an increase of approximately 88.5%. For the six months ended 30 June 2022, the Group achieved revenue of approximately RMB1,096.9 million, an increase of approximately 60.0% as compared to the same period of last year. Along with the business growth of the Group, it is expected that the Group's demand for financial services (including the deposit services) will continue to grow; and
- the Group will utilize the services of Sinochem Finance on a voluntary and non-exclusive basis and is not obliged to engage Sinochem Finance for any particular services. The maximum daily balance of the deposit services only represents the highest daily amount of deposits that the Group may place with Sinochem Finance and there are no obligations for the Group to deposit such amounts with Sinochem Finance. Setting the maximum daily balance of the deposits placed by the Group with Sinochem Finance will enable the Group to have a greater flexibility in selecting deposit service providers and allocating its resources.

INTERNAL CONTROL PROCEDURES AND CORPORATE GOVERNANCE MEASURES

In order to protect the interests of the Shareholders, the Company will adopt the following internal control procedures and corporate governance measures in relation to its utilization of the financial services provided by Sinochem Finance:

- The deposits will be placed by the Group with Sinochem Finance on a voluntary and non-exclusive basis. Before placing any deposit with Sinochem Finance, the Company will obtain and compare against at least two comparable interest rates of deposits of the same type and duration from independent commercial banks, and the benchmark deposit interest rates promulgated by the PBOC at the time of transaction;
- Prior to the entering into of any agreements with respect to loans, credit facilities or factoring services by any member of the Group with Sinochem Finance, the Company will obtain at least two quotations for loans of the same duration, credit facilities of the same nature or factoring services of the same type (as the case may be) from independent financial institutions;
- The comparable interest rates of deposits from independent commercial banks and the benchmark deposit interest rates promulgated by the PBOC (for the placing of deposits), or the quotations from independent financial institutions (for the entering into of any agreements with respect to loans, credit facilities or factoring services), as the case may be, together with the terms offered by Sinochem Finance, will upon being obtained be submitted to the finance and legal departments of the Company for review, to ensure that the terms offered by Sinochem Finance are in strict compliance with the terms and conditions (including the pricing terms) under the Financial Services Framework Agreement, and are no less favourable to the Group than those offered by independent financial institutions;
- For the entering into of any agreements with respect to loans, credit facilities or factoring services, following the review by the finance and legal departments of the Company, the quotations from independent financial institutions and the offer from Sinochem Finance will be sent to the chief financial officer of the Company for review. The chief financial officer will seek approval from the chief executive officer of the Company on whether to accept the terms offered by Sinochem Finance as and when appropriate;
- The Company will report to the independent non-executive Directors every year on:
 - (i) the implementation of the specific agreements entered into by the members of the Group with Sinochem Finance pursuant to the Financial Services Framework Agreement, and the utilization rate of annual caps;
 - (ii) any change in the credit ratings of Sinochem Finance;
- The Company will monitor the status of its deposits, loans and other transactions with Sinochem Finance through the internet banking services provided by Sinochem Finance.

The Board considers that the above internal control procedures and corporate governance measures adopted by the Company in relation to the continuing connected transactions with Sinochem Finance are appropriate and sufficient, and that the procedures and measures give sufficient assurance to the Shareholders that the continuing connected transactions will be appropriately monitored by the Company.

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

The Directors are of the view that the risk profile of Sinochem Finance, as a provider of financial services to the Group, is not greater than those of the independent commercial banks in the PRC because:

- Sinochem Finance is regulated by the PBOC and the CBIRC, and it must comply with the relevant rules and operational requirements promulgated by the above authorities, including the capital risk guidelines and requisite capital adequacy ratio requirements. Accordingly, the risks that the Group is exposed to when receiving financial services from Sinochem Finance will not be higher than receiving those from independent financial institutions;
- according to the relevant laws and regulations promulgated by the CBIRC and the articles of association of Sinochem Finance, in the event that Sinochem Finance falls into financial difficulty, Sinochem Corporation, being the holding company of Sinochem Finance, will under an obligation to take all necessary steps, such as injecting capital into Sinochem Finance based on its funding needs, to restore its financial position; and
- according to the Financial Services Framework Agreement, the Group will have a right of set-off. In the event that the Group fails to recover any amount it deposits with Sinochem Finance, the Group will have the right to offset against any outstanding amounts due to Sinochem Finance by the Group. Sinochem Finance does not have such right of set-off under the Financial Services Framework Agreement.

The Directors also take the view that the utilization of financial services provided by Sinochem Finance has the following advantages:

- Sinochem Finance can assist the Group to formulate a beneficial deposit mix that will increase the return on funds and maintain the sufficiency and flexibility of the working capital;
- Sinochem Finance does not charge the Group any service fees in respect of the settlement services provided, which helps to reduce the transaction costs payable by the Group, such as handling fees for transfer of funds and other administrative expenses;
- the Group has financing needs and other financial services needs from time to time for its daily operations. Sinochem Finance can offer reliable and stable finance resource and mid-term and long-term credit line for the Group, therefore optimizing the capital structure of the Group;
- in any event, the Group may discontinue the use of the financial services provided by Sinochem Finance without incurring any extra cost if any independent financial institution of the same type offers more favorable terms in respect of these financial services. The entering into of the Financial Services Framework Agreement will provide more options and greater flexibility to the Group in selecting financial service providers and will be conducive to the Group's full and reasonable utilization of market resources.

The Directors (including the independent non-executive Directors) consider that the Financial Services Framework Agreement is entered into after arm's length negotiations and on normal commercial terms, and the terms of the transactions under the Financial Services Framework Agreement and the related caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

No Director is deemed to be materially interested in the transactions under the Financial Services Framework Agreement, and therefore no Director is required to abstain from voting on the Board resolution to approve such transactions.

INFORMATION OF THE GROUP AND SINOCEM FINANCE

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

Sinochem Finance is a financial service company regulated by the PBOC and the CBIRC. It is committed to providing synergized settlement, financing and financial management and financial consulting services to Sinochem Holdings and its associates. Sinochem Finance is ultimately owned by Sinochem Holdings. Sinochem Holdings is a large-scale chemical conglomerate, and operates in eight business sectors covering life science, materials science, basic chemicals, environmental science, rubber and tire, machinery and equipment, city operations, and industrial finance. The sole shareholder of Sinochem Holdings is the SASAC.

IMPLICATIONS UNDER THE LISTING RULES

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 74.76% of the total number of issued shares of the Company as at the date of this announcement, and is therefore a connected person of the Company. Sinochem Finance is owned as to 37% by Sinochem Holdings and as to 61.12% in aggregate by Sinochem Corporation (an indirect subsidiary of Sinochem Holdings) and its subsidiary. Therefore, Sinochem Finance is also a connected person of the Company. The transactions under the Financial Services Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules:

- (i) As one or more of the applicable percentage ratios of the maximum daily balance in respect of the deposit services under the Financial Services Framework Agreement are more than 0.1% but less than 5%, the deposit services (including the maximum daily balance) 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;
- (ii) The loan services (excluding entrustment loans) under the Financial Services Framework Agreement are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements as the provision of such loans constitutes a financial assistance received by the Group from a connected person, which is conducted on normal commercial terms or better and is not secured by the assets of the Group pursuant to Rule 14A.90 of the Listing Rules;

- (iii) All other financial services under the Financial Services Framework Agreement are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements as such financial services are provided on normal commercial terms or better and the Company expects that the aggregated annual fees and charges payable to Sinochem Finance in respect of such services will not exceed the de minimis threshold of 0.1% pursuant to Rule 14A.76(1)(a) of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“CBIRC”	the China Banking and Insurance Regulatory Commission
“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 to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Financial Services Framework Agreement”	the financial services framework agreement dated 16 November 2022 entered into between the Company and Sinochem Finance
“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
“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 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
“Shareholders”	holders of ordinary shares of the Company

“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, and an indirect wholly-owned subsidiary of Sinochem Holdings
“Sinochem Finance”	Sinochem Finance Co., Ltd. (中化集團財務有限責任公司), a company with limited liability incorporated under the laws of the PRC, and a subsidiary of Sinochem Corporation
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

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

Hong Kong, 16 November 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.