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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 GAOXIAO TAXI

On 1 June 2020, Jin Jiang Automobile, a subsidiary of Jin Jiang Investment, which is a subsidiary of the Company, entered into the Asset and Equity Transaction Contract with Jin Jiang International, pursuant to which Jin Jiang International agreed to dispose and Jin Jiang Automobile agreed to acquire 100% equity interests in Gaoxiao Taxi for a cash consideration of RMB25,838,170.79. Following the completion of the transaction, Gaoxiao Taxi will become a subsidiary of the Company.

As at the date of this announcement, Jin Jiang International is the controlling shareholder of the Company. Therefore, 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 contemplated under the Asset and Equity Transaction Contract 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 1 June 2020, Jin Jiang Automobile, a subsidiary of Jin Jiang Investment, which is a subsidiary of the Company, entered into the Asset and Equity Transaction Contract with Jin Jiang International, pursuant to which Jin Jiang International agreed to dispose and Jin Jiang Automobile agreed to acquire 100% equity interests

in Gaoxiao Taxi for a cash consideration of RMB25,838,170.79. Following the completion of the transaction, Gaoxiao Taxi will become a subsidiary of the Company.

II. THE ASSET AND EQUITY TRANSACTION CONTRACT

The principal terms of the Asset and Equity Transaction Contract are summarised as follows:

Date: 1 June 2020

Parties: (1) Jin Jiang International (as the transferor); and
(2) Jin Jiang Automobile (as the transferee)

Subject assets: Subject to the terms and conditions of the Asset and Equity Transaction Contract, Jin Jiang Automobile agrees to acquire the 100% equity interests in Gaoxiao Taxi held by Jin Jiang International. Upon the completion of the transaction, Gaoxiao Taxi will become a subsidiary of Jin Jiang Investment and the Company.

Consideration: The cash consideration for acquiring 100% equity interests in Gaoxiao Taxi is RMB25,838,170.79. Such consideration has been determined based on the entire shareholders' equity of Gaoxiao Taxi of RMB25,838,170.79 as at 30 June 2019 (the valuation benchmark day) set out in the Valuation Report prepared by the Appraiser using the asset-based approach.

During the period from the benchmark date for the transaction (i.e. the valuation benchmark day) to last calendar date of the month within which the date of delivery of the transaction (namely, the date on which a certificate evidencing the transaction is issued by Shanghai United Assets and Equity Exchange) falls, the profit or loss of Gaoxiao Taxi, as confirmed by a specific audit report, shall be attributable to or borne by Jin Jiang International.

Payment terms: Jin Jiang Automobile shall make a payment of 80% of the consideration of the transaction equivalent to RMB20,670,536.64 to the designated account of Jin Jiang International within five working days from the signing date of the Asset and Equity Transaction Contract with seals affixed.

Jin Jiang Automobile shall make a payment of the remaining consideration equivalent to RMB5,167,634.15 to the designated account of Jin Jiang International within five working days from the date of the furnishing of the aforesaid specific audit report.

Closing: Jin Jiang Automobile and Jin Jiang International shall work with each other to complete the right transfer relating to Gaoxiao Taxi, and shall work with Gaoxiao Taxi to complete the registration of change in the certificate of Gaoxiao Taxi within 30 working days after obtaining the certificate evidencing the asset and equity transfer issued by Shanghai United Assets and Equity Exchange.

III. INFORMATION OF THE COMPANY, JIN JIANG AUTOMOBILE, JIN JIANG INTERNATIONAL AND GAOXIAO TAXI

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 Automobile

Jin Jiang Automobile, a subsidiary of Jin Jiang Investment which is a subsidiary of the Company, is a large-scale comprehensive passenger transportation service provider in Shanghai principally engaged in the reception of national guests, passenger transportation for tourism, car rental, lease of business vehicles, vehicle sales and maintenance and drivers' training, etc.

Information of Jin Jiang International

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

Information of Gaoxiao Taxi

Gaoxiao Taxi is principally engaged in the provision of passenger transportation and auto accessories services in Shanghai.

Gaoxiao Taxi was established on 31 July 1992 with the capital contributions from Shanghai Municipal Education Commission and Shanghai University of Sport. In February 2019, with the approval of the Shanghai State-owned Assets Supervision and Administration Commission, 100% equity interests in Gaoxiao Taxi were transferred to Jin Jiang International with zero consideration.

Financial Information

The following table sets out the audited financial statements of Gaoxiao Taxi prepared in accordance with the PRC Accounting Standards for Business Enterprises:

	Year ended 31 December	
	2018	2019
	<i>(in approximate RMB ten thousands)</i>	<i>(in approximate RMB ten thousands)</i>
Revenue	1,094.83	1,052.46
Profit before taxation	-166.70	-188.46
Profit after taxation	-167.55	-188.46

According to the audited financial statements of Gaoxiao Taxi prepared in accordance with the PRC Accounting Standards for Business Enterprises, the audited book value of net assets of Gaoxiao Taxi amounted to approximately RMB5,597,800 as at 31 December 2019.

According to the Valuation Report of Gaoxiao Taxi prepared by the Appraiser using the asset-based approach, the entire shareholders' equity of Gaoxiao Taxi was valued at approximately RMB25,838,200 as at 30 June 2019.

The primary reason for the significant premium of the appraised value of Gaoxiao Taxi over the book value of its net assets is that: as at the valuation benchmark date, the book value and appraised value of the intangible assets of Gaoxiao Taxi are nil and RMB19,710,000, respectively, representing an increment of RMB19,710,000. The reason for such increment is that the 146 taxi operation quotas owned by Gaoxiao Taxi have been included in the valuation, reflecting the value of such intangible assets and resulting in a higher appraised value compared to the book value of its net assets.

After considering the aforesaid reasons and reviewing the Valuation Report, the Board (including the independent non-executive Directors) is of the view that the valuation conclusion on Gaoxiao Taxi arrived at by the Appraiser using the asset-based approach is fair and reasonable.

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

The Board is of the view that entering into the Asset and Equity Transaction Contract and acquiring Gaoxiao Taxi from Jin Jiang International is conducive to expanding the size of the taxi operation of Jin Jiang Investment and facilitating coordinated arrangement of vehicle operations to achieve cluster effect and at the same time avoid competition with Jin Jiang International in same business.

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 and based on normal commercial terms, and are in the interest of the Company and its shareholders as a whole, but the transaction is not conducted in the ordinary and usual course of business of the Group due to its nature. 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 approving the Asset and Equity Transaction Contract. 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.

V. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Jin Jiang International is the controlling shareholder of the Company. Therefore, 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 contemplated under the Asset and Equity Transaction Contract 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 Shanghai Assets and Equity Transaction Contract entered into between Jin Jiang Automobile and Jin Jiang International on 1 June 2020 in respect of the transfer of 100% equity interests in Gaoxiao Taxi, the details of which have been disclosed in this announcement
“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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Gaoxiao Taxi”	Shanghai Gaoxiao Taxi Company Limited (上海高校出租車有限公司), a company incorporated in the PRC with limited liability
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jin Jiang Automobile”	Shanghai Jin Jiang Automobile Services Co., Ltd. (上海錦江汽車服務有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Jin Jiang Investment, held as to 95% by Jin Jiang Investment and 5% by Jin Jiang International
“Jin Jiang International”	Jin Jiang International Holding Company Limited (錦江國際(集團)有限公司), which is a controlling shareholder interested in 75% of the issued share capital of the Company

“Jin Jiang Investment”	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 the 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
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratio(s)”	has the meaning ascribed to it 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
“Valuation Report”	the valuation report dated 13 August 2019 prepared by the Appraiser
“%”	per cent

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

Shanghai, the PRC, 1 June 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**”.*