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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 REVISION OF ANNUAL CAPS UNDER THE SINOCEM FRAMEWORK AGREEMENT

Reference is made to the section headed “Connected Transactions” of the Prospectus in relation to, among others, the Sinochem Framework Agreement entered into between the Company and Sinochem Holdings on 21 February 2022. Pursuant to the Sinochem Framework Agreement, the Group is providing and will continue to provide, among others, value-added services to the Sinochem Connected Persons up to 31 December 2023.

The Board expects that the existing annual caps of the value-added services under the Sinochem Framework Agreement as set out in the Prospectus will be insufficient for each of the two years ending 31 December 2022 and 2023. As such, on 18 November 2022 (after trading hours), the Company and Sinochem Holdings entered into the Supplemental Agreement to revise the annual caps of the value-added services under the Sinochem Framework Agreement.

IMPLICATIONS OF 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. Accordingly, the value-added services provided by the Group to the Sinochem Connected Persons under the Sinochem Framework Agreement (as revised by the Supplemental Agreement) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that the highest applicable percentage ratio in respect of the revised annual caps of the value-added services is more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement and annual review requirements, but are exempted from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the section headed “Connected Transactions” of the Prospectus in relation to, among others, the Sinochem Framework Agreement entered into between the Company and Sinochem Holdings on 21 February 2022. Pursuant to the Sinochem Framework Agreement, the Group is providing and will continue to provide, among others, value-added services to the Sinochem Connected Persons up to 31 December 2023.

The Board expects that the existing annual caps of the value-added services under the Sinochem Framework Agreement as set out in the Prospectus will be insufficient for each of the two years ending 31 December 2022 and 2023. As such, on 18 November 2022 (after trading hours), the Company and Sinochem Holdings entered into the Supplemental Agreement to revise the annual caps of the value-added services under the Sinochem Framework Agreement.

PROVISION OF VALUE-ADDED SERVICES UNDER THE SINOCEM FRAMEWORK AGREEMENT (AS REVISED BY THE SUPPLEMENTAL AGREEMENT)

Scope of Services

Pursuant to the Sinochem Framework Agreement, the Group is providing and will continue to provide, among others, value-added services as may be required by the Sinochem Connected Persons from time to time, mainly community value-added services such as management services in respect of car park spaces used by the Sinochem Connected Persons.

Pricing Policies

The fees payable by the Sinochem Connected Persons to the Group in respect of the value-added services under the Sinochem Framework Agreement shall be determined on arm's length basis with reference to the following:

- (i) the size and location of the relevant properties;
- (ii) the scope and standards of the value-added services;
- (iii) the expected operational costs (including, among others, labor costs, material costs and administrative costs) of the Group in relation to the provision of the value-added services; and
- (iv) the fees charged by other service providers for similar services in the market. The terms offered by the Group to the Sinochem Connected Persons shall not be less favorable to the Group than the terms offered by the Group to independent customers for the same or similar type and scope of services.

Term

The Supplemental Agreement shall become effective on 18 November 2022. The Sinochem Framework Agreement (as revised by the Supplemental Agreement) will expire on 31 December 2023, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under the Listing Rules and all other applicable law and regulations.

REVISION OF ANNUAL CAPS

The table below sets out the historical aggregate transaction amounts for the provision of value-added services by the Group to the Sinochem Connected Persons for the two years ended 31 December 2020 and 2021 and the six months ended 30 June 2022:

	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>	Six months ended 30 June 2022 <i>RMB'000</i>
Amount of fees charged by the Group for the provision of value-added services	1,805	2,367	2,734

The table below sets out the existing annual caps and the revised annual caps for the provision of value-added services under the Sinochem Framework Agreement and the Supplemental Agreement, respectively:

	Year ending 31 December	
	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>
Existing annual caps for the provision of value-added services	4,000	5,000
Revised annual caps for the provision of value-added services	10,000	15,000

The revised annual caps for the provision of value-added services are determined after taking into account the following factors:

- (i) the historical transaction amounts for the provision of value-added services and the significant increase in the transaction amount in 2022. As at 30 June 2022, nearly 70% of the existing annual cap for the year ending 31 December 2022 has been utilised, and the historical transaction amount for the six months ended 30 June 2022 has exceeded the full year transaction amount for the year ended 31 December 2021;
- (ii) the number of car park spaces currently used by the Sinochem Connected Persons and in respect of which the Group has been providing management services, and the estimated management fees for providing such services during the two years ending 31 December 2022 and 2023;
- (iii) the expected increase in demand of the Sinochem Connected Persons for the value-added services, including the additional number of car park spaces which may require the management services for the two years ending 31 December 2022 and 2023, and the additional community value-added services to be provided by the Group in respect of the new industrial parks and office spaces held or used by the Sinochem Connected Persons; and
- (iv) a buffer of 10% to cater for any additional demand of the Sinochem Connected Persons for the value-added services.

As at the date of this announcement, the transaction amount for the provision of value-added services under the Sinochem Framework Agreement has not exceeded the existing annual cap for the year ending 31 December 2022.

Save for the revision of annual caps of the value-added services, other terms of the Sinochem Framework Agreement (including the annual caps of the property management services under the Sinochem Framework Agreement) shall remain unchanged and in full force and effect.

INTERNAL CONTROL PROCEDURES AND CORPORATE GOVERNANCE MEASURES

The Group has adopted the following internal control and corporate governance measures to ensure that the terms of the transactions contemplated under the Sinochem Framework Agreement (as revised by the Supplemental Agreement) are fair and reasonable and not prejudicial to the interests of the Company and the Shareholders:

- the business department of the Company will oversee the monitoring, collection and evaluation of historical transaction prices and market data, including but not limited to the market practices and prevailing market rates for the provision of value-added services of similar type in comparable locations;
- when determining the fees payable by the Sinochem Connected Persons to the Group under the Sinochem Framework Agreement (as revised by the Supplemental Agreement), the Group will make reference to the prevailing market conditions and practices by utilizing the market data collected by the business department as mentioned in the preceding paragraph, as well as the pricing and terms offered by the Group to independent third parties, to ensure that the terms and conditions offered to the Sinochem Connected Persons are fair and reasonable and are no less favorable to the Group than those offered to independent third parties for comparable services;
- various internal departments of the Company (including but not limited to the finance department and legal department) will monitor the implementation of the continuing connected transactions contemplated under the Sinochem Framework Agreement (as revised by the Supplemental Agreement) and keep track of the aggregate transaction amounts on a monthly basis, to ensure that the pricing principles and annual caps are complied with;
- the independent non-executive Directors will conduct an annual review of the continuing connected transactions 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 Shareholders as a whole; and
- the Company's external auditors will also conduct an annual review of the continuing connected transactions, including the pricing policies and the annual caps.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS CONTEMPLATED UNDER THE SINOCEM FRAMEWORK AGREEMENT (AS REVISED BY THE SUPPLEMENTAL AGREEMENT)

The Group has been providing value-added services in its ordinary and usual course of business to owners and residents of the properties managed by the Group, which include the Sinochem Connected Persons. The continued provision of such services to the Sinochem Connected Persons can bring stable income and profit to the Group and facilitate the business development of the Group.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Sinochem Framework Agreement (as revised by the Supplemental Agreement) have been conducted on normal commercial terms, were entered into in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the revised annual caps of the value-added services are fair and reasonable.

None of the Directors is regarded as having a material interest in the transactions contemplated under the Sinochem Framework Agreement (as revised by the Supplemental Agreement), and hence none of the Director has abstained from voting on the board resolution to approve such transactions.

INFORMATION OF THE GROUP AND SINOCEM HOLDINGS

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 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 OF 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. Accordingly, the value-added services provided by the Group to the Sinochem Connected Persons under the Sinochem Framework Agreement (as revised by the Supplemental Agreement) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that the highest applicable percentage ratio in respect of the revised annual caps of the value-added services is more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement and annual review requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China Jinmao”	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 and the immediate controlling shareholder of the Company, the shares of which are listed on the Stock Exchange (stock code: 00817)

“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(s)”	has the same meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same 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
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 25 February 2022
“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 Connected Persons”	Sinochem Holdings and its associates (excluding, for the avoidance of doubt, China Jinmao and its associates)
“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 Framework Agreement”	the framework agreement dated 21 February 2022 entered into by and between the Company and Sinochem Holdings
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules

“Supplemental Agreement” the supplemental agreement to the Sinochem Framework Agreement dated 18 November 2022 entered into by and between the Company and Sinochem Holdings

“%” per cent

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

Hong Kong, 18 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.