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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)**

**ANNOUNCEMENT**  
**CONTINUING CONNECTED TRANSACTION**  
**PROVISION OF FACTORING SERVICES**

Reference is made to the announcement of the Company dated 28 March 2018 in relation to the Previous Framework Agreement entered into between the Company and Sinochem Factoring which expired on 27 March 2021.

The Board hereby announces that on 19 April 2022, the Company entered into the New Framework Agreement with Sinochem Factoring, pursuant to which the Group will continue to utilize the Financing Factoring Services and Non-financing Factoring Services available from Sinochem Factoring from time to time as it deems necessary for a term of three years.

Sinochem Factoring is an indirect non-wholly-owned subsidiary of Sinochem Holdings, which is the ultimate controlling shareholder of the Company. Accordingly, Sinochem Factoring is a connected person of the Company. The transactions under the New 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 of the Daily Maximum Balance (including the amount of accounts receivables and accrued interests) in respect of the Financing Factoring Services and the annual cap of the service fees in respect of the Non-financing Factoring Services are more than 0.1% but less than 5%, the transactions under the New Framework Agreement 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 announcement of the Company dated 28 March 2018 in relation to the Previous Framework Agreement entered into between the Company and Sinochem Factoring which expired on 27 March 2021.

The Board hereby announces that on 19 April 2022, the Company entered into the New Framework Agreement with Sinochem Factoring, pursuant to which the Group will continue to utilize the Financing Factoring Services and Non-financing Factoring Services available from Sinochem Factoring from time to time as it deems necessary for a term of three years.

## **PRINCIPAL TERMS OF THE NEW FRAMEWORK AGREEMENT**

### **Date**

19 April 2022

### **Parties**

The Company

Sinochem Factoring

### **Principles of transactions**

The Group will utilize the services available from Sinochem Factoring on a voluntary and non-exclusive basis, and is not obliged to engage Sinochem Factoring for any particular service or all services. For each specific transaction under the New Framework Agreement, the Group will separately enter into a specific agreement with Sinochem Factoring on normal commercial terms and in accordance with the principles set out in the New Framework Agreement, and the specific types of services, interests, service fees, payment terms and schedule, rights and obligations of the parties will be contained therein.

### **Scope of services**

The Group will utilize the following Financing Factoring Services and Non-financing Factoring Services available from Sinochem Factoring from time to time as it deems necessary:

- (i) Financing Factoring Services: the Group will transfer its accounts receivables to Sinochem Factoring, so as to obtain facilities from Sinochem Factoring in the amount equivalent to the carrying amount of the accounts receivables before the accounts receivables fall due. The Group will repurchase its accounts receivables from Sinochem Factoring at the carrying amount when the financing period expires, and pay the financing interests to Sinochem Factoring. No security over assets, pledge of interests or other guarantees will be required to be provided by the Group for obtaining the Financing Factoring Services.
- (ii) Non-financing Factoring Services, including:
  - (a) management, collection and consultancy services with respect to the accounts receivables;

- (b) supply chain factoring services (i.e. Sinochem Factoring will pay the accounts payables of the Group to the creditors of the Group when the accounts payables of the Group fall due, and the Group will pay service fees to Sinochem Factoring for the deferred payment of its accounts payables. No security over assets, pledge of interests or other guarantees will be required to be provided by the Group for obtaining such services), and relevant management, collection and consultancy services; and
- (c) other services as approved by the competent authorities.

### **Pricing basis**

The interests and fees payable by the Group to Sinochem Factoring under the New Framework Agreement shall be determined on a fair and reasonable basis and shall not be higher than the interests and fees charged by independent factoring companies in the PRC in providing the same type of factoring services under the same conditions.

To ensure that the Group will follow the above pricing policies, the Company has formulated strict internal control procedures and corporate governance measures. For details, please refer to the section headed “Internal Control Procedures and Corporate Governance Measures” below.

### **Term**

The New Framework Agreement will be valid for a term of three years, effective from the date of signing of the New Framework Agreement. The term of the specific agreements to be separately entered into by the parties shall not exceed the term of the New Framework Agreement.

### **CAP AMOUNTS**

#### **Historical figures**

For the three years ended 31 December 2020, the Daily Maximum Balance in respect of the Financing Factoring Services provided by Sinochem Factoring to the Group under the Previous Framework Agreement was approximately RMB754 million, RMB1,000 million and RMB1,500 million, respectively.

During the term of the Previous Framework Agreement, Sinochem Factoring did not provide any Non-financing Factoring Services to the Group.

#### **Cap amounts**

The Company expects that during the term of the New Framework Agreement, the Daily Maximum Balance (including the amount of accounts receivables and accrued interests) in respect of the Financing Factoring Services to be provided by Sinochem Factoring to the Group will be RMB1,400 million. In calculating such cap, the Directors have considered the monthly average balance of the unreleased mortgage loans of RMB1,998 million for the first quarter of 2022, the historical figures of the relevant transactions with Sinochem Factoring, and taken into account the market rate of interests and fees in respect of the factoring services and the expected growth of the business of the Group.

The Company expects that during the term of the New Framework Agreement, the annual cap for the fees of the Non-financing Factoring Services to be provided by Sinochem Factoring to the Group will be RMB28 million. In calculating such cap, the Directors have, after making enquiries with the suppliers of the Group, considered the expected amount of accounts payables of the Group, in respect of which the suppliers have agreed with the Group to utilize the supply chain factoring services available from Sinochem Factoring, and taken into account the market rate of interests and fees in respect of the factoring services and the expected growth of the business of the Group.

After the expiration of the Previous Framework Agreement and up to the date of this announcement, Sinochem Factoring did not provide any Financing Factoring Services or Non-financing Factoring Services to the Group.

## **INTERNAL CONTROL PROCEDURES AND CORPORATE GOVERNANCE MEASURES**

The Group will adopt the following internal control procedures and corporate governance measures for the utilization of the factoring services to be provided by Sinochem Factoring:

- The Company will obtain at least two quotations from independent factoring companies for the same type of factoring services before the Group enters into any specific agreement with Sinochem Factoring. Those quotations, together with the terms offered by Sinochem Factoring, will be submitted to the financial capital center of the Company, which is under the supervision of the chief financial officer of the Company, for review.
- The Company will report to the independent non-executive Directors the summary of the specific agreements entered into between the Group and Sinochem Factoring on an annual basis, together with the information on the comparative quotations obtained from independent factoring companies.
- Upon receiving a five business days' prior notice from the Company, Sinochem Factoring will provide the Company with a copy of the latest regulatory report it has submitted to the relevant regulatory authorities.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE NEW FRAMEWORK AGREEMENT**

With the expansion of its business scale, the Group has more demands for diversified businesses such as supply chain factoring and financing factoring of accounts receivables for home purchase, and has therefore entered into the New Framework Agreement with Sinochem Factoring, so as to improve the efficiency of use of funds, delay the payment of construction costs and accelerate the collection of sales receivables.

The Directors (including the independent non-executive Directors) consider that the transactions under the New Framework Agreement are conducted on normal commercial terms, are entered into in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and its shareholders as a whole, and the cap amounts for the transactions under the New Framework Agreement are fair and reasonable.

As Mr. NING Gaoning, Mr. YANG Lin and Mr. CHENG Yong hold positions as director and/or employee of Sinochem Holdings, they are regarded as having a material interest in the transactions under the New Framework Agreement. Therefore, they have abstained from voting on the Board resolution passed to approve the transactions under the New Framework Agreement.

## **LISTING RULES IMPLICATIONS**

Sinochem Factoring is an indirect non-wholly-owned subsidiary of Sinochem Holdings, which is the ultimate controlling shareholder of the Company. Accordingly, Sinochem Factoring is a connected person of the Company. The transactions under the New 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 of the Daily Maximum Balance (including the amount of accounts receivables and accrued interests) in respect of the Financing Factoring Services and the annual cap of the service fees in respect of the Non-financing Factoring Services are more than 0.1% but less than 5%, the transactions under the New Framework Agreement 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.

## **INFORMATION REGARDING THE PARTIES**

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, commercial leasing, retail operations, hotel operations, as well as technology and services.

Sinochem Factoring is a non-banking financial institution specializing in commercial factoring services. Its principal businesses include: trade financing services of accounts receivables; settlement, management and collection of accounts receivables; investigation and evaluation of clients' credits; and advisory services relating to accounts receivables. Sinochem Factoring is an indirect non-wholly-owned subsidiary of Sinochem Holdings, which is wholly owned by the SASAC. 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.

## DEFINITIONS

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

“Board”	the board of Directors of the Company
“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, whose shares are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Daily Maximum Balance”	the maximum balance (including the amount of accounts receivables and accrued interests) in respect of the Financing Factoring Services, calculated at the close of business on a daily basis
“Directors”	the directors of the Company
“Financing Factoring Services”	as detailed in paragraph (i) of the part headed “Scope of services” under the section headed “Principal Terms of the New Framework Agreement” of this announcement
“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
“New Framework Agreement”	the factoring service framework agreement dated 19 April 2022 entered into between the Company and Sinochem Factoring
“Non-Financing Factoring Services”	as detailed in paragraph (ii) of the part headed “Scope of services” under the section headed “Principal Terms of the New Framework Agreement” of this announcement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Previous Framework Agreement”	the factoring service framework agreement dated 28 March 2018 entered into between the Company and Sinochem Factoring which expired on 27 March 2021
“RMB”	Renminbi, the lawful currency of the PRC

“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Sinochem Factoring”	Sinochem Commercial Factoring Co., Ltd. (中化商業保理有限公司), a company established under the laws of the PRC with limited liability, and an indirect non-wholly-owned subsidiary of Sinochem Holdings
“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, and the ultimate controlling shareholder of the Company, indirectly holding approximately 35.28% of the total number of issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules

By order of the Board  
**China Jinmao Holdings Group Limited**  
**NING Gaoning**  
*Chairman*

Hong Kong, 19 April 2022

*As at the date of this announcement, the Directors of the Company are Mr. NING Gaoning (Chairman), Mr. YANG Lin, Mr. AN Hongjun, Mr. CHENG Yong and Mr. LIU Pengpeng as Non-executive Directors; Mr. LI Congrui, Mr. JIANG Nan and Mr. SONG Liuyi as Executive Directors; Mr. SU Xijia, Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei as Independent Non-executive Directors.*