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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)

CONNECTED TRANSACTION ACQUISITION OF YIJIYOU BY JIN JIANG ONLINE

On 5 July 2021, Jin Jiang Online, a subsidiary of the Company, entered into the Equity Transfer Agreement with Jin Jiang International Investment, WeHotel, Qichuang Tourism, Shanghai City Image and Jin Lei Management, pursuant to which Jin Jiang International Investment, WeHotel, Qichuang Tourism, Shanghai City Image and Jin Lei Management agreed to dispose of and Jin Jiang Online agreed to acquire 100% equity interests in Yijiyou in aggregate at a total cash consideration of RMB43,090,001.00. Following the completion of the transaction, Yijiyou shall become a wholly-owned subsidiary of Jin Jiang Online, a subsidiary of the Company.

As at the date of this announcement, Jin Jiang International Investment is a wholly-owned subsidiary of Jin Jiang International Group, the controlling shareholder of the Company; WeHotel is held as to 45% directly by Jin Jiang AMC, a wholly-owned subsidiary of Jin Jiang International Group; Shanghai City Image is a wholly-owned subsidiary of Jin Jiang International Investment and all of them are associates of Jin Jiang International Group. Therefore, pursuant to Chapter 14A of the Listing Rules, Jin Jiang International Investment, WeHotel and Shanghai City Image are connected persons of the Company, and transactions contemplated under the Equity Transfer Agreement constitute connected transactions of the Company.

The highest applicable ratio of the transactions contemplated under the Equity Transfer Agreement is more than 0.1% but less than 5%, hence the transactions contemplated under the Equity Transfer Agreement are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. INTRODUCTION

On 5 July 2021, Jin Jiang Online, a subsidiary of the Company, entered into the Equity Transfer Agreement with Jin Jiang International Investment, WeHotel, Qichuang Tourism, Shanghai City Image and Jin Lei Management, pursuant to which Jin Jiang International Investment, WeHotel, Qichuang Tourism, Shanghai City Image and Jin Lei Management agreed to dispose of and Jin Jiang Online agreed to acquire 100% equity interests in Yijiyou in aggregate at a total cash consideration of RMB43,090,001.00. Following the completion of the transaction, Yijiyou shall become a wholly-owned subsidiary of Jin Jiang Online, a subsidiary of the Company.

II. EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are summarised as follows:

Date: 5 July 2021

Parties:

- (1) Jin Jiang International Investment (as transferor);
- (2) WeHotel (as transferor);
- (3) Qichuang Tourism (as transferor);
- (4) Shanghai City Image (as transferor);
- (5) Jin Lei Management (as transferor); and
- (6) Jin Jiang Online (as transferee).

Subject assets: As at the date of this announcement, Jin Jiang International Investment, WeHotel, Qichuang Tourism, Shanghai City Image and Jin Lei Management hold 30%, 20%, 18%, 18% and 14% equity interests in Yijiyou, respectively.

Pursuant to the Equity Transfer Agreement, Jin Jiang International Investment, WeHotel, Qichuang Tourism, Shanghai City Image and Jin Lei Management agreed to dispose of and Jin Jiang Online agreed to acquire 100% equity interests in Yijiyou in aggregate.

Following the completion of the transaction, Yijiyou shall become a wholly-owned subsidiary of Jin Jiang Online, a subsidiary of the Company.

Consideration:

The total cash consideration for 100% equity interests in Yijiyou is RMB43,090,001.00.

Following friendly arm's length negotiations among the parties and taking into account the fulfilment of the obligation of capital contributions to Yijiyou by the transferors, the equity interests in Yijiyou to be transferred by Jin Jiang International Investment, WeHotel, Qichuang Tourism, Shanghai City Image and Jin Lei Management to Jin Jiang Online and the corresponding transfer prices are set out in the following table:

Transferor	Subscribed registered capital of Yijiyou corresponding to equity interests to be transferred (RMB)	Paid-in registered capital of Yijiyou corresponding to equity interests to be transferred (RMB)	Transfer price (RMB)
Jin Jiang International Investment	15,000,000.00	15,000,000.00	15,031,395.35
WeHotel	10,000,000.00	10,000,000.00	10,020,930.23
Qichuang Tourism	9,000,000.00	9,000,000.00	9,018,837.21
Shanghai City Image	9,000,000.00	9,000,000.00	9,018,837.21
Jin Lei Management	7,000,000.00	0.00	1.00 ^{Note}
Total	50,000,000.00	43,000,000.00	43,090,001.00

Note: As at the date of this announcement, Jin Lei Management has yet to perform its obligation of capital contribution to Yijiyou. Jin Jiang Online shall perform the obligation of capital contribution in accordance with the articles of association of Yijiyou after closing, and Jin Lei Management shall cease to undertake any obligation for capital contribution.

The consideration of the Equity Transfer Agreement of RMB43,090,001.00 has been arrived at based on normal commercial terms following arm's length negotiations among Jin Jiang Online, Jin Jiang International Investment, WeHotel, Qichuang Tourism, Shanghai City Image and Jin Lei Management, taking into consideration (among others) the financial information of Yijiyou (such as its paid-in registered capital, profit and net liabilities position) and its operations and businesses; the important value of Yijiyou's intangible assets, such as technological research and development, customer resources, management edge, trademarks, software copyrights, copyrights of works and domain names; the future business potential of Yijiyou; the long-term strategy and future business plans of the Group and other commercial factors and data.

The Directors (including the independent non-executive Directors) are of the view that the consideration of the Equity Transfer Agreement is fair and reasonable and in the interest of the Company and its shareholders as a whole.

Closing conditions:

The Equity Transfer Agreement shall become effective upon due execution by the parties and the fulfilment of certain conditions, including (among others) the approval of the acquisition of equity interests in Yijiyou by the transferee by way of transfer agreement by competent state-owned assets authorities.

Payment:

The closing of the equity transfer under the Equity Transfer Agreement shall take place on the third (3rd) working day (or such other date as may be otherwise agreed by the parties) (the "**Closing Date**") following confirmation of the fulfilment or waiver in writing of all closing conditions.

On the Closing Date, Jin Jiang Online shall remit the transfer prices payable to the transferors in readily available RMB funds to the bank accounts respectively designated by the transferors.

III. GENERAL INFORMATION ON PARTIES TO THE EQUITY TRANSFER AGREEMENT

Information on Jin Jiang Online

Jin Jiang Online (formerly known as Shanghai Jin Jiang International Industrial Investment Company Limited) is a company listed on Shanghai Stock Exchange (A Share Stock Code: 600650, B Share Stock Code: 900914) and a subsidiary of the Company in which the Company holds 39.26% equity interests.

Jin Jiang Online is principally engaged in Internet services, tourism, vehicle operations and logistics and warehouse services. Leveraging intelligent, digitalised and online technologies, it connects and synergises advantageous resources of related industry chains of the Group to integrate online and offline resources for the creation of a one-stop Internet service platform.

Information on Jin Jiang International Investment

Jin Jiang International Investment is a limited liability company incorporated in the PRC. As at the date of this announcement, Jin Jiang International Investment is a wholly-owned subsidiary of Jin Jiang International Group and an associate of Jin Jiang International Group. Therefore, pursuant to Chapter 14A of the Listing Rules, Jin Jiang International Investment is a connected person of the Company.

Jin Jiang International Investment is principally engaged in businesses relating to investment management, equity investment management, industrial investment, investment consulting, corporate marketing planning, property management, real estate consulting and asset management, etc.

Information on WeHotel

WeHotel is a limited liability company incorporated in the PRC. As at the date of this announcement, WeHotel is held as to 45% directly by Jin Jiang AMC, a wholly-owned subsidiary of Jin Jiang International Group and is an associate of Jin Jiang International Group. Therefore, pursuant to Chapter 14A of the Listing Rules, WeHotel is a connected person of the Company.

WeHotel is principally engaged in technological development, consulting, services, e-commerce and other businesses relating to cyber technology and information technology, which facilitate the Group's integration of resources and capacity upgrade for the building of a shared economic platform based on mobile Internet.

Information on Qichuang Tourism

Qichuang Tourism is a limited liability company incorporated in the PRC. As at the date of this announcement, Qichuang Tourism is held as to 64% directly by Shanghai Jingbo Corporate Management Partnership Enterprise (Limited

Partnership) (上海景毫企業管理合夥企業(有限合夥)) (an enterprise of which partnership shares are held as to 99% by Mr. Hong Qinghua (洪清華) and 1% by Mr. Wang Xiaosong (王小松)), 20% directly by Shanghai Jingfei Corporate Management and Consulting Partnership Enterprise (Limited Partnership) (上海景飛企業管理諮詢合夥企業(有限合夥)) (an enterprise of which partnership shares are held as to 95% by Mr. Hong Qinghua (洪清華) and 5% by Mr. Ma Lei (馬磊)), and 16% directly by Shanghai Jingyuan Corporate Management Partnership Enterprise (Limited Partnership) (上海景鴛企業管理合夥企業(有限合夥)) (an enterprise of which partnership shares are held as to 99% by Mr. Hong Qinghua (洪清華) and 1% by Mr. Wang Xiaosong (王小松)). To the best of the Directors' knowledge and belief having made all reasonable enquiries, Qichuang Tourism and its ultimate beneficial owners are third parties independent from the Company and connected persons of the Company.

Qichuang Tourism is principally engaged in tourism consulting, marketing planning, organisation of cultural and artistic exchange activities, professional design services and other related businesses.

Information on Shanghai City Image

Shanghai City Image is a limited liability company incorporated in the PRC. As at the date of this announcement, Shanghai City Image is a wholly-owned subsidiary of Jin Jiang International Investment and an associate of Jin Jiang International Group. Therefore, pursuant to Chapter 14A of the Listing Rules, Shanghai City Image is a connected person of the Company.

Shanghai City Image is principally engaged in cultural and artistic exchange planning, business information consulting, marketing planning, corporate image planning and other related businesses.

Information on Jin Lei Management

Jin Lei Management is a limited liability company incorporated in the PRC. As at the date of this announcement, Jin Lei Management is held as to 90% by Mr. Bao Lei (包磊) and 10% by Ms. Xu Jie (徐潔). Mr. Bao Lei is a director of Jin Jiang Travel, a non-wholly owned subsidiary of the Company and the major shareholder of Jin Lei Management. Pursuant to the relevant applicable percentage ratios set out in the Listing Rules, percentage ratios of the total assets, profit and revenue of Jin Jiang Travel for the year ended 31 December 2020 were less than 5% and Jin Jiang Travel falls within the definition of an "insignificant subsidiary" under Rule 14A.09 of the Listing Rules. Therefore, pursuant to Chapter 14A of the Listing Rules, Mr. Bao Lei does not constitute a connected person of the Company and Jin Lei Management thereby also does not constitute a connected person of the Company.

Jin Lei Management is principally engaged in corporate management, business information consulting, corporate marketing planning, conference services, technological development, transfer, consulting and services relating to information technology and other related businesses.

IV. INFORMATION ON YIJIYOU

Yijiyou is a limited liability company incorporated in the PRC. As at the date of this announcement, Jin Jiang International Investment, WeHotel, Qichuang Tourism, Shanghai City Image and Jin Lei Management hold 30%, 20%, 18%, 18% and 14% equity interests in Yijiyou, respectively.

Yijiyou is principally engaged in computer and network engineering, development and maintenance of computer software and hardware, computer systems integration, software design, technological development relating to computers, information technology and other related businesses.

Financial Information

Set out below are the audited financial statements of Yijiyou prepared in accordance with PRC Accounting Standards for Business Enterprises:

	Year ended 31 December	
	2020	2019
	<i>(in approximate RMB'0000)</i>	<i>(in approximate RMB'0000)</i>
Revenue	120.15	7.21
Loss before taxation	3,266.78	2,009.13
Loss after taxation	3,266.78	2,009.13

According to the audited financial statements of Yijiyou prepared in accordance with PRC Accounting Standards for Business Enterprises, as at 31 January 2021, the audited book value of total assets, book amount of total liabilities and book value of net assets of Yijiyou amounted to RMB23,305,700, RMB34,840,100 and RMB-11,534,400, respectively.

The premium of the consideration of the Equity Transfer Agreement over the net book value is primarily attributable to: the important value of Yijiyou's intangible assets, such as technological research and development, customer resources, management edge, trademarks, software copyrights, copyrights of works and domain names which is not reflected in the book value, giving rise to a substantial increment in value.

V. REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

The Board is of the view that, according to the Company's strategic development plans and direction of industry integration, the Company will leverage intelligent, digitalised and online technologies to connect and synergise advantageous resources of related industry chains of the Group to integrate online and offline resources for the creation of a one-stop living service platform. The acquisition is conducive to the Company's introduction of relevant and mature platform systems together with their users and operating regimes and will accelerate advancement of the construction of the Group's online platform. Following the completion of the transaction, the Group and Yijiyou will complement each other in terms of resources, as the "Travel in Shanghai" (遊上海) APP of Yijiyou can be incorporated into the online sales channel of the Group's "Jin Jiang Online" (錦江在線) APP and mini-programmes to better utilise the premium resources of the Group. The registered users and customers of the "Travel in Shanghai" APP can be swiftly converted into registered users and customers of the "Jin Jiang Online" APP and mini-programmes, which will be conducive to the promotion and market development of the Group's "Jin Jiang Online" APP and mini-programmes. Meanwhile, the acquisition of equity interests in Yijiyou will facilitate synergy for the Group's management team and optimise the mechanism for communication among teams to enhance the Company's operating efficiency.

The Board (including the independent non-executive Directors) is of the view that the terms of the Equity Transfer Agreement (including the consideration thereof) are fair and reasonable, in accordance with normal commercial terms and in the interests of the Company and its shareholders as a whole. However, due to their nature, the related transactions are not conducted during the usual or ordinary course of business of the Company. As Mr. Zhao Qi, Ms. Guo Lijuan, Mr. Chen Liming, Mr. Ma Mingju, Ms. Zhou Wei and Mr. Sun Yu also hold positions in Jin Jiang International Group, they have abstained from voting on the relevant Board resolution approving the Equity Transfer Agreement. Save as disclosed above, none of the other Directors has a material interest in the related transactions or is required to abstain from voting on the relevant resolution of the Board.

VI. LISTING RULES IMPLICATIONS

As at the date of this announcement, Jin Jiang International Investment is a wholly-owned subsidiary of Jin Jiang International Group, the controlling shareholder of the Company; WeHotel is held as to 45% directly by Jin Jiang AMC, a wholly-owned subsidiary of Jin Jiang International Group; Shanghai City Image is a wholly-owned subsidiary of Jin Jiang International Investment and all of them are associates of Jin Jiang International Group. Therefore, pursuant to Chapter 14A of the Listing Rules, Jin Jiang International Investment, WeHotel and

Shanghai City Image are connected persons of the Company, and transactions contemplated under the Equity Transfer Agreement constitute connected transactions of the Company.

The highest applicable ratio of the transactions contemplated under the Equity Transfer Agreement is more than 0.1% but less than 5%, hence the transactions contemplated under the Equity Transfer Agreement are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

VII. 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
“Company”	Shanghai Jin Jiang Capital Company Limited* (上海錦江資本股份有限公司), a joint stock limited company incorporated in the PRC, the H shares of which are listed on The Stock Exchange of Hong Kong Limited
“controlling shareholder”	has the meaning ascribed to such term under the Listing Rules
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the Equity Transfer Agreement in relation to the transfer of 100% equity interests in Yijiyou by Jin Jiang Online (as transferee) and Jin Jiang International Investment, WeHotel, Qichuang Tourism, Shanghai City Image and Jin Lei Management (as transferors) entered into on 5 July 2021
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jin Jiang AMC”	Shanghai Jin Jiang Asset Management Company Limited (上海錦江資產管理有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Jin Jiang International Group
“Jin Jiang International Group”	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 and 100% held by Shanghai SASAC

“Jin Jiang International Investment”	Shanghai Jin Jiang International Investment and Management Company Limited (上海錦江國際投資管理有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Jin Jiang International Group
“Jin Jiang Online”	Shanghai Jin Jiang Online Network Service Company Limited (上海錦江在線網絡服務股份有限公司) (formerly known as Shanghai Jin Jiang International Industrial Investment Company Limited (上海錦江國際實業投資股份有限公司)), a company listed on Shanghai Stock Exchange (A Share Stock Code: 600650, B Share Stock Code: 900914) and a subsidiary of the Company in which the Company holds 39.26% equity interests
“Jin Jiang Travel”	Shanghai Jin Jiang International Travel Co., Ltd. (上海錦江國際旅遊股份有限公司), a company listed on Shanghai Stock Exchange (B Share Stock Code: 900929) and a subsidiary of the Company in which the Company holds 50.21% equity interests
“Jin Lei Management”	Shanghai Jin Lei Corporate Management Company Limited (上海錦磊企業管理有限公司), a limited liability company incorporated in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratio(s)”	has the meaning ascribed to such terms under the Listing Rules
“PRC”	the People’s Republic of China
“Qichuang Tourism”	Shanghai Qichuang Tourism Sight Design Company Limited (上海奇創旅遊集團有限公司), a limited liability company incorporated in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai City Image”	Shanghai City Image Promotion Company Limited (上海城市形象推廣有限公司), a limited liability company incorporated in the PRC and a connected person of the Company
“Shanghai SASAC”	Shanghai State-owned Assets Supervision and Administration Commission

“WeHotel”	Shanghai Qi Cheng Network Technology Co., Ltd. (上海齊程網絡科技有限公司), a limited liability company incorporated in the PRC and a connected person of the Company
“Yijiyou”	Shanghai Yijiyou Information Technology Company Limited (上海一機遊信息技術有限公司), a limited liability company incorporated in the PRC. As at the date of this announcement, Jin Jiang International Investment, WeHotel, Qichuang Tourism, Shanghai City Image and Jin Lei Management hold 30%, 20%, 18%, 18% and 14% equity interests in Yijiyou, respectively
“%”	per cent

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

Shanghai, the PRC, 5 July 2021

As at the date of this announcement, the executive Directors are Mr. Zhao Qi, 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**”.*