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## **Shanghai Jin Jiang Capital Company Limited\***

**上海錦江資本股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 02006)**

### **ANNOUNCEMENT CONNECTED TRANSACTION**

On 27 March 2020, Jin Jiang Hotels, a subsidiary of the Company, entered into the Buyout Agreement of Guest Rooms and Related Services with Jin Jiang International, pursuant to which, Jin Jiang International agreed to purchase the guest rooms and related services that are expropriated by local governments for prevention of the COVID-19 epidemic in the hotels which are wholly owned or controlled by Jin Jiang Hotels and its subsidiaries.

As at the date of this announcement, Jin Jiang International is the controlling shareholder of the Company. Therefore, the transaction contemplated under the Buyout Agreement of Guest Rooms and Related Services constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the transaction contemplated under the Buyout Agreement of Guest Rooms and Related Services exceeds 0.1% but is lower than 5%, the transaction contemplated under the Buyout Agreement of Guest Rooms and Related Services shall comply with the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### **I. INTRODUCTION**

On 27 March 2020, Jin Jiang Hotels, a subsidiary of the Company, entered into the Buyout Agreement of Guest Rooms and Related Services with Jin Jiang International, pursuant to which, Jin Jiang International agreed to purchase the

guest rooms and related services that are expropriated by local governments for prevention of the COVID-19 epidemic in the hotels which are wholly owned or controlled by Jin Jiang Hotels and its subsidiaries.

## II. BUYOUT AGREEMENT OF GUEST ROOMS AND RELATED SERVICES

The key terms of the Buyout Agreement of Guest Rooms and Related Services are summarised as follows:

**Date:** 27 March 2020

**Parties:** (1) Jin Jiang Hotels (as the service provider)  
(2) Jin Jiang International (as the service purchaser)

**Term:** The buyout period commences on 23 January 2020 and expires on 31 March 2020. If the local government requires to continue expropriating the guest rooms and related services after 31 March 2020, the buyout period of the guest rooms and related services under the Buyout Agreement of Guest Rooms and Related Services can be extended by mutual agreement between both parties.

The Buyout Agreement of Guest Rooms and Related Services shall terminate upon the expiration of the buyout period of each hotel or upon the completion of full settlement of fees receivable and payable (including buyout price and Expropriation Compensation) between both parties, whichever is later.

**Nature of transaction:** Jin Jiang International purchases the guest rooms and related services that are expropriated by local governments for prevention of the COVID-19 epidemic in the hotels which are wholly owned or controlled by Jin Jiang Hotels and its subsidiaries.

**Total transaction amount:** The total transaction amount under the Buyout Agreement of Guest Rooms and Related Services shall be computed according to the number of guest room, market price of guest room and the buyout period.

The guest rooms that are bought out include a total of 12,944 guest rooms in 88 directly operated hotels of Jin Jiang Hotels expropriated by local governments during the period from 23 January 2020 to 31 March 2020.

The total transaction amount under the Buyout Agreement of Guest Rooms and Related Services is RMB266,427,856.

**Payment:**

Jin Jiang International shall settle the payment in full with Jin Jiang Hotels within five days upon the signing of the Buyout Agreement of Guest Rooms and Related Services.

**Compensation arrangement of government expropriation:**

In the event of any Expropriation Compensation received by Jin Jiang Hotels or its subsidiaries from local governments for expropriation of guest rooms, Jin Jiang Hotels will transfer the Expropriation Compensation received in full to Jin Jiang International.

**III. REASONS FOR AND BENEFITS OF ENTERING INTO THE BUYOUT AGREEMENT OF GUEST ROOMS AND RELATED SERVICES**

The Board is of the view that entering into the Buyout Agreement of Guest Rooms and Related Services is conducive to the stable and health business development of the Group and its subsidiaries.

The Board (including the independent non-executive Directors) is of the view that the terms of the Buyout Agreement of Guest Rooms and Related Services (including the consideration) are fair and reasonable and based on normal commercial terms, and are in the interest of the Company and its shareholders as a whole. Mr. Yu Minliang, Ms. Guo Lijuan, Mr. Chen Liming, Mr. Ma Mingju, Ms. Zhou Wei and Mr. Sun Yu who are holding positions at Jin Jiang International have abstained from voting on the relevant resolution of the Board in respect of the approval of the Buyout Agreement of Guest Rooms and Related Services. Save as disclosed above, none of the other Directors has a material interest in the transaction or is required to abstain from voting on the relevant resolution of the Board.

#### **IV. LISTING RULES IMPLICATIONS**

As at the date of this announcement, Jin Jiang International is the controlling shareholder of the Company. Therefore, the transaction contemplated under the Buyout Agreement of Guest Rooms and Related Services constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the transaction contemplated under the Buyout Agreement of Guest Rooms and Related Services exceeds 0.1% but is lower than 5%, the transaction contemplated under the Buyout Agreement of Guest Rooms and Related Services shall comply with the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### **V. INFORMATION OF THE COMPANY, JIN JIANG HOTELS AND JIN JIANG INTERNATIONAL**

##### **Information of the Company**

The Company is principally engaged in full service hotel operation and management, select service hotel operation and franchising, restaurant operation, passenger transport logistics, travel agency and other related businesses.

##### **Information of Jin Jiang Hotels**

Jin Jiang Hotels is a subsidiary of the Company, a joint stock company listed on the Shanghai Stock Exchange (stock code: A share: 600754; B share: 900934). It is principally engaged in select service hotel operation and management as well as food and restaurant business.

##### **Information of Jin Jiang International**

Jin Jiang International is one of the largest hotel and tourism conglomerates in the PRC, which is 100% held by Shanghai State-owned Assets Supervision and Management Commission.

## VI. DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“Board”	the board of directors of the Company
“Buyout Agreement of Guest Rooms and Related Services”	the buyout agreement of guest rooms and related services entered into between Jin Jiang International and Jin Jiang Hotels on 27 March 2020, details of which are disclosed in this announcement
“Company”	Shanghai Jin Jiang Capital Company Limited* (上海錦江資本股份有限公司), a joint stock limited company established in the PRC, the H shares of which are listed on The Stock Exchange of Hong Kong Limited
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“COVID-19 epidemic”	the epidemic of pneumonia caused by COVID-19
“Directors”	the directors of the Company
“Expropriation Compensation”	any expropriation subsidy or compensation paid by local government to Jin Jiang Hotels or its subsidiaries due to the expropriation of guest rooms by local government
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jin Jiang Hotels”	Shanghai Jin Jiang International Hotels Company Limited (上海錦江國際酒店股份有限公司), a stock company listed on Shanghai Stock Exchange (stock code: A share: 600754; B share: 900934), and a subsidiary of the Company in which the Company holds a 50.32% interest
“Jin Jiang International”	Jin Jiang International Holding Company Limited (錦江國際(集團)有限公司), the controlling shareholder of the Company interested in 75% of the issued share capital of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“percentage ratio(s)”	has the meaning ascribed thereto under the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By Order of the Board  
**Shanghai Jin Jiang Capital Company Limited\***  
**Zhang Jue**  
*Joint Company Secretary*

Shanghai, the PRC, 27 March 2020

*As at the date of this announcement, the executive Directors are Mr. Yu Minliang, Ms. Guo Lijuan, Mr. Chen Liming, Mr. Ma Mingju, Ms. Zhou Wei and Mr. Sun Yu; and the independent non-executive Directors are Mr. Ji Gang, Dr. Rui Mingjie and Mr. Shen Liqiang.*

\* *The Company is registered as a non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) under its Chinese name and the English name “**Shanghai Jin Jiang Capital Company Limited**”.*