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Shanghai Jin Jiang International Hotels (Group) Company Limited*

上海錦江國際酒店(集團)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

DISPOSAL OF 5% EQUITY INTEREST IN HUA TING HOTEL

Reference is made to the announcement of the Company dated 1 November 2013 in relation to the disposal of 45% equity interest in Hua Ting Hotel by the Company to Jin Jiang Investment.

On 21 December 2018, the Company entered into the Asset and Equity Transaction Contract with Jin Jiang Investment by way of negotiated assignment through the SHUAEE, pursuant to which the Company has agreed to dispose and Jin Jiang Investment has agreed to acquire 5% equity interest in Hua Ting Hotel held by the Company at a cash consideration of RMB130,828,050.79 (equivalent to approximately HK\$149,143,977.90). Prior to the completion of the transaction, the Company held 5% equity interest in Hua Ting Hotel. Upon completion of the transaction, the Company will cease to hold any equity interest in Hua Ting Hotel.

As at the date of this announcement, Jin Jiang Investment is a subsidiary of Jin Jiang International, the controlling shareholder of the Company, and thus a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Asset and Equity Transaction Contract constitutes 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 Asset and Equity Transaction Contract exceeds 0.1% but is lower than 5%, the transaction concerned 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. INTRODUCTIONS

Reference is made to the announcement of the Company dated 1 November 2013 in relation to the disposal of 45% equity interest in Hua Ting Hotel by the Company to Jin Jiang Investment.

On 21 December 2018, the Company entered into the Asset and Equity Transaction Contract with Jin Jiang Investment by way of negotiated assignment through the SHUAEE, pursuant to which the Company has agreed to dispose and Jin Jiang Investment has agreed to acquire 5% equity interest in Hua Ting Hotel held by the Company at a cash consideration of RMB130,828,050.79 (equivalent to approximately HK\$149,143,977.90). Prior to the completion of the transaction, the Company held 5% equity interest in Hua Ting Hotel. Upon completion of the transaction, the Company will cease to hold any equity interest in Hua Ting Hotel.

II. ASSET AND EQUITY TRANSACTION CONTRACT

Major terms of the Asset and Equity Transaction Contract are set out as follows:

Date: 21 December 2018

Parties: (1) the Company, as transferor
(2) Jin Jiang Investment, as transferee

Subject matter: Subject to the terms and conditions of the Asset and Equity Transaction Contract, the Company shall transfer its 5% equity interest in Hua Ting Hotel to Jin Jiang Investment. Prior to the completion of the transaction, the Company held 5% equity interest in Hua Ting Hotel. Upon completion of the transaction, the Company will cease to hold any equity interest in Hua Ting Hotel, and Jin Jiang Investment's equity interest in Hua Ting Hotel shall be increased from 95% to 100%. As such, Hua Ting Hotel will become a wholly-owned subsidiary of Jin Jiang Investment.

Consideration: As mutually agreed by both parties, the consideration of the equity transfer is RMB130,828,050.79 (equivalent to approximately HK\$149,143,977.90). The consideration has been determined based on the entire equity value of Hua Ting Hotel as at 30 June 2018 valued at RMB2,616,561,015.63 (equivalent to approximately HK\$2,982,879,557.82) according to the asset valuation report on Hua Ting Hotel prepared by the Appraiser, using the asset-based method, adjusted by 5% equity interest in Hua Ting Hotel.

Payment: The consideration of RMB130,828,050.79 (equivalent to approximately HK\$149,143,977.90) shall be paid by Jin Jiang Investment in one lump-sum to the account designated by the Company within 15 business days from the signing date of the Asset and Equity Transaction Contract.

Completion: Both the Company and Jin Jiang Investment shall act in a cooperative manner to complete the right transfer between the holders of the asset and equity within 30 business days from the effective date of the Asset and Equity Transaction Contract; and to proceed with the registration of change of title for the asset and equity transfer in cooperation with Hua Ting Hotel within 30 business days from the date of the certificate of the asset and equity transfer issued by the SHUAEE.

III. INFORMATION ON THE COMPANY, JIN JIANG INVESTMENT AND HUA TING HOTEL

Information on the Company

The Company is principally engaged in the operation of full service hotels, selected service hotel and franchising, food and restaurants, passenger transportation vehicles and logistics, travel agency and other operation.

Information on Jin Jiang Investment

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

Information on Hua Ting Hotel

Hua Ting Hotel is principally engaged in hotel and related services and owns Shanghai Huating Hotel & Towers, a 5-star hotel located at No.1200, Caoxi North Road, Shanghai, the PRC, which has 720 guest rooms with an executive floor (president suite), deluxe rooms and standard rooms; Chinese restaurant(s), a café, Japanese restaurant(s), lobby lounge, food stores; ballrooms, multi-function rooms; fitness centre(s), heated swimming pool, salon and hair salon, business centre(s) and parking lot(s).

Financial Information

Set out below is the audited financial statements of Hua Ting Hotel prepared in accordance with the PRC accounting standards for business enterprises:

	For the year ended 31 December		For the six months ended
	2016	2017	30 June 2018
	(in approximate RMB0'000)	(in approximate RMB0'000)	(in approximate RMB0'000)
Revenue	14,427.49	13,408.24	6,142.41
Profit before taxation	-1,115.26	-1,615.53	-1,121.21
Profit after taxation	-1,115.26	-1,615.53	-1,121.21

According to the financial statements of Hua Ting Hotel prepared in accordance with the PRC accounting standards for business enterprises, the audited net asset value of Hua Ting Hotel as at 30 June 2018 was approximately RMB280,931,000. According to the asset valuation report on Hua Ting Hotel prepared by the Appraiser using the asset-based method, the net asset value of Hua Ting Hotel as at 30 June 2018 was valued at approximately RMB2,616,561,000 with appraised value appreciation of approximately RMB2,335,630,000 or 831.39%.

IV. REASONS FOR AND BENEFITS OF ENTERING INTO THE ASSET AND EQUITY TRANSACTION CONTRACT

The Board is of the view that the conduct of the relevant transaction under the Asset and Equity Transaction Contract is in line with the strategic planning of the Company and the interests of the Company's shareholders as a whole, and will improve the Group's assets liquidity and financial position and optimize the Group's assets allocation. The Company intends to utilize net proceeds received from the transaction under the Asset and Equity Transaction Contract as the Group's general working capital.

The Board (including the independent non-executive Directors) is of the view that the terms of the Asset and Equity Transaction Contract (including the consideration) are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, but the transaction is not conducted in the Group's ordinary and usual course of business due to the nature of the transaction. Mr. Yu Minliang, Ms. Guo Lijuan and Mr. Chen Liming, taking positions at Jin Jiang International, have abstained from voting on the relevant resolution of the Board in respect of the transfer of 5% equity interest in Hua Ting Hotel. 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.

The Directors expect that the transfer of the 5% equity interest in Hua Ting Hotel would realize a gain before tax of approximately RMB110,828,100 (equivalent to approximately HK\$126,344,000), based on the difference between the consideration and the net book value attributable to the 5% equity interest in Hua Ting Hotel.

V. LISTING RULES IMPLICATIONS

As at the date of this announcement, Jin Jiang Investment is a subsidiary of Jin Jiang International, the controlling shareholder of the Company, and thus a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Asset and Equity Transaction Contract constitutes 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 Asset and Equity Transaction Contract exceeds 0.1% but is lower than 5%, the transaction concerned shall comply with the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

VI. DEFINITIONS

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

“Appraiser”	Shanghai Orient Asset Appraisal Co., Ltd. (上海東洲資產評估有限公司)
“Asset and Equity Transaction Contract”	the asset and equity transaction contract entered into between the Company and Jin Jiang Investment by way of negotiated assignment through the SHUAEE on 21 December 2018
“Board”	the board of directors of the Company
“Company”	Shanghai Jin Jiang International Hotels (Group) Company Limited (上海錦江國際酒店(集團)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 to such term under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hua Ting Hotel”	上海華亭賓館有限公司 (Shanghai Hua Ting Hotel and Towers Company Limited), a limited liability company incorporated in the PRC
“Jin Jiang Investment”	上海錦江國際投資管理有限公司 (Shanghai Jin Jiang International Investment and Management Company Limited), which owns a 95% equity interest in Hua Ting Hotel before the completion of the transaction under the Asset and Equity Transaction Contract
“Jin Jiang International”	錦江國際(集團)有限公司 (Jin Jiang International Holdings Company Limited), which is interested in 100% equity interest in Jin Jiang Investment and 75% issued share capital of the Company
“Listing Rules”	The Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited
“percentage ratios”	has the meaning ascribed to such terms 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
“SHUAEE”	Shanghai United Assets and Equity Exchange (上海聯合產權交易所)
“%”	per cent

For illustration purpose, the exchange rate adopted in the announcement was RMB1 to HK\$1.14.

By Order of the Board
Shanghai Jin Jiang International Hotels (Group) Company Limited*
Zhang Jue
Joint Company Secretary

Shanghai, PRC, 21 December 2018

As at the date of this announcement, the executive Directors are Mr. Yu Minliang, Ms. Guo Lijuan, Mr. Chen Liming and Mr. Zhang Qian; and the independent non-executive Directors are Mr. Ji Gang, Dr. Rui Mingjie, Dr. Tu Qiyu, Dr. Xu Jianxin, Mr. Xie Hongbing and Dr. He Jianmin.

** 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 International Hotels (Group) Company Limited**”.*