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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 DISCLOSEABLE TRANSACTION PROVISION OF OPERATING PROPERTY LOAN

On 30 September 2020, Finance Company, a subsidiary of the Company, and Kunlun Hotel entered into the Operating Property Loan Agreement, pursuant to which Finance Company agreed to provide a loan with a principal amount of RMB550,000,000 to Kunlun Hotel for a term of ten years from 30 September 2020 to 29 September 2030. Kunlun Hotel shall mortgage its self-owned operating hotel properties to Finance Company as security.

Since May 2019, Finance Company and Kunlun Hotel have successively entered into the Previous Loan Agreements, and the transaction under each individual Previous Loan Agreement does not constitute a discloseable transaction of the Company. On 9 March 2020, Finance Company and Kunlun Hotel entered into the Loan Agreement in relation to the provision of a loan with a principal amount of RMB31,250,000 to Kunlun Hotel; on the same date, the Company, Finance Company and Kunlun Hotel entered into the Entrusted Loan Agreement, pursuant to which the Company agreed to entrust Finance Company to provide a loan with a principal amount of RMB87,500,000 to Kunlun Hotel. For details of the Loan Agreement and the Entrusted Loan Agreement, please refer to the announcement published by the Company on 9 March 2020. Kunlun Hotel will repay the loans under the Previous Loan Agreements and the Loan Agreement accordingly, and the aforesaid agreements will be terminated upon the repayment of all loans by Kunlun Hotel to Finance Company in accordance with the terms of such agreements.

In accordance with Rule 14.22 of the Listing Rules, transactions contemplated under the Previous Loan Agreements, the Loan Agreement, the Entrusted Loan Agreement and the Operating Property Loan Agreement shall be aggregated. When aggregated, the highest applicable percentage ratio of the transactions contemplated under the Previous Loan Agreements, the Loan Agreement, the Entrusted Loan Agreement and the Operating Property Loan Agreement exceeds 5% but is less than 25%. Accordingly, transactions contemplated under the Previous Loan Agreements, the Loan Agreement, the Entrusted Loan Agreement and the Operating Property Loan Agreement (when aggregated) are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

I. INTRODUCTION

On 30 September 2020, Finance Company, a subsidiary of the Company, and Kunlun Hotel entered into the Operating Property Loan Agreement, pursuant to which Finance Company agreed to provide a loan with a principal amount of RMB550,000,000 to Kunlun Hotel for a term of ten years from 30 September 2020 to 29 September 2030. Kunlun Hotel shall mortgage its self-owned operating hotel properties to Finance Company as security.

II. THE OPERATING PROPERTY LOAN AGREEMENT

The key terms of the Operating Property Loan Agreement are summarised as follows:

Date: 30 September 2020

Parties: (1) Kunlun Hotel (as the borrower)
(2) Finance Company (as the lender)

Principal amount of the loan: RMB550,000,000

Term of the loan: The term of the loan is ten years from 30 September 2020 to 29 September 2030. Kunlun Hotel may withdraw the loan in one or multiple drawdowns during the period from 30 September 2020 to 29 September 2030.

Interest rate of the loan: The interest rate of the loan is floating interest rate, which is determined by the Loan Prime Rate (LPR) announced by National Interbank Funding Center minusing or plusing certain rate spread and floats by an agreed period.

The interest rate shall be adjusted once in every period of twelve months and interests shall be computed by such period. The rate spread shall be minusing 50 bp (1 bp = 0.01%). The rate spread shall remain unchanged during the term of the loan. The LPR applicable to the first period shall be the 5-year LPR prevailing on the date immediately before the drawdown date of the loan. Thereafter, the LPR applicable to each period shall be adjusted according to the LPR prevailing on the date immediately before the date in the first month of the period corresponding to the drawdown date. If there is no corresponding date to the drawdown date in the month of adjustment, the last date of such month shall be deemed as the corresponding date.

**Computation of
loan interests:**

Interests shall be accruable daily from the date of actual drawdown and settled monthly on the 20th day of each month. Interest = agreed interest rate × drawdown amount × number of days for which the loan is in use. The number of days in use shall be the number of days from the drawdown date (including such date) to the maturity date (excluding such date). If the maturity date falls on a non-business day, the period shall be extended and the days so extended shall be included in the number of days for which the loan is in use, and interests shall be accruable as stipulated under the Operating Property Loan Agreement.

Security:

Kunlun Hotel shall mortgage its self-owned operating hotel properties to Finance Company as security in respect of the principal, interest, compound interest, penalty interest, liquidated damages, damages, exchange rate loss (losses incidental to changes in exchange rate), expenses for the realization of mortgage (including but not limited to litigation costs, attorney's fees and valuation fees).

Repayment:

Kunlun Hotel shall repay the principal of RMB1 million on 21 June and 21 December respectively each year after the loan is granted and repay all the outstanding amount of the principal on the maturity date of the loan. Kunlun Hotel shall settle the interests as scheduled.

III. REASONS FOR AND BENEFITS OF ENTERING INTO THE OPERATING PROPERTY LOAN AGREEMENT

The Board is of the view that entering into the Operating Property Loan Agreement is conducive to maintaining the stable loan business of Finance Company, generating interest incomes and increasing its operating revenue. Meanwhile, it will also facilitate the development of Kunlun Hotel and improve the quality of the hotel.

The Board (including the independent non-executive Directors) is of the view that the terms of the Operating Property Loan Agreement are fair and reasonable and based on normal commercial terms, and are in the interest of the Company and its shareholders as a whole. None of the Directors has a material interest in the transactions or is required to abstain from voting on the relevant resolution of the Board.

IV. INFORMATION OF THE COMPANY, FINANCE COMPANY AND KUNLUN HOTEL

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 Finance Company

Finance Company is a subsidiary of the Company principally engaged in the provision of financial services to member units of Jin Jiang, including the settlement of transactional payments, provision of entrusted loans and entrusted investment services; acceptance of deposits and provision of loans, etc. As at the date of this announcement, Finance Company is held as to 90.5% by the Group and 9.5% by Jin Jiang International.

Information of Kunlun Hotel

Kunlun Hotel is principally engaged in the provision of hotel accommodation, food and beverage and banquet services, etc.

Kunlun Hotel is a non wholly-owned subsidiary of Shanghai International. Shanghai International and SIGAM hold 52.5% of its equity interest and the Company holds the remaining equity interest. Shanghai International is also the controlling shareholder of SIGAM. SIGAM holds 35% equity interests in Jian Guo Hotel and 33.33% equity interests in Sofitel Hyland, both non wholly-owned subsidiaries of the Company, and is a substantial shareholder of each of Jian Guo Hotel and Sofitel Hyland. As (1) Shanghai International and SIGAM are only connected with Jian Guo Hotel and Sofitel Hyland; and (2) the aggregated total assets, profits and revenue ratios of Jian Guo Hotel and Sofitel Hyland for the year ended 31 December

2019 calculated in accordance with the relevant applicable percentage ratios under the Listing Rules are lower than 5%, Jian Guo Hotel and Sofitel Hyland meet the criteria of “insignificant subsidiaries” under Rule 14A.09 of the Listing Rules. Hence, in accordance with Chapter 14A of the Listing Rules, Shanghai International and SIGAM do not constitute a connected person of the Company. Accordingly, neither does Kunlun Hotel constitute a connected person of the Company.

Shanghai International is 100% held by Shanghai State-owned Assets Supervision and Administration Commission. SIGAM is a wholly-owned subsidiary of Shanghai International.

V. LISTING RULES IMPLICATIONS

Since May 2019, Finance Company and Kunlun Hotel have successively entered into the Previous Loan Agreements, and the transaction under each individual Previous Loan Agreement does not constitute a discloseable transaction of the Company. On 9 March 2020, Finance Company and Kunlun Hotel entered into the Loan Agreement in relation to the provision of a loan with a principal amount of RMB31,250,000 to Kunlun Hotel; on the same date, the Company, Finance Company and Kunlun Hotel entered into the Entrusted Loan Agreement, pursuant to which the Company agreed to entrust Finance Company to provide a loan with a principal amount of RMB87,500,000 to Kunlun Hotel. For details of the Loan Agreement and the Entrusted Loan Agreement, please refer to the announcement published by the Company on 9 March 2020. Kunlun Hotel will repay the loans under the Previous Loan Agreements and the Loan Agreement accordingly, and the aforesaid agreements will be terminated upon the repayment of all loans by Kunlun Hotel to Finance Company in accordance with the terms of such agreements.

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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
“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
“Directors”	the directors of the Company
“Entrusted Loan Agreement”	the entrusted loan agreement entered into among the Company, Finance Company and Kunlun Hotel on 9 March 2020
“Finance Company”	Jin Jiang International Finance Company Limited, a subsidiary of the Company, held as to 90.5% by the Group and 9.5% by Jin Jiang International as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jian Guo Hotel”	Shanghai Jian Guo Hotel Company Limited
“Jin Jiang International”	Jin Jiang International Holding Company Limited
“Kunlun Hotel”	Beijing Kunlun Hotel Company Limited
“Loan Agreement”	the working capital loan agreement entered into between Kunlun Hotel and Finance Company on 9 March 2020
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Operating Property Loan Agreement”	the operating property loan agreement entered into between Finance Company and Kunlun Hotel on 30 September 2020
“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

“Previous Loan Agreement(s)”	the previous working capital loan agreements entered into between Kunlun Hotel and Finance Company since May 2019
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai International”	Shanghai International Group Co., Ltd.
“SIGAM”	SIG Asset Management Co., Ltd
“Sofitel Hyland”	Sofitel Hyland Shanghai Co., Ltd.
“%”	per cent

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

Shanghai, the PRC, 30 September 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**”.*